**ASX ANNOUNCEMENT**

**INVESTOR NEWSLETTER**

**SYDNEY: Friday, 21 September 2018, Cellmid Limited (ASX:CDY)** Cellmid has today released this e-newsletter update. A copy is provided here. To receive future e-newsletter updates direct please provide your email to kwilliamson@we-buchan.com

End


**Contact:**

| **Company** | **Investor Relations** | **Media** |
|---|---|---|
| Maria Halasz, CEO | Kyahn Williamson | Gabriela Czwarnos |
| Cellmid | WE Buchan | WE Buchan |
| T +612 9221 6830 | T +61 401018828 | T: 0450 396 290 |
| | kwilliamson@we-buchan.com | g czwarnos@we-buchan.com |


**Cellmid Limited (ASX: CDY)**
Cellmid is an Australian life sciences company with lead programs in multiple disease indications. The Company, through its wholly owned subsidiaries, Lyramid, Kinera and Advangen, develops and markets innovative novel therapies and diagnostic tests for fibrotic diseases, cancer, ischemic diseases of the heart and hair loss. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) and FGF5 globally. Intellectual property pertaining to this novel target is being exploited through wholly owned subsidiaries Lyramid and Kinera. Advangen, Cellmid's consumer health business, sells its FGF5 inhibitor hair growth products in Australia and Japan, and currently expanding distribution in other territories. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au.

**Investment in life sciences companies**
There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Cellmid recommends that investors seek professional advice before making an investment in its shares.

# Cellmid Investor Newsletter

21 September 2018

## CEO's Introduction: Excited about the year ahead

Dear Shareholders,

Before providing more colour on your Company's recent progress, I want to sincerely thank our existing and new shareholders who supported our recent capital raise.

This raise is a great outcome for Cellmid, our shareholders and our hard-working team. The additional $10.25 million places us in a much stronger position; we are now fully funded and can move ahead aggressively with our growth plans. This should enable our consumer health business to drive a significant increase in global sales and put the business on track to achieve profitability in FY2020.

Over the past three years, we have laid the foundation of a premium, global consumer health brand. We have expanded our distribution channels, particularly in the US. Our experiential, in-store marketing events highlighting the évolis® Professional anti-ageing hair care range are showing consumers our clear point of difference. These events have started to drive sales. We currently are launching in-store events across Neiman Marcus and Soft Surroundings in the US, as announced on 30 August 2018. We share the highlights of these events later in this update.

Some of you are aware that the three-year-long legal proceedings with Ikon culminated in a hearing during the past two weeks in the NSW Supreme Court. I'm pleased to report that the court proceedings are now at the end and we await the decision. To date, Cellmid has expensed all its legal costs associated with the Ikon legal proceedings, provisioned a potential liability and has fully disclosed all of this in the Company's accounts.

Finally, I was pleased to share promising data for our midkine antibody program this month, via our partnership with the Westmead Institute. This takes us closer to submitting an orphan drug application and progressing towards clinical trials. Insights on this follow later in this newsletter.

With the first quarter of FY2019 almost done and with progress on so many fronts, I'm excited about the year ahead for Cellmid. It will mark a culmination of many years of hard work and a new stage in our journey, and I look forward to sharing it with you.

Best wishes,

**Maria Halasz**
**CEO and Managing Director**

## US in-store launch activities very successful

As announced on August 30, we have started in-store launches across the US in five Neiman Marcus and 11 Soft Surroundings stores. This will continue throughout September and October.

The in-store launches use our successful experiential marketing approach. Specially trained sales staff provide customers with an assessment of their hair health using Cellmid's hair-specific microscope called the évoliscope™. We are running intensive PR, social and direct marketing campaigns to support the in-store events. The initial events have been very successful, with some stores selling out of their initial stock orders. We have been invited back to all the stores within the next 4-6 weeks, which was one of the program's critical objectives.

The in-store events enable us to connect with customers and on-floor sales staff who will be selling the évolis® range daily. The évoliscope™ experience is very powerful, and many of the in-store sales associates use and love the évolis® products. The in-store events also provide an important opportunity to refine our approach and help the stores maximise sales.

The in-store events are supported by a public relations initiative, including a social and digital campaign, which resulted in several brand mentions. évolis® was featured in a major article in retail publication WWD, which has 1.5 million unique viewers every month and is read extensively by retail professionals and customers. In-store reception and online sales improved as a result.



## Blue Ocean Equities initiates coverage, says BUY

Blue Ocean Equities, an independent Australian broking firm with a focus on institutional and sophisticated investors, has initiated coverage on Cellmid. The broker has suggested a price target of $1.06 per share, based on Blue Ocean's DCF valuation of 75 cents per share for the consumer health business and 31 cents per share for the midkine assets. A strategic price of $1.35 per share has been added, based on obtaining regulatory clearance in China for évolis®.

*"We initiate coverage on CDY ahead of transformational near-term growth. CDY's pioneering haircare range is set for their global expansion into China and the USA. Both markets are expected to deliver strong growth driven by premium retailer adoption, pharma distribution agreements, television shopping and strong industry tailwinds. A further 4x increase in product range boost utilisation in existing Australian and Japanese channels, bolstering existing markets. With capacity to invest in inventory and working capital growth pressures alleviated, the commercial side of the business complements a rare breed of biotech likely to unlock value in FY19. We say BUY."*

Extract from Blue Ocean Equities Initiating Coverage – 13 September 2018.

Blue Ocean Equities provides research only for its sophisticated and professional investors as defined in the Corporations Act. Therefore this summary extract is not provided as investment advice to any other parties. Please consult your own investment adviser about a Cellmid shareholding.

## Midkine Update: Antibody effective in rare kidney disease

We were pleased to report on 12 September that we had achieved some positive results in the midkine asset portfolio. The pre-clinical study, conducted with the Westmead Research Institute and funded by an Australian Government Innovations Connections grant, showed for the first time that the humanised form of our lead antibody, CAB102, is effective in a rare kidney disease, FSGS (Focal Segmental Glomerulosclerosis).

Midkine has been identified as a contributing factor in several forms of kidney disease and this study confirmed previous findings that our anti-midkine antibody can alleviate damage to the kidney and improve renal function. Importantly, the study was performed using the more advanced humanised antibody CAB102, where previous studies were performed with a murine antibody (not applicable for use in human therapy).

These results are important, bringing Cellmid closer to applying to the US FDA and European EMA for Orphan Designation Status for CAB102. The Orphan Drug Designation program is for drugs that are intended to treat, diagnose or prevent rare

diseases that are defined as affecting fewer than 200,000 people in the US. It is designed to incentivise drug development for these conditions and includes benefits such as potential for accelerated review, guaranteed market exclusivity for seven years from granting of regulatory approval, and a 50% tax credit on clinical trials conducted in the US.

## Cellmid features in the news

FINANCIAL REVIEW

Cellmid non-executive director Dennis Eck has been in Australia over the past couple of weeks. We couldn't pass up the opportunity to highlight Dennis' deep expertise in retail. His views on the rise of the micro-brand, the power of digital marketing to allow emerging products to rapidly build a customer base, and the need for retailers to keep adapting, are compelling and were featured in the Australian Financial Review on 10 September 2018.

Read the full article here

(This article is a behind a paywall. If you can not access please contact kwilliamson@we-buchan.com)

startup daily.

Maria Halasz was also featured in a Podcast on Start-Up Daily to talk about her career journey from biotech to investment management and back again, and the prospects for Cellmid.

Listen to the full podcast here

**About Cellmid**

Listings:

Australian Securities Exchange (ASX)

ASX Code: CDY

**For further information please contact:**

Maria Halasz

Chief Executive Officer and Managing Director

Cellmid Limited

Phone: +61 (0) 2 9221 6830

Email: info@cellmid.com.au

Web: www.cellmid.com.au

**Forward looking statements**

This publication contains forward-looking statements that are subject to risks and uncertainties. Such statements involve known

and unknown risks that may cause the actual results, performance or achievements of Cellmid to be materially different from the statements in this newsletter. Actual results could differ materially depending on factors such as the availability of resources, the results of clinical studies, the timing and effects of regulatory actions, the strength of competition and the effectiveness of the Company's patent protection.

None of Cellmid Limited, or any of its affiliates or associated companies (or any of their officers, employees, contractors or agents) makes any representation or warranty as to the accuracy, completeness or reliability of the information in this newsletter, or the likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.