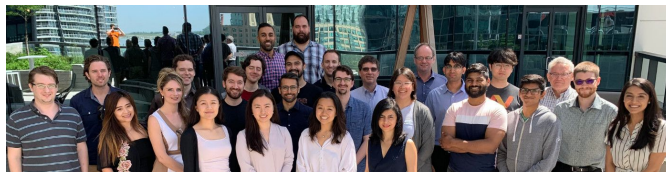


Dear Cyclica Shareholder:

I am pleased to provide an update for Q1 and Q2 2019 and an overview of our corporate development plan through year end.

**Team:** We have added capacity to i) the business development and marketing team to elevate our brand and accelerate the execution of our commercial strategy, ii) the R&D team to enhance our underlying technologies, and iii) the finance and admin team with a part time director of finance and a part-time executive assistant. Looking forward, a priority is to hire a seasoned senior leader with pharma experience to manage business development and strategic partnerships. We are in discussions with a number of candidates, and we aim to have the position filled in 2019.



**Meetings:** We held Board meetings January 15, 2019 and April 17, 2019. The agenda of the meetings focused on our evolving business model, marketing strategies, and financing. We are holding a full-day Scientific Advisory Board (SAB) meeting on July 16th in Toronto, and a Board meeting in Toronto on July 17th. Also, we are now hosting monthly all-hands meetings for the entire company. I want to thank the SAB and Board members for their continued commitment, support, and guidance.

**R&D:** In an effort to continue to bolster our IP portfolio we filed provisional patents on Jan 4, 2019 to protect our internally developed AI methodology, called MatchMaker (I encourage you to read [here](#) to learn more). MatchMaker and [POEM](#) (patents filed Sept 2018), have enabled a tidal wave of innovation in both Ligand Express, our flagship off-target profiling and target deconvolution platform, and our newly announced Ligand Design multi-objective and multi-targeted drug design platform (press release [here](#)). Together, [Ligand Design and Ligand Express](#) offer a robust integrated platform to design advanced lead like molecules that minimize off-target effects across the entire proteome, while providing insights into structural pharmacogenomics. We believe that our strategy focusing on the proteome, and building a more integrated platform that broadly supports the drug discovery and development workflow, provides us a unique and compelling advantage in the market.

**Marketing:** Our marketing strategy was initially focused on the “steak,” i.e. building and sustaining scientific integrity in all areas through validation and scientific thought leadership, prior to portraying the “sizzle.” Content generation and dissemination is based on a focused and concerted strategy, and the results have been noteworthy. Engagement across our marketing channels (LinkedIn, Twitter, etc) is strong and growing, with impressions on our LinkedIn posts having increased by 741% from February to June. We are gaining approximately 80 new followers to LinkedIn monthly over the past 6 months, with average reactions, engagement rate, and impressions on both Cyclica’s LinkedIn and my personal LinkedIn (which is largely dedicated to Cyclica-related content) 5x higher YoY. Cyclica’s engagement rate of 5.54% over the past 6 months is second highest amongst our peers, behind only Exscientia. I encourage you to view the comments to the post announcing Ligand Design [here](#), a piece I wrote on my 3 year anniversary as CEO [here](#), and an article that I published in Forbes on the future of pharma [here](#). In the past few months we received notable features in various outlets including the [National Post](#) and [Global News](#). Our team attended multiple conferences during this time, presented at the prestigious StartUp Health Conference in January (video [here](#)), and successfully launched Ligand Design at Collision (video [here](#)). We have a fantastic marketing team without whom this would not be possible.

**Business Development:** This year, we kicked off second project studies with GSK, AstraZeneca, Otsuka Pharma, and the China Institute of Medica Materia (CIMM), all of which are ongoing. We continued our collaboration with Bayer Pharma who have been helpful in guiding the innovation behind POEM and Ligand Design, and are evolving our relationship with Takeda following our initial pilot project. We are actively supporting the engagement of Merck KGaA, Eurofarma, and the National Research Council (NRC)

of Canada, and we have started work with Boehringer Ingelheim, the US Department of Defence (second project following a 2015 engagement), Charles River Labs, and Treventis. As noted in my last memo, our business model is focused on the provision of access to the Ligand Express platform via licensing. However, with advancements in our R&D and the announcement of Ligand Design, we are now in a better position to capture the value that our integrated platform is creating. We are under NDA and in discussion developing proposals with 4 Large Pharma companies on drug discovery collaborations. In each of these deals we seek to include both upfront payments, milestones, and possible royalties (a standard model).

While we continue to secure deals with Large Pharma, we are also building a portfolio of early stage biotech companies. In this model, we leverage our platform to drive scientific discovery, whereby we take up front cash payments, as well as equity stakes in companies, and milestone payments and royalties on the assets that we help to discovery. This model allows Cyclica to benefit from the drug discovery value upside, while minimizing downside risk associated to any one given biotech company. Our first partnership, where Cyclica holds a 6% equity stake, has successfully demonstrated efficacy, both *in vitro* and *in vivo*. The resulting compounds are now progressing through advanced animal model studies. This is quite promising. In 2019, we formed a joint venture (not yet publicly announced) with a Toronto-based CNS focused drug discovery company to address unmet needs for specific CNS-related diseases, where Cyclica has a 35% ownership. We also finalized agreements with another Toronto-based biotech company to advance the discovery of new drugs for Parkinson's disease. Cyclica will receive approximately 30% ownership of the IP that is generated during this collaboration over the next 3 years. In all of these instances, the operations and management are being handled by our partners, with no further Cyclica resources diverted beyond the initial Ligand Design process. With this multi-pronged licensing and collaboration model, we are able to approach companies across the entire spectrum in a way that also supports our short term and long term value creation goals.

**Finance:** We continue to balance the need to raise capital with our R&D strategy and commercial traction to ensure that we are best positioned from a value standpoint. Anticipating an elevation in our brand awareness, market position, and competitive differentiation with the announcements of MatchMaker, POEM, and Ligand Design, in January 2019 we received approval to open a convertible note round of financing. I am pleased to advise that with the support of our existing investors, GreenSky Capital, management, and a few new investors, we oversubscribed our bridge financing round to \$4.25M. We also continue to take advantage of non-dilutive sources of capital from the provincial and federal government, including SR&ED, FedDev, and CanExport. We are now preparing to open a Series B round of financing in late Q3 / early Q4 2019. With an enhanced offering and differentiated value proposition, scientific momentum under our feet, a unique and compelling business model, and a steady stream of deals being executed, the investment community is taking note. We have mobilized our relationships with leading life sciences and tech investors in Canada, US, Asia, and Europe, and are currently in deep discussion with a handful of firms for this round of financing. I will be working to surround myself with a support team to ensure we are set up for success, and will involve the Board of Directors on an ongoing basis for support and guidance. Our 2018 Financials were also finalized by MNP and shared with the Board.

Looking forward, I will be providing updates semi-annually - in July and December annually - while also providing ad hoc updates through press releases and announcements. I want to thank you for your continued support and encouragement. 2019 is shaping up to be a historical year for Cyclica, and I am so excited about the next 6 months.

Best regards,

*Naheed Kurji.*

Naheed Kurji  
President and CEO

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