



Cellmid Investor Newsletter

26 March 2019



Message from the CEO

Dear Shareholders,

The first few months of 2019 have been transformational for Cellmid in terms of strategic focus, senior management capabilities and international expansion.

In February, we released to the market our two year Growth Strategy, which clearly states that Cellmid is on the path to profitability by FY2020 and that the consumer health assets and the biotech assets would be separated during 2020. The Growth Strategy detailed the significant sales opportunities for Cellmid's 'first-in-class, best-in-class' product range in the US, China, Europe and other Asian countries through a range of sales channels.

We now have in place our new senior management team to deliver this plan with the new roles of Sales Director, Marketing Director, Creative Director and Financial Controller filled by highly experienced and capable professionals. The expanded Cellmid leadership team has the expertise to execute on the strategy to drive sales growth internationally.

Sales momentum continued to build in early 2019 with the first QVC TV shopping event in China, as part of the broader plan to replicate the success of QVC Japan in other markets. Our Chinese distributor for évolis[®], Fukangren, has now filed for regulatory approval. Subject to registration, the relationship with Fukangren is expected to be transformational for Cellmid. In addition, we continue to expand our business with premium retailers in the US, with the number of stores expected to increase to around forty by mid-2019.

We remain on track to achieve profitability in FY2020 and we are excited about the sales potential of our leading edge products in global markets.

Best wishes,

Maria Halasz
CEO and Managing Director

Building sales momentum in China and the US

CHINA

Cellmid's distribution partner for the pharmacy products in China, Fukangren, has filed applications with the Chinese FDA for the regulatory approval and import permit of the évolis® lotions as functional cosmetics. Fukangren has filed the application on behalf of Cellmid's wholly owned subsidiary, Advangen, who will be the holder of the registration once successful.

Fukangren is intensifying its pre-marketing activities, in preparation for regulatory approval, by attending and exhibiting the évolis® products at trade shows and conferences. Most recently, Fukangren has exhibited évolis® at the China International Beauty Expo (CIDBE) in Beijing, where they also held 160 one-on-one meetings to introduce and promote the évolis® brand.

Sales of Lexilis®, the original Japanese brand acquired in 2013, have also increased significantly into China. Sold mostly online, Lexilis® has been positioned as a luxury Japanese hair loss brand and sold into China pursuant to the import permits received from the Chinese FDA in 2018.

Over the past few years, Cellmid has built a successful QVC Japan collaboration through sales of the Jo-Ju® branded FGF5 inhibitor products. Cellmid now has a large repeat customer base in Japan with steadily growing sales revenues. In early 2019 the Company commenced sales of its Jo-Ju® branded products on QVC China. The second QVC China sales event featuring the Jo-Ju® branded products will occur on 28th March, following the success of the first event on 25 January 2019.



USA

Cellmid continued to roll-out the évolis® Professional branded products in premium retailers in the US, including in Neiman Marcus and Bloomingdales. The évolis® brand was invited to feature in the opening product range in the new Neiman Marcus' Hudson Yards store in New York, a brand-new luxury facility. évolis® was part of the prestigious PR launch event of the new complex on 14th March which drew journalists and celebrities alike.

On 11 March 2019 the Company signed a distribution agreement with Premier Product Sourcing Inc/PremStar Incentives Inc (PremStar), a full-service supplier of luxury brands and products for premium incentives, rewards, loyalty programs and corporate gifts. Premstar has an extensive reach, holding a database of over 320M credit card customers. As a first campaign, PremStar will collaborate with the American Nurses Association to supply évolis® to their regular events.



Neiman Marcus Hudson Yards pre-open

AUSTRALIA

Cellmid attended the APP (Australian Pharmacy Professional) conference held in March 2019 on the Gold Coast. The entire sales, marketing and operations teams at Cellmid were involved in effectively positioning the évolis® brand at the conference in order to build a new distribution strategy in Australia. The conference coincided with an impactful local advertising campaign of évolis® Professional on trains and buses that transported conference participants on the Gold Coast.

New Look Website

Cellmid launched its revamped Australian website (www.evolisproducts.com.au) and USA website (www.evolisproducts.com) in March, with new capabilities including automated customer experience management, AfterPay, improved functionality and platform for SEO and SEM. The new Japanese website is planned to go live in the first half of FY2020, supported by a similar digital campaign.

Cellmid's midkine antibody programs at Korean Global Connection and Development Project

On February 20, Cellmid's midkine antibody programs were featured at the 3rd Global Connection and Development Project, a Korean Government initiative to facilitate partnering and global drug development, organised by the Korean Drug Development Fund (KDDF).

Cellmid's programs underwent an internal and external review process at KDDF, with two programs identified as high-quality candidates for partnering. The Korean biotechnology sector is emerging as a sophisticated industry with considerable expertise in biologic drugs linked to the expanding Asian markets.

The midkine cancer and chronic kidney disease programs were presented as posters to interested Korean companies. Importantly, Cellmid's cancer program was elevated as one of only four assets chosen as "new technology to watch" at the technology fair by BioSpectator, a Korean industry publication. The article highlighted midkine's role in many different cancer types, both as a key driver of tumour processes and as a biomarker for cancer diagnosis and prognosis. Recent findings show that higher levels of midkine are associated with shorter disease-free survival time in melanoma patients and that midkine promotes lymphatic spread of melanoma tumour cells to distant metastatic sites (see ASX announcement 3 July 2017).

Orphan Drug Application for Cellmid's CAB102 to treat rare kidney disorder

Cellmid recently submitted an application to the US FDA for Orphan Drug Designation (ODD) covering its CAB102 Anti-midkine antibody for the treatment of the rare chronic kidney disease Focal Segmental Glomerulosclerosis (FSGS). While relatively rare, FSGS is a significant cause of renal failure that rapidly progresses to end stage renal disease leading to dialysis, transplant or death for many patients.

Cellmid's orphan drug application is based on preclinical studies carried out at Westmead Institute for Medical Research showing that CAB102 reduces the kidney injury and fibrosis that leads to impaired renal function in a mouse model of FSGS. The benefits of Orphan Drug status include tax credits for costs of clinical trials, fee waiver and eligibility for seven years of marketing exclusivity. In addition, orphan drug designation could shorten the time for entry of CAB102 into the clinic, and also pave the way for deployment of midkine antibodies for other indications.

The funds used internally by Cellmid in preparing this FDA application were offset by matching funding from the Australian Government DIIS Business Growth grant scheme as well as a DIIS Innovations Connections grant for the collaboration with Westmead Institute.

About Cellmid

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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.

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