Allergy Therapeutics

Interim results
for the half year ending
31 December 2016

March 2017

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Financial highlights

18% ▲

increase in revenue at constant currency to

£34.2m

*(H1 2016: £29.0m)**

39% ▲

increase in revenue at

£40.4m

(H1 2016: £29.0m)

R&D expenditure of

£3.8m

(H1 2016: £6.5m)

Cash balance of

£27.8m

(H1 2016: £33.2m)

Strong growth in operating profit pre R&D of

40% to **£11.1m**

as a result of broad investment in the business

(H1 2016: £7.9m)

** Constant currency uses prior year weighted average exchange rates to translate current year foreign currency denominated revenue to give a year on year comparison excluding the effects of foreign exchange movements. See table in financial review for an analysis of revenue.*

N.B. All financial dates refer to the financial year. All clinical dates refer to the calendar year.

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Operational highlights

Increased market share in main European markets to

13% ▲

(H1 2016: 12%)

Pollinex franchise continues to expand and shape the market as a more convenient treatment

First patient recruited in pivotal Pollinex Quattro Birch Phase III study in Europe

US Grass MATA MPL programme proceeding as planned with safety trial advancing to dose-range finding study in H2 2017

CTA approval in Spain for Phase I clinical study investigating safety and tolerability of Acarovac MPL

Positive proof of concept preclinical trial results announced with Polyvac Peanut

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Strategy

March 2017

Our Strategy

Three Pillars to the Business

European Business

Strongly performing business.

Growing market penetration and additional product registrations

Development Pipeline

New technologies and markets.

Strong investment in R&D aided by growing revenue stream

US Market

Biotech type opportunity in largest market.

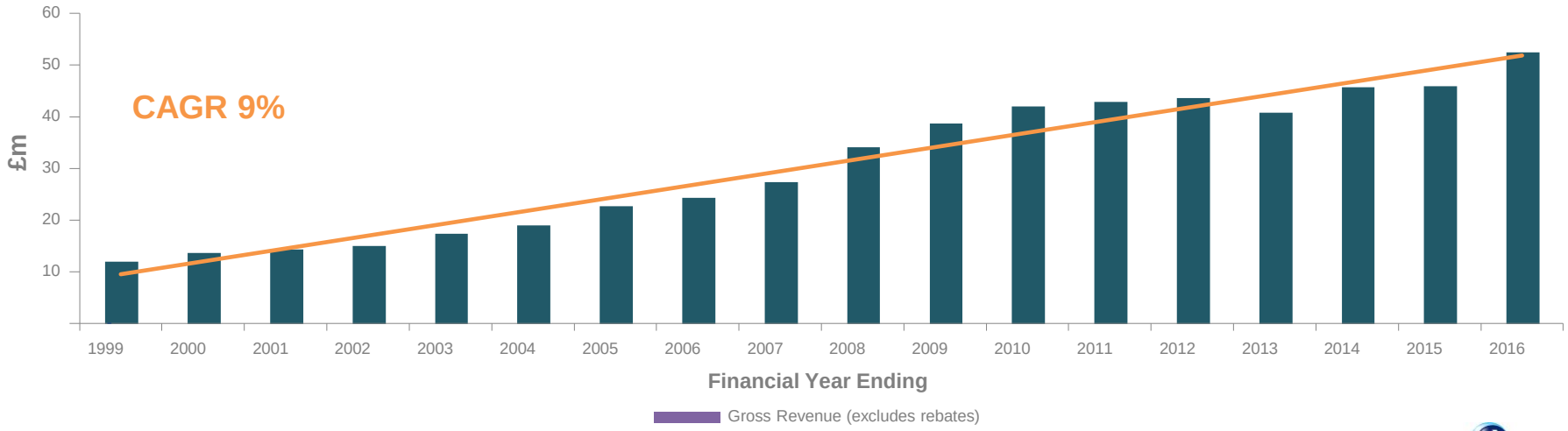
Product regulatory steps on horizon

European business

Sales Growth of 18% in H1 2017 and increase of market share to 13% from 12% driven by:

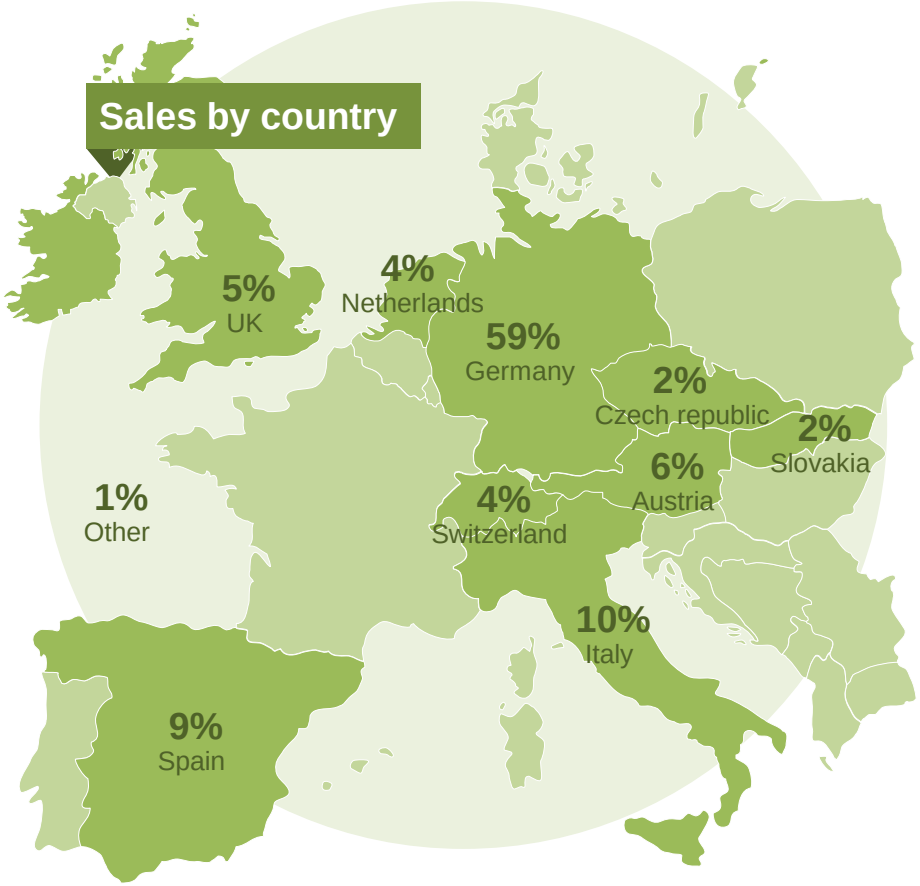
- Approved and named-patient basis sales
- Technically advanced, convenient (short-course) product
- Investment across business reflected in performance
- Increased portfolio of products – Acarovac Plus and Synbiotics
- Development and expansion of personnel in all areas

Allergy Therapeutics Group Gross Revenue

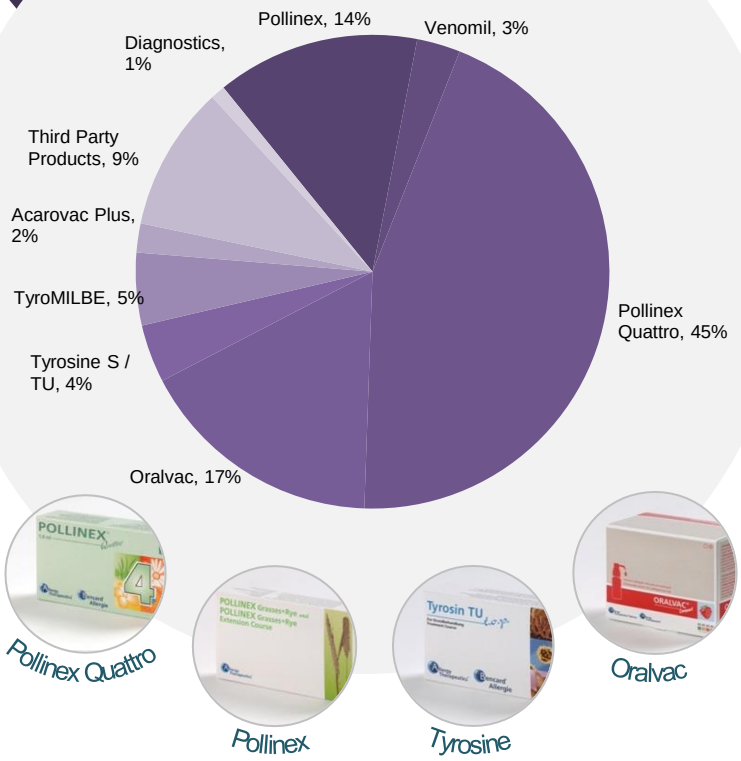


Recap on sales breakdown for FY 2016

Sales by country



Sales by product[1]



1.Sales breakdown based on gross sales at budget exchange rates (before freight, discounts, rebates and exchange) : £51.8 million. After deducting discounts, rebates, freight charges and foreign exchange adjustments, total sales for FY2016 is £48.5 million

TAV (Therapy Allergy Ordinance) process

TAV German process initiated in 2008
and driven by the Paul Ehrlich Institute based on European legislation

Includes all products
without registration

All 10 of Allergy's products submitted
in 2011 are still in process

Germany contributes
59% of AGY Group sales

Future advantage of clinical evidence
to support marketing as products become fully approved

30% of all submitted products have been removed from the process
and are no longer on the market (Dr. Vieths, 2016)

The US opportunity

Allergy immunotherapy is expected to grow at a CAGR of ▲ 11% to 2020*

Estimated market:
cost to payer $2 billion**

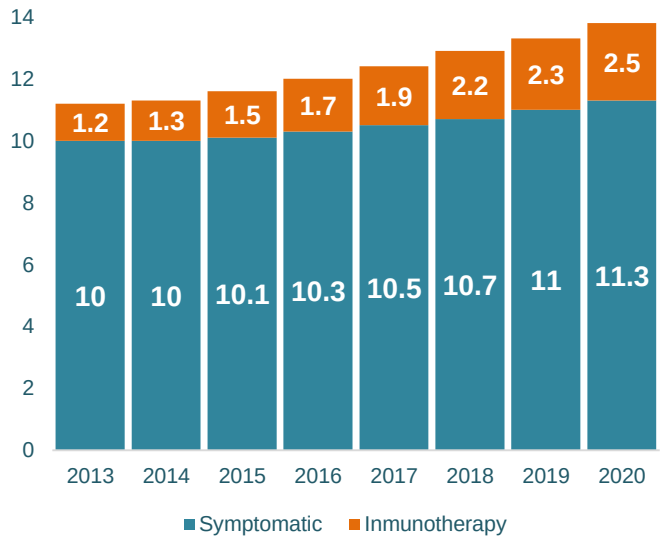
Currently no registered
injected products

Clinical Development Plan
for PQ Grass at dosage stage

Opportunity fully funded to end of Phase III trial based on current assumptions

Estimated peak grass sales
US$300- US$400 million

US Sales in Allergic (US$bn) Rhinitis Market 2013-2020



*Visiongain, AR forecast 2014
**Internal estimate

Position of Pollinex Quattro vs US market

Regulatory pressure of FDA

FDA

Pollinex Quattro Grass in US offers:

SCIT product

GMP manufacture

Ultra short course
4-6 injections = convenience

Same sales channel
as currently used

Larger market since 50% of patients do not start treatment
and 50% drop out during treatment in current regimens

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Research & Development

March 2017

Pipeline

	Pre-clinical	Phase I	Phase II	Phase III	Market/Registered	Also available as a Named Patient Product
Pollinex Grass			Short-course SCIT			
Pollinex Tree			Short-course SCIT			
Pollinex Ragweed			Short-course SCIT			
Venomil Bee			Bee venom SCIT			
Venomil Wasp			Wasp venom SCIT			
Pollinex Quattro Grass	*		Short-course Grass SCIT with MPL			✓
Pollinex Quattro Birch			Short-course Birch SCIT with MPL			✓
Pollinex Quattro Ragweed			Short-course Ragweed SCIT with MPL			-
Pollinex Quattro Grass	**		Short-course Grass SCIT with MPL			-
Pollinex Quattro Trees			Short-course Tree SCIT with MPL			✓
Oralvac Grass, Trees & house dust mite		Sublingual immunotherapy with flexible-dosing				✓
Acarovac Platform		Short-course modified Allergen HDM SCIT + MPL				✓
Polyvac Peanut		Short-course Peanut SCIT				

*** - 0.5mL formulation**
**** - 1.0 mL formulation**

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Phase III Pollinex Quattro Birch in Europe (B301)

Positive top-line results for Phase II Birch dosing study (B204) using Conjunctival Provocation Test

Phase III PQ Birch trial (B301) in TAV process:

2016	H2 2017	2018	2019
First patient already recruited	**Expected to start**	**Results expected**	**If successful, submission in 2019** and if approved, could be initially marketed in Germany

Pollinex Quattro Grass MATA MPL

G104, G205 and G306 fully funded on current assumptions

Safety study to evaluate additional dose (G104) in progress	Additional Phase II trial (G205)	Second Phase III trial (G306)
H1 2017	**H2 2017**	
Results expected	**Expected to start** Using Conjunctival Provocation Test	**Expected to start following completion of G205 and regulatory discussions**

Acarovac MPL

Further development:
Planned progression to Phase II & Phase III

Potential for markets in EU as well as other regions

Phase I trial for Acarovac MPL (AM101)

H1 2017

- **CTA approval received**
- **Trial expected to start shortly**

H2 2017

- **32 patient multi-centre trial**
- **Results expected**

Polyvac Peanut

Positive results achieved from preclinical research of Polyvac Peanut

Single dose of VLP combined with recombinant peanut allergen successfully protects against anaphylaxis when challenged with peanut

Commencing an R&D investment programme of c.£3m to progress programme through to start of Phase I trials over a 2-3 year period

Those vaccinated with candidate vaccine exhibited no symptoms compared to placebo, when challenged with peanut

Peanut represents a new opportunity into $8bn* worldwide food allergy market

Safety profile of product evaluated and found not to induce anaphylaxis

Pre-clinical development progressing according to plan

**The Journal of Allergy and Clinical Immunology 2016. 1% of US population. EACCI Food Allergy and Anaphylaxis Guidelines Group 2016 0.2% of Western European Population. Management assumption of annual treatment of $2k*

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Financial Results

March 2017

P&L – 6 months to 31 December 2016

	2017 £'m	2016 £'m	Variance £'m	%
Revenue	**40.4**	**29.0**	**11.4**	39%
Gross profit	**31.5**	**21.6**	**9.9**	46%
Overheads	**(20.5)**	**(13.7)**	**(6.8)**	(50%)
R&D	**(3.8)**	**(6.5)**	**2.7**	42%
Operating profit	**7.2**	**1.4**	**5.8**	414%
Financing costs	**0.0**	**(0.1)**	**0.1**	100%
Tax	**(0.4)**	**(0.2)**	**(0.2)**	(100%)
Profit after tax	**6.8**	**1.1**	**5.7**	518%

Strong sales performance
in all markets

Strong sales drives gross profit growth
and gross profit % up on constant basis

Overheads up
due to FX and investment

Significant R&D investment last year
in US Grass Study and PQ Birch in Europe

Operating profit pre R&D of £11.1m
(H1 2016: £7.9m) due to investment

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Sales – 6 months ended 31 December 2016

	2017 £'m	2016 £'m	Variance £'m	%
Gross Revenue at Constant Exchange Rate	**37.4**	31.4	6.0	19%
Rebate at Constant Exchange Rate	**(3.2)**	(2.4)	(0.8)	(33%)
Net Revenue at Constant Exchange Rate	**34.2**	29.0	5.2	18%
Effect of Foreign Exchange	**6.2**	0.0	6.2	
Net Revenue	**40.4**	29.0	11.4	39%

* Constant exchange rate Euro/£	**1.39**	
Current exchange rate Euro/£	**1.16**	1.39

Significant improvement in sales
against flat markets

All markets
performing well

Strong growth in
Pollinex Quattro and Oralvac

Rebates up due to increase in prices
and volume wins in Germany

FX impact due to stronger euro
for whole period

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Balance sheet at 31 December 2016

	2017 £'m	2016 £'m	Variance £'m
Non-current assets			
Property, plant and equipment	9.7	8.8	0.9
Intangible assets	5.4	5.0	0.4
Investments	4.3	3.5	0.8
	19.4	17.3	2.1
Current Assets			
Trade and other receivables	10.7	7.1	3.6
Inventories	7.0	6.8	0.2
Cash	27.8	33.2	(5.4)
Liabilities			
Financing liabilities	(3.4)	(1.6)	(1.8)
Other liabilities	(23.0)	(16.1)	(6.9)
Net assests	38.5	46.7	(8.2)
Equity			
Share capital and share premium	103.0	103.0	0.0
P&L account and other reserves	(64.5)	(56.3)	(8.2)
	38.5	46.7	(8.2)

Increase in non-current assets
driven by currency movements and investment in infrastructure

Trade debtors higher
due to FX and timing of significant receipt

Cash position
of £27.8m

Debt of £3.4m
Seasonal overdraft in place (undrawn)

Other liabilities increase
due to FX, R&D creditors and hedging liability

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Summary and Outlook

March 2017

Summary and outlook

Strong trading
in H1 2017:

18%

sales growth at constant currency with gain in market share of competitive markets from

12% to 13%

Operating profit before R&D
continues to grow

Clinical trials progressing
as planned

Strategy to be first to market in the US SCIT segment
with a registered product and market leaders in the SCIT allergy segment by 2020

Continued growth in line with market expectations for FY 2017

- Continued growth and expansion in European business
- Future product development pipeline
- Geographic expansion opportunities

2017 expected newsflow

July 2017

Trading
Update

September 2017

Full Year
2017 Results

H2 2017

First Patient Treated
– Pollinex Quattro Birch Phase III

CTA approval
of Pollinex Quattro Grass Phase II

First Patient
Pollinex Quattro Grass Phase II

Appendix

March 2017

Analysis of regulated products

	Named patient basis	Approved[1]	German TAV process	US Process	Other Clinical trials
Vaccines					
Pollinex	X	X			
Pollinex Quattro Grass	X		X	X	
Pollinex Quattro Birch	X		X		
Pollinex Quattro Ragweed	X			X	
Pollinex Quattro Trees	X		X	X	
Pollinex Quattro Grass & Birch	X		X		
Pollinex Quattro Grass & Tree	X		X		
Pollinex Quattro Grass & Mugwort	X		X		
Acarovac Plus	X	X			
Acarovac MPL					X
TyroMILBE	X		X		
Venomil	X	X			
TA Top	X				
Oral					
Oralvac Grass	X	X	X		
Oralvac Trees	X	X	X		
Oralvac House Mite	X	X	X		

Trials in process CMC process Trials undertaken

[1] *Approved in Germany or other major market*

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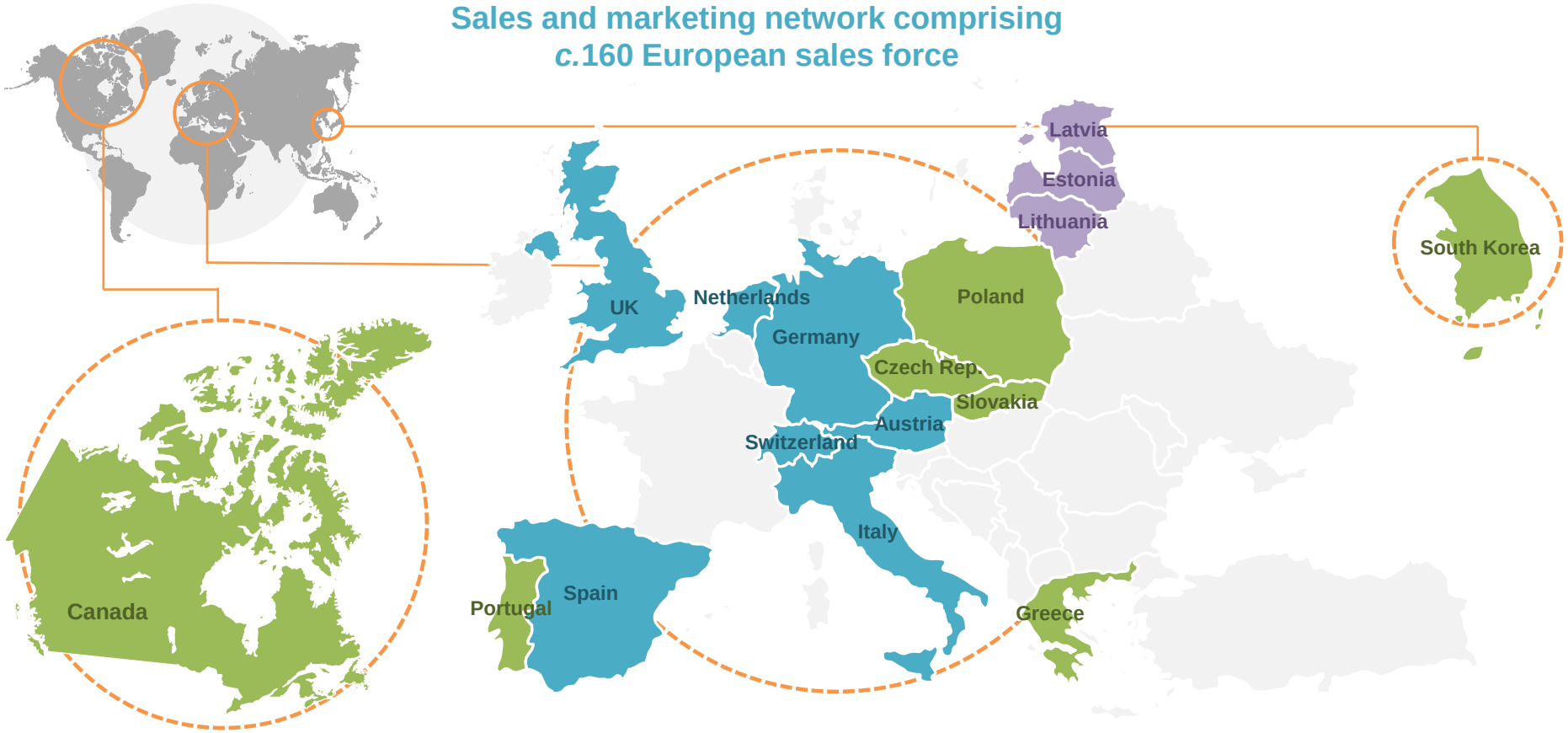
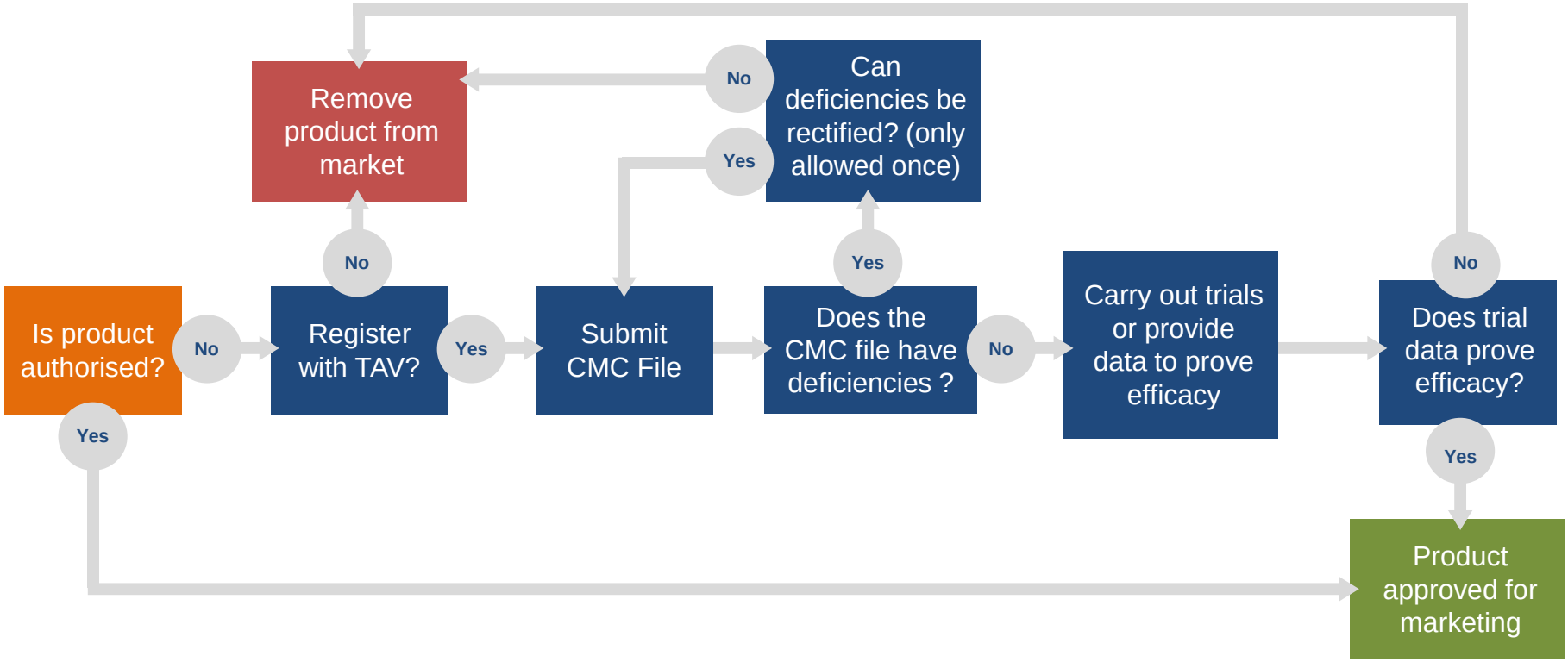
Global presence

Sales and marketing network comprising
***c.*160 European sales force**



Subsidiaries in 7 countries and distribution agreements in additional 8 countries

TAV process



Notes:
1. While in the TAV process all products can continue to be sold. Once rejected they must be removed from the market
2. All products must either have been approved or must go through the TAV process
3. The trials needed are tolerability, dose ranging and efficacy

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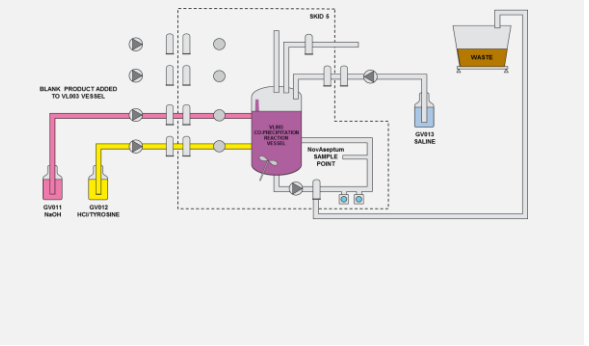
Microcrystalline tyrosine (MCT)



Patent protection for MCT

Processing patent covers MCT

MCT particles are formulated as sterile in state of the art processes enabling defined particle morphology and size optimised for binding to wide variety of antigens.

MCT Process patent extended-UK (2032)/EU filing 2032

R&D update Allergy / Non – Allergy indications

Within the last 12 months, studies have been completed supporting MCT use as a depot immunomodulator in each application:

Key publication in The Journal of Inorganic Biochemistry provides insight to the role of the (MCT) for use in existing and future therapeutic development incl. synergies with MCT and MPL in our Pollinex Quattro brand

Immunomodulation of MCT in allergy (publication pending 2016) – University of Zurich

MCT improves efficacy in non-allergy models (Influenza, Malaria) – Public Health England, University of Oxford (Jenner Institute), respectively. (publication in preparation)

MCT to enhance immunogenicity of different vaccines – for malaria study

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Recent developments in US

Allergists coming under regulations of compounding pharmacies (USP797)

Demand for product that improves patient adherence

Regulators clamping down on manufacturing standards in extracts

Enforcement of 28 day shelf life of mixed extracts

Insurer pressure to reduce number of physician visits

Drive towards single allergen treatment due to shelf life requirement

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PQ: a unique platform technology in the US

Pollinex Quattro:
4 injections in 3 weeks, efficacy in 3 weeks

MPL Adjuvant

MPL (Monophosphoryl Lipid A) is a non-toxic derivative of lipopolysaccharide (LPS))

MPL allows the SIT treatment course to be shortened (big impact on adherence)

Regulates expression of co-stimulatory molecules on antigen-presenting cells

Acts locally as a TLR4 agonist and increases IgG production

Allergoid

Allergen chemically modified with glutaraldehyde

Retains IgG-allergen stimulating properties patient adherence

Reduces IgE reactivity vs. that induced by native allergens used in SIT

MPL Adjuvant

A natural amino acid which is readily metabolised

L-tyrosine retains the Allergoid and MPL at the site of injection (half life = 48 hours) as depot

30-year history of safe use in vaccines

Rebalances TH1 response

US PQ product opportunity

Current US SCIT market

Home made preparation

Non GMP manufacturing
Non registered
No clinical evidence

Long courses of treatment:
50 to 100 injections

Slow to act: 6 to 12 months

Low compliance

Allergy Therapeutics' entry in the US

Standardised dose vaccine

GMP manufactured
FDA submission planned in 2020
Multiple clinical studies

Ultra- short course treatment:
4 to 6 injections

Efficacy in 3 weeks

High compliance

Keys to success for PQ in the US

Proprietary Technology

IP Protected

De-risked opportunity
Treated more than 250,000 patients and marketed in 7 countries

Strategic fit for US market*
Pollinex Quattro is an injected product for an injected market

First mover advantage
First to market in the seasonal injected segment

High entry barriers: regulatory requirements for extensive trials on efficacy and safety

Building on Progress to date in the US:
US$ 100 million invested in clinical studies to date

15 clinical trials completed to date, including Phase I, II & III successful studies

Investigated in over 3,000 patients worldwide, mainly in the US

Source:
**The Current States of Therapy for Allergic Rhinitis in the United States. Lawrence Du Buske, MD*

Acarovac Plus / Acarovac Quattro

Acarovac Plus –
Next Generation Products for Short-Course Dust Mite Immunotherapy

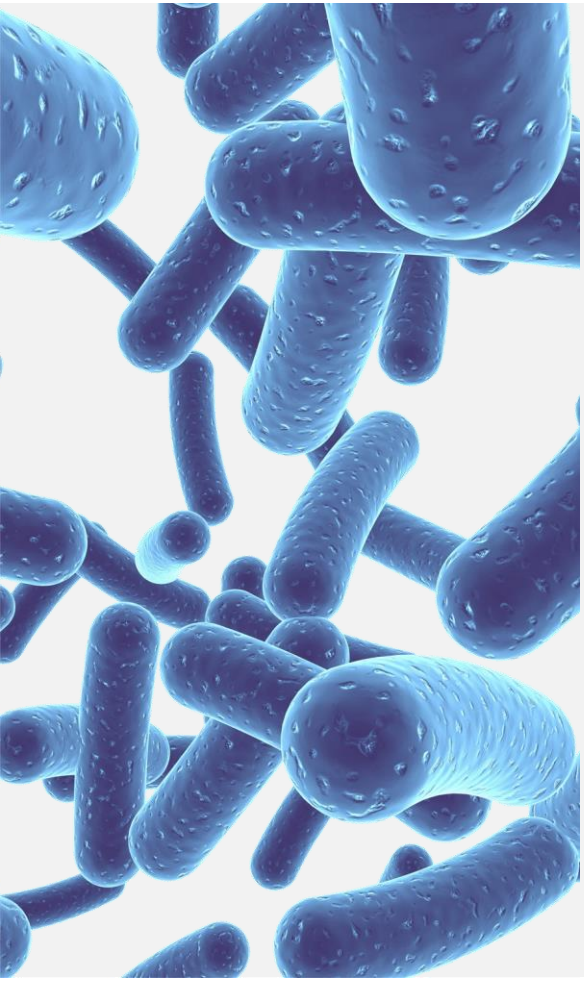
Acarovac Plus has undergone further clinical development, building on success of 2014 publication and is the top selling mite product in Spain this year

A 1-year follow up study reveals a >50% reduction in symptom scores and significant improvement in clinical endpoints accepted for publication in 2015

Product approved for sale in Austria and Spain

Developing Acarovac Quattro, an ultra-short course therapy utilising the adjuvant monophosphoryl lipid A (MPL), as used in successful Pollinex Quattro product range

Other developments



Adjuvant Systems

MCT, MPL & VLP

Researching on MCT mechanism of action

Testing adjuvant systems in several vaccines

Results and publication expected soon

Synbiotics

Synbiotics = prebiotics + probiotics

Synbiotics as modulators of the allergic response

Innovative products focused on allergy

Sales progressing well

Key investment highlights

Lead product
Pollinex Quattro,
a proven, unique and
highly differentiated
allergy vaccination

Integrated, efficient
and scalable platform technology

Strong late stage pipeline
of aluminium-free allergy products

Well established European commercial presence
through direct sales force & distributors

MHRA-approved manufacturing facility
with significant headroom

Strong financial performance
with trend over 17 years of gross sales growth

Focused on the US opportunity & strengthening position
in European allergy rhinitis market