



STEMCELL UNITED LIMITED

ACN 009 104 330

Level 5, 126 Phillip Street, Sydney NSW 2000, Australia

31 January 2023

Company Announcements Platform
Australian Securities Exchange

Quarterly activities report

Stemcell United Limited (ASX: SCU) (“SCU” or the “Company” or the “Group”), a plant-based biotechnology company, today released its Appendix 4C and Quarterly Activities Report for the period ended 31 December 2022.

Summary of Financial Information

SCU ended the quarter with cash of approximately \$0.56 million (\$0.85 million at 30 September 2022).

During the quarter, the Company obtained shareholder approval for the sale of shares held in a China – based subsidiary, Shenzhen Lantene Dingzhi Biotechnology Co Ltd (**Lantene**). 10% of the consideration from the sale of Lantene amounting to approximately \$70,000 has been received, which when netted against the October 2022 cash balance of Lantene resulted in a proceeds from disposal of \$65,000 .

The Statement of Cash Flows included the cash flows from Lantene for October 2022 (the month of disposal). The Group collected \$918,000 from customers, while making payments of about \$1.3 million on operating activities, resulting in a net outflow of \$418,000 in operating activities.

No payment was made during the quarter to related parties and their associates which is to be included in item 6.1 and 6.2 of the Appendix 4C.

Voluntary Suspension

The Company’s securities have remained in voluntary suspension throughout the quarter.

On 15 November 2022, the Company made an announcement regarding ASX’s conditions for the Company to achieve reinstatement of its securities to the official list of ASX. The Company considers that it is in a position to fulfil the conditions for reinstatement, subject to it being able to complete a capital raising to provide sufficient working capital to satisfy ASX listing rule 12.2. The Company is currently seeking to undertake a placement for this purpose (refer to SCU’s ASX announcement made on 19 January 2023).

Sale of Lantene shareholding

Shareholder approval for the sale of the Company's 50.1% shareholding interest in Lantene was obtained at the Extraordinary General Meeting held on 19 October 2022. 10% of the purchase price was received on 23 October 2022 in accordance with the Share Sale agreement. Based on the terms of the Share Sale agreement, the remaining 90% of the purchase price is to be paid over a period of 6 months from the date the initial purchase price instalment was paid.

Placement

The Company is currently conducting a placement to sophisticated and professional investors to raise the necessary funds to satisfy ASX's conditions for the Company's reinstatement. Sanlam Private Wealth Pty Ltd has been engaged to act as sole lead manager for this placement. The Company is seeking to raise up to \$1.025m from the placement.

Non-Renounceable Entitlement Offer

The Company has provided full refunds to the Non-Renounceable Entitlement Offer applicants, including those participants in the Shortfall Offer.

Seaweed

SCU has received notification from the Singapore Food Agency (**SFA**) that its joint venture company, SCU-RY Farm Pte Ltd, has been approved for a fish culture farm licence at the seaweed island aquaculture farm facility.

In addition, the SFA has agreed to grant SCU a 3-year extension of the lease for SCU's seaweed research facilities housed in Singapore's Marine Aquaculture Centre on St John's Island in Singapore. This will support SCU's continuing R&D into seaweed-based topical and ingestible products for TCM – based health outcomes.

Dendrobium birds nest products

The Company has commenced preparation for the activation of sales and marketing channels for its Dendrobium infused birds nest and bird nest products business in H1 of 2023, following successful test sales and marketing activities for the products in China recently conducted.

SCU's team has been working with China Tobacco in relation to supplying small quantities of Dendrobium infused birds nest products via China Tobacco's outlets in Guangzhou to test the market response to the product. In addition, SCU has also undertaken test marketing of the products via social media influencers on Douyin, the China version of Tiktok. Based on the positive results of such initiatives, SCU plans to activate marketing and distribution of the Dendrobium infused birds nest products on a broader scale throughout China during H1 of 2023.

Other projects

Limited progress was made with the Company's other projects since the last updates in the June 2022 quarterly activities report.

- END -

Authorised for lodgement by the Board of the Company

For further information, please visit the SCU website at www.scu.com.sg or contact:

Mr Philip Gu
Stemcell United Limited
Chief Executive Officer
E: enquiry@scu.com.sg

About Stemcell United Limited

Stemcell United Limited (ASX: SCU) is an Asia-Pacific plant-based biotechnology company that is building a food, nutrition, healthcare, cosmetics and personal care business based on plants found in the region, using its proprietary plant genetics and stem cell technology to refine the propagation and cultivation process. SCU's lead programs involve hemp (which has been cultivated in Asia for millennia), tapping into the medicinal attributes of its cannabidiol (CBD) constituent; and sea grapes (or "green caviar"), a tropical aquatic vegetable native to many parts of the Indo-Pacific coast and a staple delicacy in Japan and regions of south-east Asia; and the processing of these crops to make a wide range of products and additives for the global nutrition, healthcare, cosmetics, beauty, personal care and veterinary markets.

Stemcell United is the first foreign company allowed access to the huge China hemp market, while in sea grapes and seaweed, SCU is building a mass-cultivation aquaculture capability in Singapore, with an integrated manufacturing capacity for high-value products. SCU is also leveraging its environmentally friendly technology to develop medicinal, health, beauty and anti-ageing applications of several other plants that are familiar components of traditional Chinese medicine (TCM). Also, SCU has successfully commercialised the processing and production of pharmaceutical grade Resina Draconis product for Asia.

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 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..06..months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	918	5,582
1.2 Payments for		
(a) research and development	-	(5)
(b) product manufacturing and operating costs	(841)	(4,833)
(c) advertising and marketing	(10)	(10)
(d) leased assets	(31)	(46)
(e) staff costs	(84)	(300)
(f) administration and corporate costs	(370)	(1,175)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(14)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(418)	(801)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..06..months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5)	(51)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses (Net)	65	65
(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)	-	-
2.6 Net cash from / (used in) investing activities	60	14

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	747
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(95)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
- Placement	70	70
3.10 Net cash from / (used in) financing activities	70	722

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..06..months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	852	625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(418)	(801)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	60	14
4.4	Net cash from / (used in) financing activities (item 3.10 above)	70	722
4.5	Effect of movement in exchange rates on cash held	(7)	(3)
4.6	Cash and cash equivalents at end of period	557	557

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	557	625
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)	557	625

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(418)
8.2 Cash and cash equivalents at quarter end (item 4.6)	557
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	557
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	(1.33)
<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: No. Lantene was disposed in October 2022. It will no longer affect future net operating cash flows	
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: Yes. A placement is being conducted to raise cash to fund the operations.	
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: Yes. A placement is being conducted to raise cash to fund the operations.	
<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:31 January 2023.....

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.