



STEMCELL UNITED LIMITED

ACN 009 104 330

Level 12, 680 George Street, Sydney, NSW 2000, Australia

30 April 2021

Company Announcements Platform
Australian Securities Exchange

Quarterly activities report

- **Appointment of environmental entrepreneur David Plattner as strategic advisor strengthens management team.**
- **Collaboration agreement signed with Terrenus Energy Jurong Pte. Ltd and Universiti Malaysia Sabah for the joint development and commercialisation of sea grapes.**
- **~\$1m in new capital raised during the quarter and \$3.8m subsequent to the quarter to catalyse progress in the cannabis and hemp, sea grape cultivation and plant based protein sectors.**

Stemcell United Limited (ASX:SCU) ("the Company") is pleased to provide shareholders with this update for the quarter ended 31 March 2021 (Q3 FY2021).

Appointment of Environmental entrepreneur David Plattner:

In February, the Company added to its experience in sustainable development initiatives with the appointment of David Plattner as strategic advisor.

An environmental entrepreneur, Mr Plattner has a longstanding career in sustainable investments and community development across the globe. He has been responsible for a number of large-scale projects that have protected threatened lands and facilitated mass job creation for local communities. The Company will benefit from Mr Plattner's extensive experience and international network.

As strategic advisor, Mr Plattner will assist SCU in a number of sustainable development initiatives and help progress near term growth drivers to unlock value for shareholders and the communities that the Company operates in.

Memorandum of Understanding signed with Terrenus Energy Jurong Pte Ltd:

In January 2021, SCU entered into a MOU with Singapore-based energy solutions company Terrenus Energy Jurong Pte. Ltd. ("Terrenus") (www.terrenusenergy.com) to pursue joint research projects and initiatives regarding solar energy systems and their applications in the aquafarming industry.

Pursuant to the agreement, SCU and Terrenus intend to collaboratively pursue various activities including joint research projects and joint tenders, proposals and execution of projects for the development and use of mixed-use solar and aquafarming technologies.

Memorandum of Understanding signed with Universiti Malaysia Sabah:

Post quarter end, the Company signed a Memorandum of Understanding with Universiti Malaysia Sabah (“UMS”), a leading higher education institution in Malaysia.

Under the agreement, the Company and UMS have agreed to strengthen, promote and develop the commercialisation of sea grapes. Both parties will undertake R&D initiatives to progress the development of seaweed-derived downstream products, as well as to further enhance the cultivation of sea grapes, being the upstream source of these products. The agreement is in effect for three years, with scope to extend the collaboration beyond this timeframe.

The Company is confident that the agreement will strengthen its existing work being undertaken to progress the development of marine-plant based products, thereby enhancing SCU’s potential to provide solutions to global food security challenges and to contribute to the mitigation of climate change.

Private placements:

During the quarter, the Company raised ~A\$1m through the issue of ~67 million new fully paid ordinary shares at A\$0.015 per share. Subsequent to the end of the quarter, the Company has raised a further A\$3.8m through the issue of ~200 million new fully paid ordinary shares at A\$0.019 per share and 110,000,000 options.

The placements were strongly supported by a range of sophisticated and professional investors.

The new funding will be used to further a number of growth objectives, with particular focus on:

- the creation of new, and expansion of existing, partnerships in the cannabis and hemp industries; and
- the expansion of the Company’s vertically integrated marine cultivation business model for its plant-based protein products to further enhance the Company’s ability to tackle global food security issues and to mitigate effects of climate change.

Shareholder meeting with all resolutions passed:

On 26 March 2021, the Company held a shareholders’ meeting and passed the following resolutions:

- Issue of Director Incentive Options to Mr Paul Rosen
- Issue of Lead Manager Options to Evolution Capital Advisors
- Issue of Shares to Advisors
- Ratification of issue of 100,741,255 ordinary shares on 15 December 2020
- Ratification of issue of 67,160,836 ordinary shares on 20 January 2021
- Approval of issue of 200 million Shares to Sophisticated Investors

Corporate overview:

Receipts from customers for the quarter were ~A\$2.78m. The revenue was primarily driven by the Company’s aquaculture operations and aided by the resumption of sale of resina products.

As at 31 March 2021, the Company retained A\$2.55m cash at bank, providing the necessary financial flexibility to pursue near term growth and commercialisation initiatives. This will be further boosted with A\$3.8M from the placement in April 2021.

During the quarter, the Company made payments of A\$139,000 to directors and/or their associates. Of this amount, A\$120,000 was paid as director's remuneration and A\$19,000 was paid for corporate services rendered by a director.

Management commentary:

Managing Director and CEO Mr Philip Gu said: "Stemcell United has made considerable progress during the period, which has laid a very strong foundation for the Company to further cement its position as a leading plant-based biotechnology company in the Asia Pacific region.

"The appointment of David Plattner as a strategic advisor will assist the Company in progressing its sustainable development initiatives. David has a longstanding career across a range of sectors and developed an established network. We look forward to leveraging his extensive expertise to unlock value for our shareholders.

"Following the completion of the Company's recent capital raise, Stemcell United is well funded to pursue opportunities including partnerships in the cannabis and hemp sector and expand its vertically integrated marine cultivation initiatives. The MOU with Terrenus and more recently with UMS are prime examples of this and we look forward to providing additional updates shortly."

- END -

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

STEMCELL UNITED LIMITED

ABN

57 009 104 330

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..9..months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,778	6,571
1.2 Payments for		
(a) research and development	-	(2)
(b) product manufacturing and operating costs	(2,265)	(5,602)
(c) advertising and marketing	-	
(d) leased assets	(22)	(71)
(e) staff costs	(200)	(571)
(f) administration and corporate costs	(514)	(1,041)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(33)	(38)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	8	25
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(248)	(729)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(73)	(73)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..9..months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	- Net cash acquired on acquisition	-	13
2.6	Net cash from / (used in) investing activities	(73)	(60)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,007	2,921
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(70)	(203)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(41)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	937	2,677

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,010	867
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(248)	(729)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(60)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..9..months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	937	2,677
4.5	Effect of movement in exchange rates on cash held	(71)	(203)
4.6	Cash and cash equivalents at end of period	2,552	2,552

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,552	2,012
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,552	2,012

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	139
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(248)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,552
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,552
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	(10.29)
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A		
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30 April 2021.....

Authorised by:the board of directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.