



CLINUVEL

12 March 2020

Fellow shareholders,

Let me start a first welcome letter by wishing you a successful and great year ahead without health issues, pertinent at the time that Corona virus is taking over the world news.

Since appointed in my position I have taken on the task to oversee our Company, one with immense potential. The first thing I did as Chairman was to revisit the whole history and all essential decisions that have brought CLINUVEL to its cross-road today. I have analysed the decisions that were crucial in the existence of the Company to understand the how, what and why. I will explain why I did this and how it matters to me and the shareholders I represent.

What concerns me most is the line which CLINUVEL is drawing. Is there continuity? Performance? And what will the organisation look like in the future? I know now that one new technology can reach galactic value, and several technologies should attract many more shareholders in the coming years. My confidence in the future comes from the past, it is that simple.

First, I want to talk about value.

Value

The value of CLINUVEL climbed on 9 October to A\$2.2 billion and a closing share price of A\$45.00. In the months before the US Food and Drug Administration (FDA) decision to approve SCENESSE® (afamelanotide 16mg),¹ the share price went up bit by bit and reached the highest level in history. From that moment on two things happened: many shareholders took profits after years of waiting, while others were providing their shares to shorting. It is not difficult to bet against a share price after such a unique highlight drives up the share price. I now understand that no other company in Australia and New Zealand had achieved marketing authorisation alone, so it is easy to take a gamble against the Company's value days after the US approval. Then the Corona panic took over the financial world, and CLINUVEL's value suffered further. In reality CLINUVEL is stronger than before the FDA outcome and the share price has nothing to do with the stock market numbers of my beloved Company.

Having initially followed the business from a distance, and more recently becoming directly involved, I have seen (in the early days) hedge funds betting against the Company, trying to decrease the share price. I have also seen false contender companies trying to get CLINUVEL's technology, even copying the patents, I have heard rumours of take-overs spread by individuals with false motives, and I also closely followed the take-over bid by a fraudulent manager in 2014. I was around when the European regulatory authorities objected to CLINUVEL's SCENESSE®, and I was Board member when the FDA had difficulty understanding our technology. I was also there when I learned from the former Chairman how the Company had started early access programs and achieved a first price for the drug. Against some critics, I was there when we announced the first profits in 2017 within one year entering the market and I voted in pro issuing a maiden dividend. I certainly don't forget that the Company was strapped of cash and had no business when I first visited to Australia. That is the past.

Now, long-term value is being created. This is because the common glue when it matters, when the seas become stormy and unpredictable, are the people in CLINUVEL. The team we have formed has a vision and a mental hardness to withstand the headwinds. I invested A\$13 million dollars in this company 18 months ago. The staff and management own close to 10% of the Company. And they will once again pull the ship on to dry docks, there is zero doubt about it. My position is to oversee this and be part of this rocky journey.

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I am frustrated with the decrease in share price but also remain calm under the world panic because we should be the master of our future, not chasing a share price. My homework has shown that this management team always comes back from low ebb.

Management and people

In the last two Annual Reports I have written and explained my commercial philosophy, but I have learned that this has not been understood by some.

I have built an empire of trading companies, real estate, media, consumer products and a family office. I do this because it is fulfilling to create things and see my views turning into successes. It took me a long time to get involved in CLINUVEL because it is a complex business and I am not used to depending on regulators and governmental administrative staff. However, as I saw how the CEO zigzagged through the bureaucracy and put his energy in fulfilling a vision. I became more and more convinced that this was a unique Company with lots of potential.

Since I was 19 years of age, I have invested in more than 75 business and have now established a successful venture group and family office watching over thousands of people. In all the success (as well as some failures), I have learned one thing: people work for people, and leadership is the only thing that survives on the long run. This is the basis of CLINUVEL, and this team will take the Company to new levels. It may be one year, two or three; it is not important for the horizon of the business.

I put my faith in an honest and energetic team under a strong leader, and then solutions will come. I am involved in all essential decisions, and my team of advisors, lawyers and consultants give applause for the creative solutions this management team knows to find, when many managers do not know the answers anymore. If these people stay in good shape and concentrated, the vision will come. I have full faith because I have seen it over and over again.

Costs

Without doubt it is important to increase spending to invest in the future, meaning technologies, infrastructure, and new people. CLINUVEL's management needs to do this slowly but with an aim to speed up the developments and technologies.

Eventually, I want to see CLINUVEL stand on its legs and having more services and technologies under the roof. The management team has surprised me over the past years in keeping the costs low but expanding at the same time. Now they are a bit more aggressive with the costs and need to keep a healthy balance, but there is no escaping increasing investments to build the future.

Future

I wish to see CLINUVEL be a complete company with all of the essential functions under one roof, and we are working on this. The vision of the top management is the same as mine, so it is easy to work towards one goal. We keep our heads down and make sure competitors do not get our information for free and work silently towards the vision.

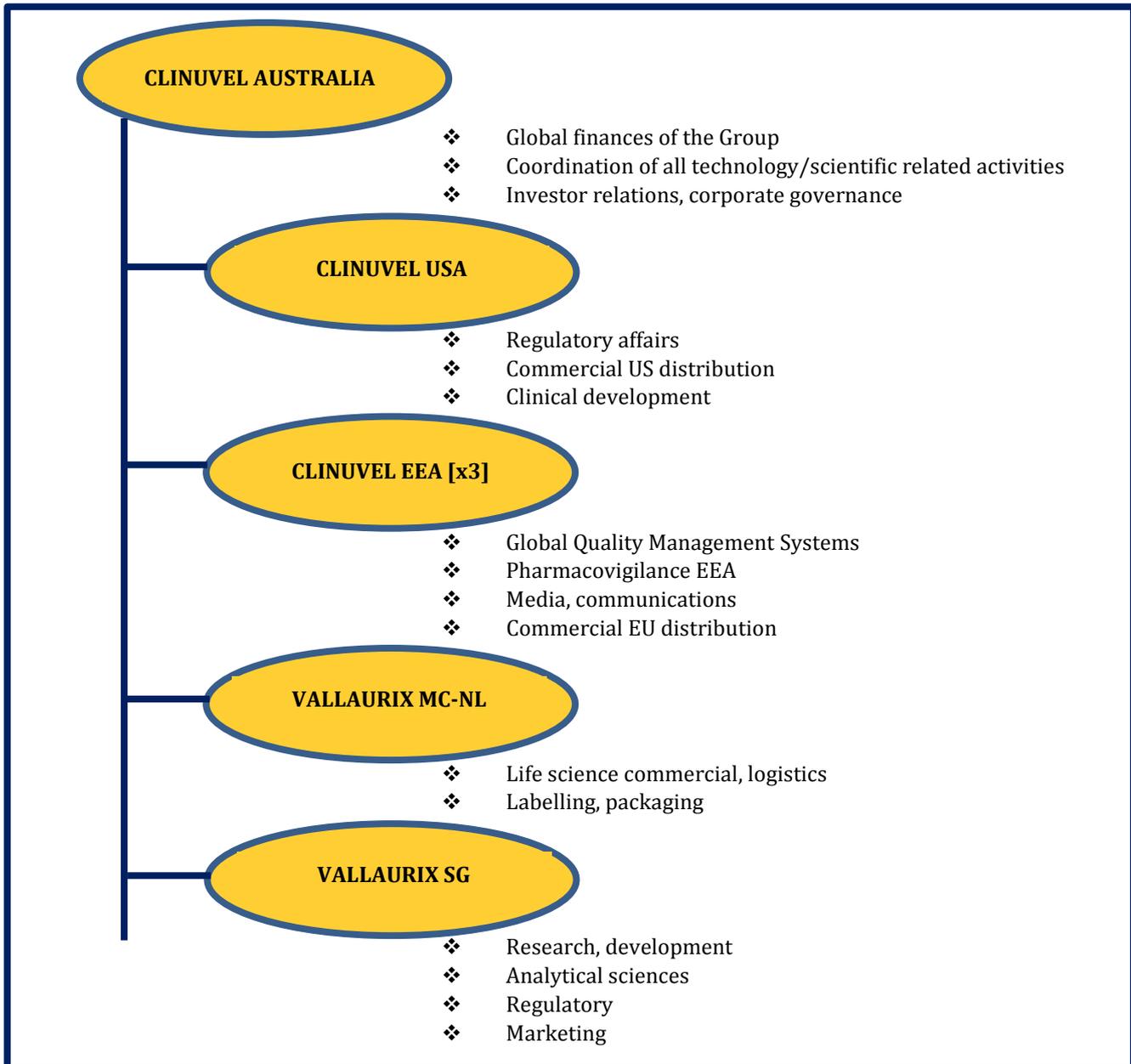
The house I see for the future has many technologies for at least four diseases, additional consumer goods to build the brand, different businesses, and smart execution by dedicated people.

Ideally, I want to see CLINUVEL build further on medical and pharmaceutical experience, here is tremendous value.

Some shareholders in Switzerland asked me whether CLINUVEL is going to succeed while the pharmaceutical industry is suffering from price fighting? My answer is yes, because we have been talking about this issue for years with the Board. Our CEO and CFO are – more than anybody else – aware of the dangers of pricing in pharma. Our strategy is paying dividends now and we will lead the industry.

The worst a Chairman can do is to suffocate ambitions of management, I am here to provide supervision and report two-three times per year back to shareholders. In my homework, I looked at many pharma companies who did not succeed with approved drugs, and CLINUVEL will because it has a modest and clear strategy, it takes time to prepare well and get all the insurances secured.

At last I would like to provide you with a diagram of how I see the CLINUVEL house taking shape:



Life has no guarantees. The Chairman of JP Morgan knows this from his recent alarm and I wish him a speedy recovery. I recently invested in a Dutch house for autistic children (Papageno) and contributing to healthcare has given me many things back. In CLINUVEL I invest my money and time and many things are coming back, people need to just keep calm and let the storm go down. This team has delivered for many years and will continue to do so, no doubt.

My personal goal is to help CLINUVEL achieve its long-term growth, I want to see this group as becoming an established institution for many years.

I will speak to you in a few months unless the news asks me to write earlier.

Thank you all for staying with us.

Yours sincerely,



Willem Blijdorp
Chair, CLINUVEL PHARMACEUTICALS LTD

- End -

¹ SCENESSE® (afamelanotide 16mg) is approved in the European Union as an orphan medicinal product for the prevention of phototoxicity in adult patients with erythropoietic protoporphyria (EPP). SCENESSE® is approved in the USA to increase pain free light exposure in adult EPP patients with a history of phototoxicity. Information on the product can be found on CLINUVEL's website at www.clinuvel.com.

Authorised for ASX release by the Board of Directors of CLINUVEL PHARMACEUTICALS LTD

About CLINUVEL PHARMACEUTICALS LIMITED

CLINUVEL PHARMACEUTICALS LTD (ASX: CUV; NASDAQ INTERNATIONAL DESIGNATION ADR: CLVLY; XETRA-DAX: UR9) is a global biopharmaceutical company focused on developing and delivering treatments for patients with a range of severe genetic and skin disorders. As pioneers in photomedicine and understanding the interaction of light and human biology, CLINUVEL's research and development has led to innovative treatments for patient populations with a clinical need for photoprotection and repigmentation. These patient groups range in size from 5,000 to 45 million worldwide. CLINUVEL's lead compound, SCENESSE® (afamelanotide 16mg), was approved by the European Commission in 2014 and the US Food and Drug Administration in 2019 for the prevention of phototoxicity (anaphylactoid reactions and burns) in adult patients with erythropoietic protoporphyria (EPP). More information on EPP can be found at <http://www.epp.care>. Headquartered in Melbourne, Australia, CLINUVEL has operations in Europe, Singapore and the USA. For more information please go to <http://www.clinuvel.com>.

SCENESSE® is a registered trademark of CLINUVEL PHARMACEUTICALS LTD.

Head of Investor Relations

Mr Malcolm Bull, CLINUVEL PHARMACEUTICALS LTD

Investor enquiries

<https://www.clinuvel.com/investors/contact-us>

Forward-Looking Statements

This release contains forward-looking statements, which reflect the current beliefs and expectations of CLINUVEL's management. Statements may involve a number of known and unknown risks that could cause our future results, performance or achievements to differ significantly from those expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to develop and commercialise pharmaceutical products, including our ability to develop, manufacture, market and sell biopharmaceutical products; competition for our products, especially SCENESSE® (afamelanotide 16mg); our ability to achieve expected safety and efficacy results through our innovative R&D efforts; the effectiveness of our patents and other protections for innovative products, particularly in view of national and regional variations in patent laws; our potential exposure to product liability claims to the extent not covered by insurance; increased government scrutiny in either Australia, the U.S., Europe and Japan of our agreements with third parties and suppliers; our exposure to currency fluctuations and restrictions as well as credit risks; the effects of reforms in healthcare regulation and pharmaceutical pricing and reimbursement; that the Company may incur unexpected delays in the outsourced manufacturing of SCENESSE® which may lead to it being unable to supply its commercial markets and/or clinical trial programs; any failures to comply with any government payment system (i.e. Medicare) reporting and payment obligations; uncertainties surrounding the legislative and regulatory pathways for the registration and approval of biotechnology based products; decisions by regulatory authorities regarding approval of our products as well as their decisions regarding label claims; any failure to

retain or attract key personnel and managerial talent; the impact of broader change within the pharmaceutical industry and related industries; potential changes to tax liabilities or legislation; environmental risks; and other factors that have been discussed in our 2019 Annual Report. Forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation, outside of those required under applicable laws or relevant listing rules of the Australian Securities Exchange, to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. More information on the forecasts and estimates is available on request. Past performance is not an indicator of future performance.

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