

Clinuvel (UK) Limited

Annual Report and Financial Statements

For the year ended 30 June 2019

Company Registration No. 05414157 (England and Wales)

Clinuvel (UK) Limited

Company Information

| | |
|--------------------------|---|
| Director | P J Wolgen |
| Secretary | D Keamy |
| Company number | 05414157 |
| Registered office | Devonshire House 60 Goswell Road London EC1M 7AD |
| Auditor | Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD |

Clinuvel (UK) Limited

Contents

| | Page |
|-----------------------------------|-------------|
| Strategic report | 1 - 2 |
| Director's report | 3 - 4 |
| Independent auditor's report | 5 - 7 |
| Profit and loss account | 8 |
| Statement of comprehensive income | 9 |
| Balance sheet | 10 |
| Statement of changes in equity | 11 |
| Notes to the financial statements | 12 - 19 |

Clinuvel (UK) Limited

Strategic Report

For the year ended 30 June 2019

The director presents the strategic report for the year ended 30 June 2019.

Fair review of the business

Clinuvel (UK) Ltd launched SCENESSE® in Europe in June 2016. As part of the conditions attached to the European marketing authorisation, the Group operates an agreed long-term risk management plan under the supervision of the European Medicines Agency (EMA). One of the commitments made under the risk management plan is to conduct an ongoing non-interventional study whereby anonymised patient data is entered into a disease registry and the results provided to the EMA. The Company is assisted by third parties to support the commitments made under the risk management plan to monitor long-term safety and it will continue to invest in existing and new personnel with the appropriate skills and expertise to maintain the ongoing requirements of the post-authorisation program in Europe. This has been demonstrated by the headcount increasing from 14 at July 2018 to 16 at June 2019. These ongoing requirements will remain in place until such time the EMA decides these are no longer necessary. The company shall continue to increase staff numbers as more pricing agreements per country are established with payors, and as the required pharmacovigilance activities to support the sale and distribution of the drug in Europe continue to expand. A reference price for SCENESSE® as part of a uniform pricing strategy has been established with several countries across Europe, including both state and private insurance groups, but the UK is not one of these countries.

Commercial sales of SCENESSE® in Europe totaled GBP14.5 million for 2018/19, compared to GBP12.2 million for 2017/18. Unit sales increased 20% year on year, demonstrating continuous demand for the drug from the European EPP patient population. The price of SCENESSE® remained constant in 2018/19, in line with CLINUVEL's policy to charge a uniform price across all European countries. EPP Expert Centres in Europe continued to prescribe SCENESSE® to existing and new patients receptive to the treatment.

For the year ended 30 June 2019, a key focus for Clinuvel (UK) Ltd was to adopt changes to the structure of its European business to suit the needs of the CLINUVEL Group to navigate Brexit. A new European subsidiary was established in Ireland to provide the legal presence and to hold relevant licenses within the EU which Clinuvel (UK) Ltd will no longer be able to accommodate post-Brexit hold the marketing authorisation and manufacturing license to supply SCENESSE® in the EU. We also appointed an alternate manufacturing partner to fulfil EU regulations on imported pharmaceuticals from our primary manufacturer located outside the EU. Steps were also put in place to meet new guidelines on pharmaceuticals entering the European supply chain.

Ultimately, the long-term financial objective of the Clinuvel (UK) Ltd is to achieve and maintain sustainable profitability to the benefit of the wider CLINUVEL Group. Key to longer-term profitability is to increase its sales of SCENESSE® in countries across Europe who have not yet agreed to the uniform price and to also reach new patients and increase the market penetration in those countries currently receiving SCENESSE®. Further successful research and development and commercialisation of SCENESSE® to treat other disease states and the commercialisation of the portfolio of assets across the CLINUVEL Group will also be integral to achieving this financial objective.

Clinuvel (UK) Limited

Strategic Report (Continued)

For the year ended 30 June 2019

Principal risks and uncertainties

The following specific business risks are reviewed continually by the Board of the company and its management, as they have the potential to affect its achievement of the business goals detailed above. This list is not exhaustive.

- Technology – there is a risk that despite obtaining marketing authorisations, that SCENESSE® may ultimately prove not to be safe and/or of clinical benefit.
- Supply – there is a risk that the manufacturing process may not result in product batches meeting minimum specification levels, that raw material components could not be sourced to specification, that the manufacturing process may encounter process issues not previously identified and controlled, and of non-controllable disruptions to the operations of the products' contract manufacturers. These factors may lead to non-supply of product and/or adverse regulatory outcomes.
- Clinical & Regulatory – there is a risk that clinical trials of SCENESSE®, whether or not the trials are sponsored by Clinuvel (UK) Ltd or by another Clinuvel entity, will not yield the expected and desired results for the investigational medicinal product(s) to obtain further regulatory approvals.
- Drug pricing – there is a risk that third-party payors will not provide coverage or will not be willing to accept the prices agreed with other third-party payors, adversely affecting revenues and profitability. Furthermore, reductions in government insurance programs may result in lower prices for SCENESSE® and could materially adversely affect our ability to operate profitably or to sustain profitability.
- Intellectual Property (IP) and market entry – future sales could be impacted to the extent that there is not sufficiently robust patent protection around SCENESSE® that will prevent competitors from entering the marketplace to compete. Also, competitors infringing the Group's IP rights may adversely impact the Group's ability to maximise the value to be made from product commercialisation.
- Funding – cash outflows from its operations over the long term may be higher than cash inflows over the long term across the CLINUVEL Group, and this could impact its ability to ensure its subsidiary entities such as CLINUVEL (UK) Ltd to be adequately funded. Therefore, the ability of the Group to successfully bring its products to market and achieve a state of consistent positive cash flow is dependent on its ability to maintain a revenue stream and to access sources of funding while containing its expenditures.
- Management – the success of the company could be impacted adversely if it was not able to retain its specialised knowledge and areas of expertise, of its key management personnel and members of staff over the longer term.
- Foreign exchange – there is a risk that movements in exchange rates of foreign currencies against the British Pound could adversely impact the recognition of sales and expenses when translated from their functional currency to the presentation currency of CLINUVEL (UK) Ltd.

On behalf of the board

P J Wolgen
Director
23 March 2020

Clinuvel (UK) Limited

Director's Report

For the year ended 30 June 2019

The director presents his annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company continued to be that of developing, commercialising and distributing drugs as a pharmaceutical company.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

P J Wolgen

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Clinuvel (UK) Limited

Director's Report (Continued)

For the year ended 30 June 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

P J Wolgen

Director

23 March 2020

Clinuvel (UK) Limited

Independent Auditor's Report

To the Member of Clinuvel (UK) Limited

Opinion

We have audited the financial statements of Clinuvel (UK) Limited (the 'company') for the year ended 30 June 2019 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Clinuvel (UK) Limited

Independent Auditor's Report (Continued)

To the Member of Clinuvel (UK) Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Other matter

The corresponding figures in the financial statements of Clinuvel (UK) Limited were not audited as the Company did not require a statutory audit under the Companies Act 2006 in the prior year.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Clinuvel (UK) Limited

Independent Auditor's Report (Continued)

To the Member of Clinuvel (UK) Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Jon Sutcliffe (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

24 March 2020

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Clinuvel (UK) Limited

Profit and Loss Account

For the year ended 30 June 2019

| | | 2019 | 2018 |
|--|---|------------------|------------------|
| | | £ | £ |
| Turnover | 3 | 14,549,522 | 12,154,611 |
| Cost of sales | | (12,673,009) | (10,639,301) |
| Gross profit | | 1,876,513 | 1,515,310 |
| Administrative expenses | | (1,651,125) | (1,753,225) |
| Profit/(loss) before taxation | | 225,388 | (237,915) |
| Taxation | 6 | - | - |
| Profit/(loss) for the financial year | | 225,388 | (237,915) |
| Total comprehensive income for the year | | 225,388 | (237,915) |

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Clinuvel (UK) Limited

Statement of Comprehensive Income

For the Year ended 30 June 2019

| | 2019 £ | 2018 £ |
|---|----------------|------------------|
| Profit/(loss) for the year | 225,388 | (237,915) |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>225,388</u> | <u>(237,915)</u> |

Clinuvel (UK) Limited

Balance Sheet

As at 30 June 2019

| | | 2019 | | 2018 as restated | |
|---|-------|------------------|------------------|---------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 7 | | 3,883 | | 6,068 |
| Investments | 8 | | 68,581 | | 68,581 |
| | | | <u>72,464</u> | | <u>74,649</u> |
| Current assets | | | | | |
| Debtors | 10 | 1,915,516 | | 2,499,808 | |
| Cash at bank and in hand | | 5,559,124 | | 2,784,235 | |
| | | <u>7,474,640</u> | | <u>5,284,043</u> | |
| Creditors: amounts falling due within one year | 11 | (8,050,242) | | (6,087,218) | |
| Net current liabilities | | | <u>(575,602)</u> | | <u>(803,175)</u> |
| Total assets less current liabilities | | | <u>(503,138)</u> | | <u>(728,526)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 1 | | 1 |
| Profit and loss reserves | | | (503,139) | | (728,527) |
| Total equity | | | <u>(503,138)</u> | | <u>(728,526)</u> |

The financial statements were approved and signed by the director and authorised for issue on 23 March 2020

P J Wolgen
Director

Company Registration No. 05414157

Clinuvel (UK) Limited

Statement of Changes in Equity

For the year ended 30 June 2019

| | Share capital | Profit and loss reserves | Total |
|---|---------------|-----------------------------|-----------|
| | £ | £ | £ |
| As restated for the period ended 30 June 2018: | | | |
| Balance at 1 July 2017 | 1 | (490,612) | (490,611) |
| Year ended 30 June 2018: | | | |
| Loss and total comprehensive income for the year | - | (237,915) | (237,915) |
| Balance at 30 June 2018 | 1 | (728,527) | (728,526) |
| Year ended 30 June 2019: | | | |
| Profit and total comprehensive income for the year | - | 225,388 | 225,388 |
| Balance at 30 June 2019 | 1 | (503,139) | (503,138) |

Clinuvel (UK) Limited

Notes to the Financial Statements

For the year ended 30 June 2019

1 Accounting policies

Company information

Clinuvel (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Devonshire House, 60 Goswell Road, London, EC1M 7AD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company made a profit of £225,388 (2018: £237,915 loss) for the year and held net liabilities at the balance sheet date of £503,138 (2018: £728,526). The company is supported by its parent company, Clinuvel Pharmaceuticals Limited, which has confirmed in writing that it will continue to provide financial support to the company as required. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------|-----------------------|
| Computer equipment | 40% diminishing value |
|--------------------|-----------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.7 Financial instruments

Basic financial instruments are measured at cost. The company has no other financial instruments or basic financial instruments measured at fair value.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2019 £ | 2018 £ |
|---|------------|------------|
| Turnover analysed by geographical market | | |
| Europe | 14,549,522 | 12,154,611 |

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

4 Operating profit/(loss)

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Operating profit/(loss) for the year is stated after charging/(crediting): | | |
| Exchange gains | (239,484) | (27,533) |
| Fees payable to the company's auditor for the audit of the company's financial statements | 11,750 | - |
| Depreciation of owned tangible fixed assets | 2,185 | 2,798 |
| | <u> </u> | <u> </u> |

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £239,484 (2018 - £27,533).

5 Employees

The average monthly number of persons employed by the company during the year was:

| 2019 Number | 2018 Number |
|-------------------|-------------------|
| 14 | 12 |
| <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | 2019 £ | 2018 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 718,587 | 634,169 |
| Social security costs | 81,372 | 70,979 |
| Pension costs | 18,404 | 8,294 |
| | <u> </u> | <u> </u> |
| | <u>818,363</u> | <u>713,442</u> |

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

6 Taxation

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Profit/(loss) before taxation | 225,388 | (237,915) |
| <i>Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)</i> | 42,824 | (45,204) |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,953 | 532 |
| Tax effect of utilisation of tax losses not previously recognised | (44,723) | - |
| Unutilised tax losses carried forward | - | 44,738 |
| Permanent capital allowances in excess of depreciation | (54) | (66) |
| Taxation charge for the year | - | - |

7 Tangible fixed assets

| | Computer equipment £ |
|------------------------------------|-------------------------|
| Cost | |
| At 1 July 2018 and 30 June 2019 | 12,917 |
| Depreciation and impairment | |
| At 1 July 2018 | 6,849 |
| Depreciation charged in the year | 2,185 |
| At 30 June 2019 | 9,034 |
| Carrying amount | |
| At 30 June 2019 | 3,883 |
| At 30 June 2018 | 6,068 |

8 Fixed asset investments

| | Notes | 2019 £ | 2018 £ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 9 | 68,581 | 68,581 |

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

8 Fixed asset investments (Continued)

Movements in fixed asset investments

| | Shares in group undertakings |
|-------------------------------|------------------------------|
| | £ |
| Cost or valuation | |
| At 1 July 2018 & 30 June 2019 | 68,581 |
| Carrying amount | |
| At 30 June 2019 | 68,581 |
| At 30 June 2018 | 68,581 |

9 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct Indirect |
|---------------------|-------------------|--------------------|----------------------|---------------------------|
| Clinuvel AG | Switzerland | Pharmaceuticals | Class A | 100.00 |

10 Debtors

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,757,830 | 2,447,689 |
| Other debtors | 108,724 | 33,367 |
| Prepayments and accrued income | 48,962 | 18,752 |
| | <u>1,915,516</u> | <u>2,499,808</u> |

11 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|-----------------------------------|------------------|------------------|
| Trade creditors | 109,755 | 28,282 |
| Amounts due to group undertakings | 7,630,936 | 5,694,464 |
| Other creditors | 22,566 | 21,574 |
| Accruals and deferred income | 286,985 | 342,898 |
| | <u>8,050,242</u> | <u>6,087,218</u> |

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

12 Share capital

| | 2019 £ | 2018 £ |
|-------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 1 ordinary share of £1 each | 1 | 1 |

13 Retirement benefit schemes

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 18,404 | 8,294 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

14 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2019 £ | 2018 £ |
|-----------------|-----------|-----------|
| Within one year | 55,950 | 46,950 |

15 Control

The ultimate controlling party is Clinuvel Pharmaceuticals Limited, a company incorporated in Australia, by virtue of holding the entire share capital of Clinuvel (UK) Limited. The parent is registered at Level 11, 535 Bourke Street, Melbourne, VIC 3000.

The accounts of Clinuvel (UK) Limited are included within the publicly available consolidated accounts of Clinuvel Pharmaceuticals Limited.

16 Related party transactions

During the year the company was charged intercompany costs of sales totalling £12,624,595 (2018: £10,537,776) Clinuvel Pharmaceuticals Limited for the sale of goods as well as other administrative costs.

As at the year end the company owed £7,630,936 (2018: £5,694,464) to Clinuvel Pharmaceuticals Limited.

Clinuvel (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2019

17 Prior period adjustment

Changes to the balance sheet

| | At 30 June 2018 | | |
|--------------------------------------|------------------------|----------------|----------------|
| | As previously reported | Adjustment | As restated |
| | £ | £ | £ |
| Fixed assets | | | |
| Investments | - | 68,581 | 68,581 |
| Creditors due within one year | | | |
| Other creditors | (6,018,637) | (68,581) | (6,087,218) |
| | <u></u> | <u></u> | <u></u> |
| Net assets | (728,526) | - | (728,526) |
| | <u><u></u></u> | <u><u></u></u> | <u><u></u></u> |

Changes to the profit and loss account

| | Period ended 30 June 2018 | | |
|-------------------------------|---------------------------|----------------|----------------|
| | As previously reported | Adjustment | As restated |
| | £ | £ | £ |
| Loss for the financial period | (237,915) | - | (237,915) |
| | <u><u></u></u> | <u><u></u></u> | <u><u></u></u> |

A prior year restatement has been created to bring in the the company's investment in its subsidiary, Clinuvel AG, a company incorporated and domiciled in Switzerland.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.