



## **Sirona Biochem Corporation - CEO Letter to Shareholders**

VANCOUVER, BC, December 22, 2014 Sirona Biochem Corp. (TSX VENTURE: SBM) (FRANKFURT: ZSB) today provided a business update.

Dear Shareholders

I would like to take this opportunity, as we approach the holiday season, to reflect on 2014 and provide our vision for 2015.

2014 was a transitional year for Sirona Biochem and TFChem. We met major milestones by completing licensing agreements for two of our R&D programs. First for our SGLT2 Inhibitor with Wanbang Biopharmaceuticals in China and second for our skin lightener with Obagi Medical Products (a subsidiary of Valeant Pharmaceuticals). We saw our first revenue as up-front payments from these transactions. We also completed several joint venture and R&D collaborations that are progressing as planned and we raised funds to continue operations well into 2015.

### **Financial:**

2014 was also a success in terms of capital market activity. Some of our major achievements were:

March 6, 2014 we announced an equity financing of \$1.2 million. This equated to 9,230,770 units at 13 cents per unit. Included with the financing was the participation of leading hedge fund manager AlphaNorth Asset Management to its investor group.

July 29, 2014 we entered into convertible loan agreements with arm's-length parties for the purposes of renewing current outstanding loans in the total amount of \$670,000.

August 12, 2014 our French subsidiary, TFChem, received confirmation for funding of \$1.2-million from Bpifrance (the French public investment bank) and the Region of Haute Normandie in the form of a no-interest loan. The funds are earmarked to advance the anti-aging project.

We are in a strong position going into 2015.

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## **Business Development and Strategy:**

In mid-2014, we had a significant management change. Following an extensive review of the current strategy, the Board of Directors and Management team decided that Sirona required a dedicated Chief Business Development Officer. Attila Hajdu was offered the position. Attila has been with the company since early November and has already provided tremendous upside in business development. His background in both science and business is invaluable for communication with potential partners, and his network is extensive. With Attila on board, we are ready to refine our strategy and grow shareholder value.

The first priority is to continue to create a diversified business by expanding our portfolio into cosmetic, therapeutic and biologic markets. This multi-pronged approach allows us to capitalize on the largest opportunities to grow the business and mitigates risk to the organization. Licensing our SGLT2 inhibitor for the rest of the world outside of China and implementing our partnering strategy for our new cosmeceuticals will rapidly accelerate business growth for Sirona.

The second is building value by advancing our pipeline to reach major inflection points from concept to licensed assets, which will have commercial success. In 2015 we anticipate receiving our first milestone payment from Wanbang Biopharmaceuticals. Furthermore, we have had positive discussions with major pharmaceutical organizations and academic clinician researchers, which may lead to successful R&D collaborations with our glycoprotein assets in numerous areas such as cell preservation and anti-aging.

The third priority is developing innovative compounds to meet unmet medical and consumer needs, which is where our unique scientific expertise in fluorination chemistry can open up almost unlimited product development potential. As part of our joint venture with Bloom Burton, our chemists have successfully synthesized a unique anti-inflammatory compound, which is tracking according to plan.

## **Operations:**

Our R&D program is on schedule and we expanded our lab by an additional technician in December. Our current operations priorities are as follows:

- We continue to support Obagi/Valeant in the manufacturing of our skin lightener;
- We continue to work with Wanbang Biopharmaceuticals on the development and testing of the SGLT2 inhibitor;
- The anti-aging library of compounds is expanding and compounds have entered into testing;
- The anti-inflammatory compound for our Bloom Burton partnership is synthesized and will move into the testing phase in early 2015.

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As projects are progressing, we will begin to look for additional applications for our technology and add to the early stage pipeline. More advancements will be disclosed as soon as we secure new patents and protect our latest compounds.

I sincerely appreciate the ongoing support of our shareholders and would like to wish you and yours happy holidays and a prosperous 2015.

Dr. Howard Verrico  
CEO  
Sirona Biochem

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