

**ASX ANNOUNCEMENT**

**CELLMID QUARTERLY OPERATIONAL UPDATE**

**SYDNEY, Tuesday, 9 January 2018: Cellmid Limited** (ASX: CDY) (the **Company**), provides this quarterly operational update and advises that it has achieved all of the targets foreshadowed in its market release on 25 October 2017 and listed below.

- **The QVC Japan ‘million-dollar day’ on 21 December 2017 has been an outstanding success.** Official sales figures are due this week and sales for the second quarter of FY2018 are expected to be released in the coming days.
- **The Advangen concept store was launched on 25 October 2017** with a well-attended public relations event, followed by several articles on Advangen’s technology and products in local publications. Located in Tokyo’s prestigious Ginza Core shopping centre, and providing hair analysis services in addition to selling products, the retail store is also co-promoted with QVC.
- **The Company signed up with its second US retail partner**, Soft Surroundings. There will be an online launch initially in a similar path to Neiman Marcus. Established premium retailers require new brands to perform online before they commit to the risk and expense of major store launches. Although this takes some time, it also protects the Company by entering into the complex and competitive US market at a relatively low risk. Consequently, we will continue to pursue this strategy in addition to other channels.
- **The évolis® Professional range was launched in Australian salons in November 2017** and early sales commenced immediately to existing customers, in addition to signing new accounts. The roll-out, primarily through wholesale relationships, will continue in 2018. The Company will engage a small sales force in 2018 to optimise return on investment in this channel, as sales are expected to increase gradually.
- **The first stage of the new global évolis website has been completed**, and it is currently being tested offline to ensure that all functionalities are performing well. Our expert internal and external teams are committed to ensure that, once launched, the website will deliver on the promised improved data management and marketing capabilities.
- **The ‘in live’ phase of the FSGS (kidney disease) studies at the Westmead Institute was completed** in December 2017 and tissue and blood data are currently being analysed by the team. There is early indication that one of the Company’s antibodies, not previously tested, is showing efficacy in this model.

In addition to the important milestones above the Company has achieved key corporate outcomes and continues on the path of building its balanced portfolio of life sciences assets as follows:

- The Company has executed a 20:1 consolidation of its capital with strong support from shareholders. Whilst early benefits of the consolidation have started to show already, we expect that these will become even more evident as the underlying assets of the Company continue to appreciate.
- The Company and its évolis® Professional products were featured in WWD, the leading industry magazine for retailers, in a seminal article on product trends in 2018.
- The Company signed an agreement with YPB Limited, an Australian company specialising in product security and customer data acquisition and management. The relationship with YPB will be critical in the Company's évolis® China strategy in 2018 and beyond.
- Since its Neiman Marcus online launch in September the Company has shown strong performance with the retailer and has been invited to submit its strategy for roll-out of the évolis® Professional range in stores throughout the US in 2018.
- The Company presented at the World Congress for Hair Research in Kyoto in October 2017 establishing relationships with leading hair researchers from Japan, the USA and Europe.
- The Company received its R&D tax credit of \$947K, further strengthening its balance sheet. This is in addition to the strategic investment by Dennis Eck and support from existing shareholders, which resulted in a capital injection of 1.3 million in December 2017.

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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, USA and China and currently expanding distribution in other territories. For further information, please see [www.cellmid.com.au](http://www.cellmid.com.au) and [www.evolisproducts.com.au](http://www.evolisproducts.com.au).

## **Advangen Limited and hair growth products**

Advangen Limited is Cellmid's wholly owned subsidiary engaged in the development and sale of anti-aging hair care products. Advangen has a range of FGF5 inhibitor hair growth products which are sold in Australia and Japan with a USA launch currently ongoing. Advangen has a rich portfolio of hair growth and anti-aging hair care assets which include formulations of products on market, trademarks, patents and patent applications, proprietary assays and manufacturing processes.

## **Midkine (MK)**

Midkine is a growth factor that is highly expressed during embryonic development. Midkine modulates many important biological interactions such as cell growth, cell migration and cellular adherence. These functions are relevant to cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Midkine is barely detectable in healthy adults and only occurs as a consequence of the pathogenesis of a number of different disorders. Midkine expression is often evident very early in disease onset, even before any apparent physical symptoms. Accordingly, midkine is an important early marker for diagnosing cancers and autoimmune diseases. Finally, midkine is only evident in a disease context, and targeting midkine is not expected to harm normal healthy tissues.

## **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.