

ASX ANNOUNCEMENT

CELLMID'S PROPOSED CONSOLIDATION OF SECURITIES

SYDNEY: Tuesday, 24 October 2017, Cellmid Limited (ASX: CDY) will be seeking approval from shareholders for the consolidation of its securities at the ratio of 20 to 1 during the upcoming Annual General Meeting of the Company. The consolidation will not change the value of the holding of individual shareholders.

With the quadrupling of revenue in Cellmid's consumer health division since 2014, the consolidation is part of a comprehensive strategy by the Board to ensure that the growing value of the Company's assets is properly reflected in its share price over time. It is expected to result in the following benefits to shareholders:

- **Reduce share price volatility.** Currently, a very small change in the price of shares represents a large percentage change. This results in undue volatility that precludes an investment by most institutions in the Company's shares. The same dollar value change will represent significantly lower volatility after the consolidation.
- **Reduced administration costs.** The Company incurs annual administration and capital raising costs that are directly related to the number of shares on issue. Reducing the number of shares will result in an appreciable reduction in annual administration and capital raising costs.
- **Reduce negative market perception.** The capital markets associate a lower share price with lesser value of a company, even if they are the same market capitalisation. A higher share price is expected to improve this perception.
- **Attract a broader range of investors.** Many investors are reluctant to invest in lower priced shares and often have investment restrictions to invest in such companies.
- **Better reflect developments in the Company.** With reduced volatility and without the negative perceptions associated with the very low share price, investors will be able to better evaluate the Company as the change in value per share will allow clearer comparison with shares of listed companies with a similar share value.

During the past eight years the Company has acquired two major asset portfolios and advanced them considerably. The midkine drug development program reached critical milestones from early research to its current stage. As a result, we now have two therapeutic drug assets with strong IP ready for clinical development in major disease indications.

In 2013 we acquired the FGF5 inhibitor technology and built a consumer health business around it with enormous global potential. We have developed and branded a 'first in class' and 'best in class' antiaging hair care range, including clinically validated hair loss products, while quadrupling revenues. The markets for our products are rapidly growing in both developed and emerging regions.

The apparent uplift in the value of the underlying assets of the Company to date have not resulted in a commensurate increase in the share price. In fact, the Company's market capitalisation has remained largely the same.

In 2016 the Board developed a series of strategic initiatives that are expected to address some of the structural issues that may contribute to this anomaly. The first was implemented in April 2016, when the midkine and consumer health businesses were separated into their wholly owned operational entities, Lyramid, Kinera and Advangen.

The benefits of this operational split have already started to show as partnering and funding discussions are in progress for the standalone businesses. Potential partners for our drug development companies are not distracted by the consumer health business and vica versa.

"The proposed 20:1 consolidation is an essential next step on the path to secure the long-term success of Cellmid and it is expected to benefit all shareholders" said Chairman of Cellmid, Dr David King.

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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 midkine 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, Japan and the USA and currently expanding distribution in other territories. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au.