Allergy Therapeutics

Interim results for the six months ended 31 December 2015

March 2016

Interim Results – Highlights

Financial highlights

- Revenue increased by 12% at constant currency to £31.5m (H1 2015: £28.2m)
  - Reported revenue increased by 3% to £29.0m (H1 2015: £28.2m)
- R&D expenditure increased to £6.5m (H1 2015: £1.1m) as the two Phase II studies in Germany and the US were successfully progressed
- Fundraising of £11.5m (gross) successfully completed
  - To invest in new product development, strengthen the balance sheet and accelerate growth
- Cash balance bolstered to £33.2m (H1 2015: £8.0m)

** 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*

Interim Results – Highlights

Products and pipeline highlights

- Increasing market share in all major markets against a broadly flat EU market
- Spanish Alerpharma acquisition fully integrated
- US Phase II study for GrassMATAMPL (marketed in Europe as Pollinex Quattro Grass product) initiated in December 2015
  - On track for data read out in H2 2016
- PQ Birch204 Phase II study patient enrolment completed
  - Results expected in H2 2016
- Acquisition of Virus Like Particles (“VLP”) technology licence for the development of a potential new injectable vaccine immunotherapy treatment for allergy sufferers, with peanut as the lead project
- Positive house dust mite study results for Acarovac – July 2015

Post period end highlights

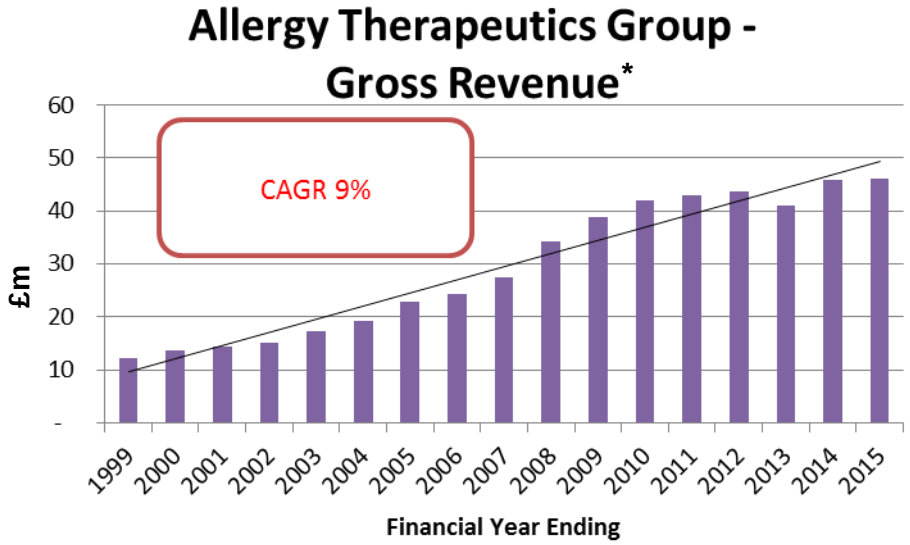
- US Grass MATAMPL study fully recruited according to plan in February 2016

Allergy Therapeutics®
Transforming Allergy Treatment

Strategy, international presence and products

Strategy overview

- Short course, aluminium-free therapies drive growth
- Patients and lifestyle drive wider adoption
- Strong European business with +12% growth at constant currency
- Pursuit of US opportunity progressing well
- Development of new therapeutic areas
- Further organic and M&A growth

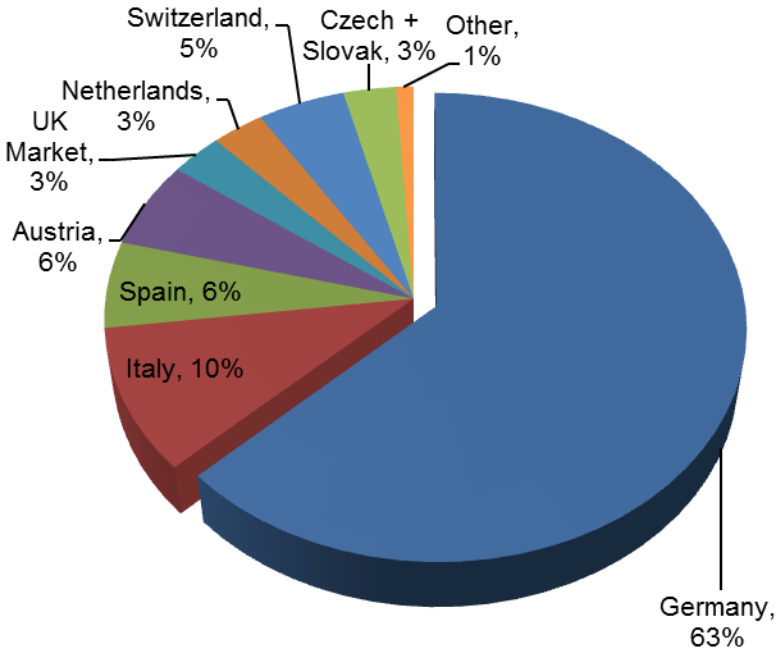


*** Excludes rebates**

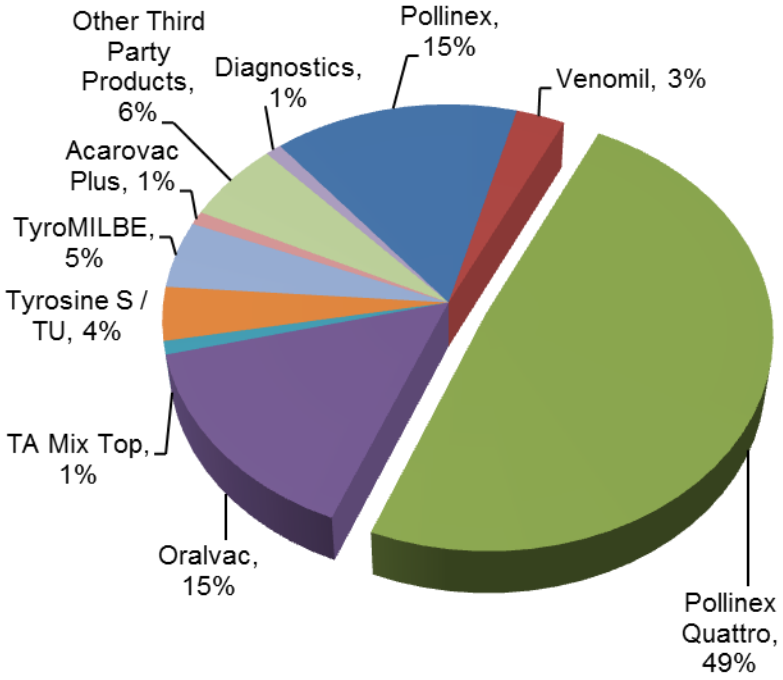
Allergy Therapeutics® Transforming Allergy Treatment

Sales breakdown

Sales by Country



Sales by Product [1]



1.Sales breakdown based on FY2015 gross sales at budget exchange rates (before freight, discounts, rebates and exchange) : £49.3 million. After deducting discounts, rebates, freight charges and foreign exchange adjustments, total sales for FY2015 is £43.2 million

Growth opportunities

Growth in Europe

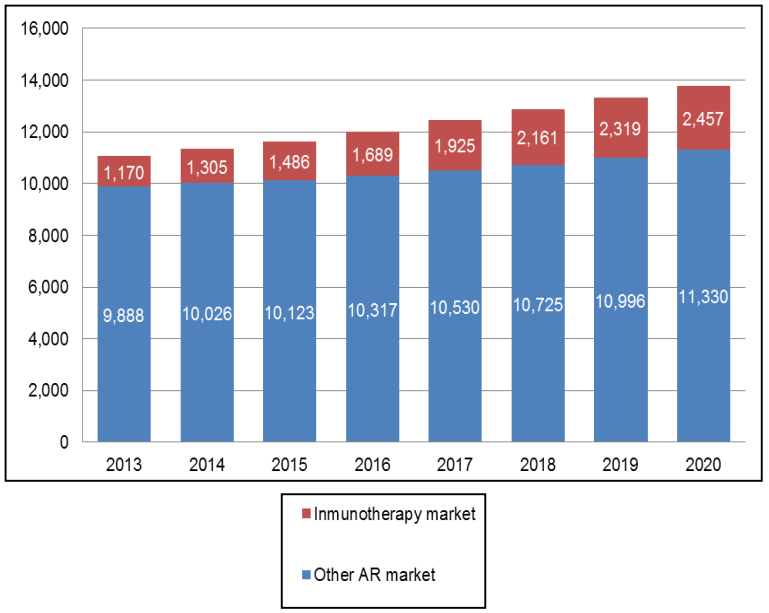
- History of growth in a flat market
- Germany, Spain, The Netherlands, UK and Austria contributing major growth
- Best performer in Europe
- Market penetration across all the markets
- Good progress of new products: Acarovac Plus and symbiotics
- Looking for geographic expansion in Eastern Europe through distribution contracts

Pollinex Quattro Birch European vaccine trial

- 6% of European population skin-prick positive for birch pollen allergen
- Good progress with German TAV (Therapy Allergy Ordinance) for clinical development programme
- Phase II of PQB 204 enrolled in November 2015
  - Headline data expected in H2 2016
- Phase III due to start in Q1 2017
  - Leading to marketing authorisation in 2019

US opportunity on track

- 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 GrassMATAMPL (PQ Grass) on track and progressing well
- Filing for US FDA approval expected in 2018 with estimated launch 2019 – preparing to replicate success in Europe
- Estimated peak grass sales US$300 – US$400 million



*Visiongain, AR forecast 2014
**Piper Jaffray Update on the AR market, Sept. 2008. Datamonitor

PQ breakthrough product opportunity in US

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 manufacturing
- FDA submission planned in 2018
- Multiple clinical studies
- Ultra-short course treatment
- Efficacy in 3 weeks
- Allows for high compliance

Keys to success for PQ in the US

- Proprietary technology
- IP protected
- De-risked opportunity
  - Treated more than 250,000 patients and currently marketed in 7 European countries
- Building on progress to date in the US:
  - US$ 100 million invested in clinical studies to date
  - 14 clinical trials completed to date, including Phase I, II & III successful studies
  - Investigated in over 3,000 patients worldwide, mainly in the US
- 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

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

New high value projects

New high value projects

VLP
Peanut allergy

- Exclusive right to develop VLP technology for allergy vaccines
- Currently no established and safe treatment available for peanut allergy
- c.£3m to progress to the start of Phase I over 2-3 years
- Potential $8bn market

Acarovac Quattro
Dust mite allergy

- World's most common cause of allergy
  - 90 million people in Europe, North America and Japan*
  - $3-4 billion market
- Same technology platform as Pollinex Quattro
- Progressing through Phase I ahead of Spanish launch for named patients

*Source: Data Monitor Epidemiology March 2011

Immunomodulators and adjuvants

- Feasibility studies ongoing in use of symbiotics in allergy response and MCT as adjuvant with other vaccines
- Adjuvant technology data presented at World Vaccine Congress in November 2015
- Data supports use of novel vaccine formulations including malaria and influenza

Financials and catalysts

Six months to 31 December 2015 – Revenue

At a constant exchange rate*:	**2015 £'m**	2014 £'m	Variance £'m	%
Gross Revenue	**34.1**	30.2	3.9	13%
Rebate	**(2.6)**	(2.0)	(0.6)	(30%)
Net Revenue	**31.5**	28.2	3.3	12%
Effect of Foreign Exchange	**(2.5)**	0.0	(2.5)	
Reported Net Revenue	**29.0**	28.2	0.8	3%

*Constant exchange rate Euro/£	1.27	
Current exchange rate Euro/£	1.39	1.27

- Performing well in all markets and across all products
- Significant improvement in sales against flat markets
- Growing at 12% at constant currency
- Alerpharma acquisition fully integrated, adding 3% of the growth
- Negative FX impact due to weaker Euro

Six months to 31 December 2015 – P&L

	2015 £'m	2014 £'m	Variance £'m	%
Revenue	**29.0**	28.2	0.8	3%
Gross profit	**21.6**	21.4	0.2	1%
Overheads	**(13.7)**	(12.8)	(0.9)	(7%)
R&D	**(6.5)**	(1.1)	(5.4)	491%
Other Income	**0.0**	0.0	0.0	0%
Operating profit	**1.4**	7.5	(6.1)	(81%)
Financing costs	**(0.1)**	(0.1)	0.0	0%
Tax	**(0.2)**	(0.1)	(0.1)	(100%)
Profit after tax	**1.1**	7.3	(6.2)	(85%)

- Seasonal sales profile
- Continuing to leverage manufacturing capacity
- Overheads include Alerpharma costs and an increase in commercial infrastructure to drive growth
- R&D costs increase due to two Phase II studies, reporting mid-2016

Six months to 31 December 2015 – Balance Sheet

	2015 £'m	2014 £'m	Var £'m
Non-current assets			
Property, plant and equipment	**8.8**	6.8	2.0
Intangible assets	**5.0**	3.8	1.2
Investments	**3.5**	3.4	0.1
	17.3	14.0	3.3
Current Assets			
Trade and other receivables	**7.1**	7.4	(0.3)
Inventories	**6.8**	6.3	0.5
Cash	**33.2**	8.0	25.2
Liabilities			
Financing liabilities	**(1.6)**	0.0	(1.6)
Other liabilities	**(16.1)**	(14.2)	(1.9)
Net assets	**46.7**	21.5	25.2
Equity			
Share capital and share premium	**103.0**	71.8	31.2
P&L account and other reserves	**(56.3)**	(50.3)	(6.0)
	46.7	21.5	25.3

- Alerpharma acquisition adds to PPE and intangible assets
- Cash balance increased significantly after two fund raises during 2015: funding the US clinical program and new product development
- US investments fully hedged
- Financing liabilities in Alerpharma

2016 expected key news flow

- Strong trading update – January 2016 ✓
- US Grass MATAMPL study fully recruited according to plan – February ✓
- Europe - PQ Birch 204 - headline results – Q2
- US - PQ Grass 204 - headline results – Q2
- US - Initiate G306 study recruitment – Q4
- Europe - Clinical Trial Approval for PQ Birch 301 – Q4

Summary

Summary: delivering on strategy

- Strong trading in the first half of the financial year: +12% growth at constant currency against a (broadly) flat market
- Successful sales strategy boosted by short-course aluminium-free vaccines
- Business gaining significant scale and momentum in Europe through organic and acquisitive growth
- Two recent financings to:
  - fund US opportunity for Pollinex Quattro Grass
  - accelerate core business growth and open the peanut allergy opportunity
- US remains major opportunity and on track
- Development of new therapeutic areas
- Strong newsflow catalysts ahead in 2016 and beyond
- **Outlook:** sales and innovation continue to drive growth