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Allergy Therapeutics PLC
27 September 2023

Allergy Therapeutics PLC
("Allergy Therapeutics" or the "Group")

Unaudited Preliminary Results for the Year ended 30 June 2023

- *Pivotal Phase III Grass G306 MATA MPL trial underway and on track to report interim trial results in, or around, November 2023*
- *Phase I VLP Peanut PROTECT trial progressing as planned with both healthy volunteers and peanut allergic patients receiving doses via short-course subcutaneous allergen-specific immunotherapy ("SCIT") and* skin prick testing ("SPT") *respectively*
- *Trading of core portfolio showing signs of recovery after manufacturing pause, with revenue of £61.0m (2022: £72.8m)*
- *£40.75m senior secured loan facility (the "Loan Facility") secured in April*
- *Equity refinancing of the Loan Facility underway*

27 September 2023 Allergy Therapeutics (AIM: AGY), the fully integrated specialty pharmaceutical company specialising in allergy vaccines, today announces its unaudited preliminary results for the year ended 30 June 2023.

Highlights (including post-period events)

Financial

- Revenue of £61.0m (2022: £72.8m) from commercial portfolio. Revenue reduction a consequence of the short-term pause in production that occurred during October and November 2022
- Operating loss pre-research and development costs ("R&D") and exceptional costs[1] is £13.3m (2022: profit of £3.4m). This reflects the significant reduction in revenue and ongoing programme of continuous improvement across the supply chain and quality systems, together with higher manufacturing and labour costs
- Exceptional costs of £14.0m consist of a £11.3m charge for the non-cash fair value accounting of the G306 Contingent Payment (as defined below) associated with the Loan Facility and fundraising costs of £2.7m. It is expected that the Equity Financing (as defined below) will repay all amounts outstanding under the Loan Facility, therefore the G306 Contingent Payment will not be payable and the associated £11.3m accounting charge will be reversed in the subsequent accounting period
- Increase in research and development costs to £20.1m (2022: £15.7m) following the initiation of the Phase III G306 trial for Grass MATA MPL and in preparation for the Phase 1 VLP Peanut PROTECT trial
- Full year net loss of £51.0m (2022: net loss of £13.8m) reflecting the reduction in revenue, increase in research and development costs and exceptional funding costs
- Pursuant to the subscription and debt financing announced in September 2022, the Group received net proceeds of £6.5m from the issue of new ordinary shares in October 2022 and received a further £10.0m from the issue of loan notes in February 2023. The loan notes were repaid in May 2023 upon entering into the Loan Facility
- Cash balance of £14.8m at 30 June 2023 (2022: £20.5m) following £26.0m partial draw down of the Loan Facility providing ongoing support for the Group's two key clinical trials

Operational

- Pivotal G306 Phase III trial investigating Grass MATA MPL underway with interim results expected in, or around, November 2023
- First cohort of peanut allergic patients in the Phase I VLP Peanut PROTECT trial received the peanut allergy vaccine candidate via SPT in March 2023
- The PROTECT trial has subsequently progressed to dose escalation in the healthy subject cohorts, with cohorts 1 and 2 progressing as planned and approval granted to commence dosing in cohorts 3 and 4. Additionally, escalating subcutaneous dosing in peanut allergic patient is to commence imminently
- No safety signal has been observed in healthy subjects during escalating dosing to date

Post Period

- Cash balance as at 31 August 2023 of £19.1m following an aggregate draw down £40.075m of the Loan Facility
- Outstanding foreign direct investment ("FDI") clearance required for the Equity Financing announced 6 April 2023 was received on 22 September 2023 allowing expected repayment of amounts owed pursuant to the Loan Facility
- On 26 September 2023, the Group entered into an amendment to the Loan Facility with Southern Fox and ZQ Capital (acting through an affiliate) (the "Lenders") (the "Extension Facility") pursuant to

which, subject to completion of the Equity Financing, the repayment of all amounts due under the Loan Facility in full and the grant of the Additional Security[2], the Lenders have agreed, on an uncommitted basis, to make available to the Group an additional total principal sum of up to £15.0m (the "Additional Facility Amount"). Under the Extension Facility, the Additional Facility Amount may be drawn by the Group during the period to 31 January 2024 with a minimum drawdown amount of £3 million per utilisation, and interest of 18 per cent. per annum shall be payable on any such amounts drawn. A drawdown under the Extension Facility shall require the consent of the Lenders and as such the Additional Facility Amount does not represent committed funding. The Extension Facility must be repaid in full by 31 December 2025. To provide security for any amounts drawn under the Extension Facility, the existing security package under the Loan Facility will remain in place following repayment of the Loan Facility on or around completion of the Equity Financing and the Additional Security will be granted

- Appointment of Shaun Furlong as Chief Financial Officer who started his new role in August 2023

Manuel Llobet, CEO of Allergy Therapeutics, stated:

"This financial year has been challenging, however, the Group has made good progress in recovering manufacturing capacity and developing robust quality systems that are well-placed to support future growth. The R&D programmes have progressed as planned with two key trials running concurrently (Grass MATA MPL, "G306", and VLP Peanut, "PROTECT") with interim results from the pivotal Phase III trial of our grass pollen immunotherapy candidate and safety and tolerability data from the first-in-human PROTECT trial of our peanut allergy vaccine candidate expected later in 2023. The business looks forward to a very exciting year with the outcome of these two key trials."

This announcement contains inside information for the purposes of the market abuse regulation (EU) no. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European (withdrawal) act 2018, as amended ("MAR").

- ENDS -

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Notes for editors:

About Allergy Therapeutics

Allergy Therapeutics is an international commercial biotechnology Group, headquartered in the UK, focused on the treatment and diagnosis of allergic disorders, including aluminium free immunotherapy vaccines that have the potential to cure disease. The Group sells proprietary and third-party products from its subsidiaries in nine major European countries and via distribution agreements in an additional ten countries. Its broad pipeline of products in clinical development includes vaccines for grass, tree, house dust mite and peanut. For more information, please see www.allergytherapeutics.com.

Chairman's Report

Introduction

Financial year 2023 has been challenging for the business following the short-term pause in production that

occurred during October and November 2022 ("Manufacturing Pause") which resulted in the need for significant additional funding, the delay in publication of the Group's 2022 annual report and accounts and the subsequent suspension of the Group's shares from trading which occurred on 3 January 2023.

I would like to thank our major shareholders, ZQ Capital Management Limited and Southern Fox Investments Limited, for their support and commitment in helping to resolve the Group's near-term funding requirements through the execution of the Loan Facility which was entered into with the Group in April 2023. This paved the way for the Group to publish its 2022 annual report and accounts together with its interim results for the six months ended 31 December 2022 and the restoration of its shares to trading on AIM on 19 June 2023.

The Group has since made good headway in streamlining the supply chain and improving its manufacturing and quality systems. These improvements support the future growth of the business as we move towards a portfolio comprised mainly of registered products and away from named-patient products.

Demand remained robust in our key markets throughout the year and our teams have responded with agility, flexibility and determination to ensure that recovery of production output has supported patient demand to the best of its ability.

Our R&D pipeline continues to progress well and clinical development for the Group's innovative, sub-cutaneous peanut allergy vaccine candidate, VLP Peanut is continuing as planned. The pivotal Phase III G306 trial evaluating efficacy and safety of the Group's short-course grass pollen immunotherapy, Grass MATA MPL, began in Q3 of calendar year 2022, with the interim trial results expected in, or around, November 2023. The results of the G306 trial are expected to support the Group's submission to register the product with European health authorities and will be a key milestone towards the Group's strategy of entering the US market.

Performance

In September 2022 the Group announced a subscription and debt financing by Southern Fox Investments Limited and ZQ Capital Management Limited (acting through its affiliate SkyGem Acquisition Limited) providing net proceeds of £6.5m following the issue of new ordinary shares in October 2022 followed by a further £10.0m from the issue of loan notes in February 2023. As part of this financing the Group issued an aggregate 33,333,332 warrants to subscribe for new ordinary shares at an exercise price of 30 pence per warrant.

Following the resumption of manufacturing after the Manufacturing Pause, the Group has been implementing a programme of continuous improvements across its supply chain and quality systems, which is designed to improve efficiency and enable future growth.

The Manufacturing Pause caused a material gap in funding which resulted in the Group entering into the Loan Facility with existing substantial shareholders ZQ Capital Management Limited (acting through its affiliate SkyGem International Holdings Limited) and Southern Fox Investments Limited. The Loan Facility of £40.75m was used to repay the £10.0m loan notes issued in February 2023, and to fund working capital, capital expenditure and continuing to finance the Group's clinical pipeline which the Board believes remains highly valuable. In conjunction with the Loan Facility, the Group also entered into an equity commitment agreement to raise gross proceeds of £40.75m, which will be used to repay principal amounts outstanding and accrued interest thereon under the £40.75 million debt Facility.

Following receipt of the final FDI clearance as announced on 22 September 2023, the Group expects to shortly announce the commencement of the Open Offer as part of the Equity Financing. Pursuant to the terms of the facility agreement and Equity Commitment Agreement, the Group is required to apply the proceeds of the Equity Financing in repaying the Loan Facility on or around completion of the Equity Financing. The Group will therefore repay all remaining outstanding amounts under the facility agreement on or around the completion of the Equity Financing.

Board and Senior Management updates

In November 2022 Nick Wykeman stepped down as Chief Financial Officer ("CFO") in order to pursue a non-executive career. On behalf of the Board and everyone at Allergy Therapeutics I would like to thank Nick for his contribution and wish him the very best for the future.

In December 2022, Anthony Parker and Zheqing (Simon) Shen were appointed as Non-Executive Directors of Allergy Therapeutics. Anthony represents Southern Fox Investments Limited ("Southern Fox") and Simon represents SkyGem Acquisitions Limited ("ZQ Capital") an affiliate of ZQ Capital Management Limited, both significant shareholders of Allergy Therapeutics. On 28 December 2022, Scott Leinenweber, representing Abbott Laboratories resigned as a Non-Executive Director. We thank Scott for his valued contribution during his tenure. On 10 February 2023, Sara Goldsbrough resigned as Company Secretary, we thank Sara for her valuable contributions to the business. Karley Cheesman was appointed Company Secretary on 13 February 2023.

During November 2022, Martin Hopcroft joined the business as Interim CFO, supporting the business with a

strong focus on cash control and the successful completion of the £40.75m Loan Facility. Martin completed his interim assignment and left the business in August 2023. On behalf of the Board and everyone at Allergy Therapeutics, I would like to thank Martin for his contribution to the Group and wish him the very best for the future.

In August 2023, Shaun Furlong was appointed CFO. Shaun has significant financial experience, joining Allergy Therapeutics as Group Financial Controller in April 2022 and previously holding senior finance roles within blue-chip companies across multiple sectors, including Legal & General, Hastings Direct, Volution Group and American Express. He brings significant experience plus a fresh perspective to the Group's Finance function.

Outlook

The Group expects to shortly announce the commencement of the Open Offer as part of the Equity Financing. Pursuant to the terms of the facility agreement and Equity Commitment Agreement, the Group is required to apply the proceeds of the Equity Financing in repaying the Loan Facility on or around completion of the Equity Financing. The Group will therefore repay all remaining outstanding amounts under the facility agreement on or around the completion of the Equity Financing

Subject to the timing and volume of sales in the quarter to December 2023, the Group now expects additional funding to be required from around November 2023 onwards and is working on initiatives which, if successful, may extend that requirement into early 2024. Discussions with certain shareholders are ongoing regarding the size and source of future funding. These discussions continue to be positive. Whilst there are no binding arrangements at this stage, in the interim, agreement has been reached on the £15.0m Extension Facility, although this does not represent committed funding.

Our R&D portfolio is on track to address unmet needs that allergy patients continue to face through the Group's pioneering research and products. With the read-out of two key trials, the upcoming year will be vital in demonstrating that the portfolio can be leveraged to deliver transformational change to patients.

The ongoing discussions surrounding further funding, coupled with the financing and loans notes provided by our major shareholders underline the confidence held in the Group and the future potential that can be leveraged from the R&D pipeline. The Group is planning for success, and preparations are underway to prepare for relevant health authority submissions that will support the pillars of growth for the Group.

Finally, I would like to thank all of our employees at Allergy Therapeutics for their commitment and performance in these tough conditions.

CEO Report

Introduction

The focus of the Group since the Manufacturing Pause has been to streamline and modernise the supply chain of the business to permit future growth and ensure sufficient supply to the market.

We remain highly confident in our innovative allergy immunotherapy pipeline which we believe has the potential to transform the lives of patients and those of people around them. For Grass MATA MPL, following on from the ~40% improvement in the combined symptom and medication score compared to placebo seen in the exploratory field study G309, the pivotal Phase III G306 trial began in Autumn 2022 and interim data are expected in, or around, November 2023. The Phase I PROTECT study investigating the safety and tolerability of VLP Peanut commenced in March 2023 with preliminary safety data expected later in 2023. We hope that results of both trials will support our mission to bring transformative treatment options to help people worldwide.

Clinical development

Transforming Allergy grass pollen treatment; Grass MATA MPL

Prior to the 2023 grass pollen season, the first patients were dosed in the pivotal Phase III G306 trial. This trial is evaluating the efficacy and safety of Grass MATA MPL, our short-course subcutaneous allergen-specific immunotherapy candidate that aims to address the cause of symptoms of allergic rhinoconjunctivitis due to grass pollen. Using an adjuvant system comprising MicroCrystalline Tyrosine ("MCT®") adsorbed allergoids, and the adjuvant Monophosphoryl-lipid A ("MPL"), this innovative technology only requires patients to receive six injections prior to the grass allergy season to be protected. The clinical trial, commenced in December 2022 and, is being conducted at sites in the US and Europe. Interim data readout is expected in, or around, November 2023.

Subject to success of the Phase III G306 trial, the Group expects to be able to use the data (along with a further required one-year paediatric trial, G308, which is yet to be funded) to support a clinical registration

of Grass MATA MLP in Germany under the TAV (Therapy Allergy Ordinance) regulatory framework. The additional paediatric G308 data may also potentially be used to support a future US filing. The registration of the product in the US, post the G306 trial, will also require completion of the safety database before a Biological Licence Application ("BLA") can be filed with the FDA.

The total US allergy immunotherapy market is estimated to be worth $2bn with around 25% of the patients suffering from grass allergy. This offers the potential for peak sales for Grass MATA MPL of about $300m to $400m per annum.

Next Generation immunotherapy; VLP Peanut
The clinical development of the Group's innovative, short-course peanut allergy vaccine candidate, VLP Peanut, via subcutaneous injection, is progressing as planned. The Phase I PROTECT trial is a first- in-human study evaluating the safety and tolerability of VLP Peanut in healthy and peanut allergic adult subjects. The trial, which is being run in centres in the US, is being conducted in two parts:

- Part A: Open-label study of healthy subjects (Group A1) who are undergoing subcutaneous dosing with ascending concentrations of VLP Peanut. Peanut allergic subjects (Group A2) underwent skin prick tests performed with ascending concentrations of the vaccine candidate.

- Part B: Following satisfactory safety results from Part A, the study has proceeded to a double-blind, placebo-controlled Part B enrolling peanut allergic patient who are receiving subcutaneous injections of the vaccine candidate.

While the trial protocol does not allow reporting of results mid-trial, to avoid biasing the outcome, we are communicating the transitions between cohorts, to update on the trial's progress.

In March 2023, following acceptance by the FDA of the Group's IND ("Investigational New Drug") application and successful site initiations, the first cohort of peanut allergic patients received the peanut allergy vaccine candidate via SPT. The trial then progressed to evaluate dose escalation in healthy subject cohorts.

Cohorts 1 and 2 of part A1 have completed dosing. The remaining two cohorts (Cohort 3 and 4) are now due to commence following the agreement of the external safety review committee (SRC) to proceed with dose escalation as announced on 26 September 2023.

The SRC has also provided the go-ahead to progress subcutaneous dose escalation in peanut allergic subjects, which marks the start of the early proof of concept phase (Part B) of the PROTECT trial.

No safety signal has been observed in healthy subjects to date.

We are hugely encouraged by the progress to date of the PROTECT trial and believe that the data provide assurance of the hypo-allergic safety profile of VLP Peanut, a key step in realising the potential of this transformative option for peanut allergy sufferers.

Financial Performance

Overview
The Group achieved sales of £61.0m for the financial year. This represents a 16% reduction compared to £72.8m in 2022. The decline in revenue was a consequence of the Manufacturing Pause.

The operating loss before R&D and exceptional costs[3] was £13.3m (2022: £3.4m profit). There were exceptional costs of £14.0m, £11.3m relating to the G306 Contingent Payment and £2.7m relating to fundraising costs. The results for the year reflect the decline in revenue caused by the Manufacturing Pause, an ongoing programme of continuous improvement across the supply chain and quality systems, together with higher manufacturing and labour costs.

After an increase in research and development costs to support the initiation of the Phase III G306 clinical trial for Grass MATA MPL and preparation for the Phase I PROTECT study for VLP Peanut, the operating loss was £36.1 million (2022: £12.2 million loss).

Outlook
The Group is optimistic of a successful readout of the Phase III G306 clinical trial with Grass MATA MPL and is already laying the groundwork to commence discussions with relevant regulators that would support registration once the full trial data are available. Our mission to address the unmet needs of allergy patients continues to drive everything we do, and we also eagerly await the results of our second R&D pipeline asset in the Phase I PROTECT trial where we are evaluating the safety of the VLP Peanut candidate. Both clinical programmes are key to the future success of the Group, and we look forward to the upcoming year where we can further demonstrate the transformative potential of our pipeline.

As a result of the manufacturing capacity that needs to be allocated to producing investigational medicinal product batches for use in clinical trials, as previously reported sales for the financial year to 30 June 2024 are expected to be slightly lower than for the year ended 30 June 2023, while costs and overheads before R&D costs are expected to be slightly higher. The planned investment in clinical trials for the G306 Grass MATA MPL Phase III study, long-term G308 Grass MATA MPL paediatric study and Phase I VLP PROTECT study will result in a very significant increase in research and development costs, subject to funding. A further increase in investment in plant and equipment is also planned to support the continuing improvements in manufacturing and quality.

Following receipt of the FDI regulatory approvals, the Group expects to shortly announce the commencement of the Open Offer as part of the Equity Financing. Pursuant to the terms of the Facility Agreement and Equity Commitment Agreement, the Group is required to apply the proceeds of the Equity Financing in repaying the Loan Facility on or around completion of the Equity Financing. The Group will therefore repay all remaining outstanding amounts under the Facility Agreement on or around the completion of the Equity Financing.

Subject to the timing and volume of sales in the quarter to December 2023, the Group now expects additional funding to be required from around November 2023 onwards and is working on initiatives which, if successful, may extend that requirement into early 2024. Discussions with certain shareholders are ongoing regarding the size and source of future funding. These discussions continue to be positive. Whilst there are no binding arrangements at this stage, in the interim, agreement has been reached on the £15.0m Extension Facility, although this does not represent committed funding.

Financial review

Overview

The Group made an operating loss pre-R&D and exceptional costs[4] of £13.3m for the year ended 30 June 2023 (2022: £3.4m profit). This loss is a consequence of the Manufacturing Pause that occurred during October and November 2022 and the ongoing programme of continuous improvement across the supply chain and quality systems, together with higher manufacturing and labour costs.

Including R&D expenses of £20.1m (2022: £15.7m), the Group reported an operating loss of £36.1m (2022: operating loss of £12.2m).

The net loss after interest and tax for the year is £51.0m (2002: loss of £13.8m) after the one off exceptional costs relating to financing activities.

Revenue

Reported revenue decreased by 16% to £61.0m (2022: £72.8m).

Revenue was down in almost all markets. Revenue from Germany was 54% (2022: 59%) of total revenue reflecting the supply disruption in the year, however orders remain robust.

Gross profit

Cost of sales increased to £26.3m (2022: £23.3m) reflecting investment in the supply chain. The gross margin was 57% (2022: 68%) reflecting the fixed nature of the manufacturing facility costs despite the lower sales volume, leading to a gross profit of £34.6m (2022: £49.5m).

Operating expenses

Sales, marketing, and distribution costs decreased by £2.3m to £23.7m (2022: £26.0m) mainly as a result of cost control activities.

Total operating expenses were £9.1m higher than the prior year at £71.6m (2022: £62.5m) mainly due to exceptional fundraising costs of £2.7m and R&D expenditure that rose by £4.4m to £20.1m (2022: £15.7m) due to investment in the G306 trial for Grass MATA MPL and preparation for the VLP Peanut PROTECT study.

Non-R&D operating costs of £51.5m increased by £4.7m (2022: £46.8m) of which £2.7m related to fundraising costs.

Financing costs

Financing costs include £11.3m in relation to the G306 Contingent Payment (see financing section for more information). The G306 Contingent Payment charge represents a non-cash expense included at fair value

as at 30 June 2023. Assuming the Equity Financing repays all amounts outstanding under the Loan Facility within nine months of the date of the facility no liability for the G306 Contingent Payment would crystallise and the fair value at the next reporting date (31 December 2023) would be zero. Consequently, the accounting charge could be reversed in this subsequent period.

Other income in the year of £0.9m (2022: £0.7m) was due to R&D tax credits in the UK and Spain.

Tax

The current year tax charge is predominantly comprised of liabilities for tax in the Spanish and German subsidiaries. The overall charge in the income statement is £1.2m (2022: £1.1m).

Balance sheet

Property, plant and equipment increased by £3.8m to £24.0m (2022: £20.2m) reflecting investment in the Worthing energy centre and upgrade of plant in the UK.

Goodwill remained the same at £3.3m (2022: £3.3m), whilst other intangible assets decreased by £0.6m to £1.1m (2022: £1.7m) due to amortisation exceeding additions.

Total current assets, excluding cash, decreased to £19.4m (2022: £21.9m). Trade and other receivables have decreased by £2.7m, mainly due to prepayments related to R&D trial activities and maintenance contracts.

Cash and cash at hand decreased to £14.8m from £20.5m and there was a net cash outflow of £5.6m in the year (2022: net outflow of £19.8m) as a result of trading losses and investment in R&D. Shareholder loans of £36m were drawn down during the year of which £10m was repaid at the balance sheet date.

The fair value of derivative financial instruments was a liability of £0.1m in 2023 (2022: liability of £0.1m) due to exchange rate fluctuations.

Retirement benefit obligations, which relate solely to the German pension scheme, decreased to £7.8m (2022: £8.3m). The decrease in the liability was mainly driven by experience gains of the scheme.

Net assets of the Group decreased from £38.4m to net liabilities of £4.8m primarily driven by the trading losses, G306 Contingent Payment of £11.3m, increased research and development, supply chain improvements.

Assuming the Equity Financing repays all amounts outstanding under the Loan Facility within nine months of the date of the facility, thereby avoiding the G306 Contingent Payment the balance sheet net liability position would improve by £11.3m by reversal of the contingent payment charge and £40.075m less costs for the conversion of the loan to equity, thereby resulting in a positive net asset position, in the absence of any other movements.

Currency

Group Treasury Policy mandates the use of forward exchange contracts to mitigate exposure to the effects of exchange rates where expenditure / income is committed and / or reasonably certain. At 30 June 2023 the Group was in the process of renegotiating with key suppliers and allowing previous hedge contracts to complete before entering into new forward contracts.

With over 90% of revenues and approximately 50% of costs (excluding research and development costs) denominated in Euros, and approximately 60% of research and development costs denominated in US dollars, movements in the currency markets may have an effect on the Group's operational finances.

Financing

In October 2022, the Group raised £7.0m via an issue of 35,000,000 ordinary shares at a price of 20 pence per ordinary share from Southern Fox Investments Limited and ZQ Capital Management Limited (acting through its affiliate SkyGem Acquisition Limited), both related parties to the Group, and then issued to them loan notes to raise a further £10.0m. In conjunction with the issue of loan notes, the Group issued 33,333,332 warrants to the note purchasers to subscribe for new ordinary shares at a warrant exercise price of 30 pence per warrant. Net proceeds raised from the subscription in October 2022 were £6.5m. Net proceeds of £10.0m from the loan notes were received in February 2023.

On 6 April 2023, the Group entered into the Loan Facility pursuant to which the Group's existing substantial shareholders ZQ Capital Management Limited (acting through its affiliate SkyGem International Holdings Limited) and Southern Fox Investments Limited, agreed to make available to the Group a secured term loan facility in an aggregate principal amount of £40.75m. The purpose of the facility was to refinance the existing £10.0m loan notes issued in February 2023, to facilitate the continuation of the Group's pivotal Phase III G306 trial for Grass MATA MPL, to continue other key clinical trial activities including the Phase I PROTECT study for VLP Peanut and to provide working capital.

In conjunction with the Loan Facility, the Group also entered into an equity commitment agreement with ZQ Capital Management Limited (acting through its affiliate SkyGem International Holdings Limited) and Southern Fox Investments Limited to conditionally subscribe for new ordinary shares of 0.1 pence each in the capital of the Group at an issue price of 1 pence per new share to raise gross proceeds of £40.75m.

The Equity Financing is comprised of a direct subscription by each of ZQ Capital Management Limited and Southern Fox Investments Limited for, a minimum in aggregate, 3,385,510,000 new shares at the issue price and an open offer, where qualifying shareholders (excluding the three largest shareholders ZQ Capital Management Limited, Southern Fox Investments Limited and Abbott Laboratories (together Abbott Laboratories (Chile) Holdco SPA and Yissum Holdings Limited)) will be offered the opportunity to subscribe for 689,102,532 new shares at the issue price. The proceeds of the Equity Financing will be used to repay principal amounts outstanding and accrued interest thereon of approximately £42.5m under the debt Facility.

Under the terms of a contingent payment letter dated 6 April 2023 entered into between the Group and the Lenders in connection with the Loan Facility ("G306 Contingent Payment Letter"), the Group will be obliged to pay a substantial finance premium ("G306 Contingent Payment") equal to 250 per cent of any principal amount of the loan outstanding under the Loan Facility to the Lenders on a successful G306 data read-out. There is a clause that would negate the G306 Contingent Payment if the Group is able to repay the Loan Facility in full before 6 January 2024 (being nine months from the date of the facility agreement). The liability (if due) would be payable on 31st December 2025 (unless there is a breach of the underlying agreements in which case it would become immediately payable). The Group therefore intends, subject to satisfaction (or waiver, if capable of being waived) of the equity conditions, to complete the Equity Financing and repay all amounts outstanding under the facility agreement within nine months of the date of the facility agreement, thereby avoiding the G306 Contingent Payment being triggered.

The Group's debt on its balance sheet consists of shareholder loans of £26.0m (2022: £nil) and previously taken out bank loans arranged to fund development of products in the Spanish market of £1.5m. (2022: £2.4m)

As explained more fully in Note 1, basis of preparation, the Directors have adopted the Going Concern basis in preparing the unaudited consolidated financial statements whilst noting material uncertainties due to the need to secure additional near-term funding. Discussions with certain shareholders are ongoing regarding the size and source of future funding. These discussions continue to be positive. Whilst there are no binding arrangements at this stage, in the interim, agreement has been reached on the £15.0m Extension Facility, although this does not represent committed funding.

Unaudited consolidated income statement

for the year ended 30 June 2023

	Note	**Year to 30 June 2023 £'000**	**Year to 30 June 2023 £'000**	Year to 30 June 2022 £'000	Year to 30 June 2022 £'000
Revenue	3		**60,952**		72,768
Cost of sales			**(26,342)**		(23,262)
Gross profit			**34,610**		49,506
Sales, marketing and distribution costs			**(23,705)**		(26,004)
Administration expenses - other		**(25,088)**		(20,828)	
Research and development costs		**(20,121)**		(15,659)	
Total administrative expenses			**(45,209)**		(36,487)
Exceptional fundraising costs			**(2,681)**		-
Other income	5		**856**		740
Operating loss			**(36,129)**		(12,245)
Finance income	6		**329**		257
Finance expense - Exceptional	7	**(11,280)**		-	
Finance expense - Other	7	**(2,749)**		(669)	
Total finance expense			**(14,029)**		(669)
Loss before tax			**(49,829)**		(12,657)
Income tax			**(1,197)**		(1,119)

Loss for the year		**(51,026)**	(13,776)
Loss per share	8		
Basic (pence per share)		**(7.61)p**	(2.14)p
Diluted (pence per share)		**(7.61)p**	(2.14)p

Unaudited consolidated statement of comprehensive income

for the year ended 30 June 2023

	Note	**Year to 30 June 2023 £'000**	Year to 30 June 2022 £'000
Loss for the year		**(51,026)**	(13,776)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligations		**762**	3,094
Remeasurement of investments - retirement benefit assets		**(552)**	(193)
Revaluation gains - freehold land and buildings		**428**	**-**
Deferred tax movement - freehold land and buildings		**-**	**-**
Total other comprehensive income		**638**	2,901
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**193**		265
Total comprehensive loss		**(50,195)**	(10,610)

Unaudited consolidated balance sheet

as at 30 June 2023

	Note	**30 June 2023 £'000**	30 June 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment		**23,977**	20,190
Intangible assets - goodwill		**3,346**	3,347
Intangible assets - other		**1,054**	1,688
Investments - retirement benefit asset		**5,813**	5,962
Total non-current assets		**34,190**	31,187
Current assets			
Inventories	9	**11,593**	11,410
Trade and other receivables	10	**7,772**	10,468
Cash and cash equivalents		**14,845**	20,515
Total current assets		**34,210**	42,393
Total assets		**68,400**	73,580
Liabilities			
Current liabilities			
Trade and other payables		**(17,174)**	(15,669)
Current borrowings	11	**(648)**	(952)
Lease liabilities		**(1,155)**	(1,316)
Derivative financial instruments		**(79)**	(116)

Total current liabilities		**(19,056)**	(18,053)
Net current assets		**15,154**	24,340
Non-current liabilities			
Retirement benefit obligations		**(7,758)**	(8,319)
Deferred taxation liability		**(346)**	(406)
Non-current provisions		**(148)**	(144)
Other non-current liabilities	7	**(11,280)**	-
Lease liabilities		**(7,747)**	(6,764)
Long-term borrowings	11	**(26,848)**	(1,497)
Total non-current liabilities		**(54,127)**	(17,130)
Total liabilities		**(73,183)**	(35,183)
Net current (liabilities)/assets		**(4,783)**	38,397
Equity			
Capital and reserves			
Issued share capital	12	**689**	654
Share premium		**119,030**	112,576
Merger reserve		**40,128**	40,128
Reserve - share-based payments		**2,906**	2,799
Revaluation reserve		**1,501**	1,073
Reserve - warrants		**412**	-
Foreign exchange reserve		**(730)**	(923)
Retained earnings		**(168,719)**	(117,910)
Total equity		**(4,783)**	38,397

Unaudited consolidated statement of changes in equity

for the year ended 30 June 2023

	Issued capital £'000	Share premium £'000	Merger reserve £'000	Reserve - share-based payment £'000	Revaluation reserve £'000	Reserve-warrants £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 30 June 2021	651	112,576	40,128	2,693	1,073	-	(1,188)	(107,398)	48,535
Exchange differences on translation of foreign operations	-	-	-	-	-	-	265	-	265
Remeasurement of net defined benefit liability	-	-	-	-	-	-	-	3,094	3,094
Remeasurement of investments - retirement benefit assets	-	-	-	-	-	-	-	(193)	(193)
Total other comprehensive income	-	-	-	-	-	-	265	2,901	3,166
Loss for the year after tax	-	-	-	-	-	-	-	(13,776)	(13,776)
Total comprehensive loss	-	-	-	-	-	-	265	(10,875)	(10,610)
Transactions with owners:									
Share-based payments	-	-	-	469	-	-	-	-	469
Shares issued	3	-	-	-	-	-	-	-	3
Transfer of lapsed options to retained earnings	-	-	-	(363)	-	-	-	363	-
At 30 June 2022	654	112,576	40,128	2,799	1,073	-	(923)	(117,910)	38,397
Exchange differences on translation of foreign operations	-	-	-	-	-	-	193	-	193
Valuation gains taken to equity (land and buildings) - net of deferred	-	-	-	-	428	-	-	-	428

tax									
Remeasurement of net defined benefit liability	-	-	-	-	-	-	-	762	762
Remeasurement of investments - retirement benefit assets	-	-	-	-	-	-	-	(552)	(552)
Total other comprehensive income	-	-	-	-	428	-	193	210	831
Loss for the year after tax	-	-	-	-	-	-	-	(51,026)	(51,026)
Total comprehensive loss	-	-	-	-	428	-	193	(50,816)	(50,195)
Transactions with owners:									
Share-based payments	-	-	-	114	-	-	-	-	114
Shares issued	35	6,454	-	-	-	-	-	-	6,489
Transfer of lapsed options to retained earnings	-	-	-	(7)	-	-	-	7	-
Warrants issued	-	-	-	-	-	412	-	-	412
At 30 June 2023	**689**	**119,030**	**40,128**	**2,906**	**1,501**	**412**	**(730)**	**(168,719)**	**(4,783)**

Unaudited consolidated cash flow statement

for the year ended 30 June 2023

	Note	**Year to 30 June 2023 £'000**	Year to 30 June 2022 £'000
Cash flows from operating activities			
Loss before tax		**(49,829)**	(12,657)
Adjustments for:			
Finance income	6	**(329)**	(257)
Finance expense	7	**14,029**	669
Non-cash movements on defined benefit pension plan		**104**	(23)
Depreciation and amortisation		**4,226**	4,166
Net monetary value of above-the-line R&D tax credit	5	**(856)**	(740)
Charge for share-based payments		**114**	469
Movement in fair valuation of derivative financial instruments		**(37)**	641
Loss on disposal of fixed asset		**-**	8
Decrease/(increase) in trade and other receivables		**3,106**	(4,246)
(Increase) in inventories		**(142)**	(572)
Increase/(decrease) in trade and other payables		**1,697**	(1,067)
Net cash used by operations		**(27,917)**	(13,609)
Income tax paid		**(828)**	(213)
Net cash used by operating activities		**(28,745)**	(13,822)
Cash flows from investing activities			
Interest received		**82**	58
Payments for retirement benefit investments		**(159)**	(179)
Payments for property, plant and equipment		**(5,715)**	(3,056)
Net cash used in investing activities		**(5,792)**	(3,177)
Cash flows from financing activities			
Proceeds from issue of equity shares		**6,489**	3
Repayment of bank loan borrowings		**(961)**	(957)
Interest paid on bank loan borrowings		**(1,720)**	(168)
Repayment of principal on lease liabilities		**(586)**	(1,311)
Interest paid on lease liabilities		**(321)**	(373)
Proceeds from shareholder borrowings		**36,000**	-
Repayment of shareholder loan borrowing		**(10,000)**	-
Net cash generated/(used) in financing activities		**28,901**	(2,806)
Net decrease in cash and cash equivalents		**(5,636)**	(19,805)
Effects of exchange rates on cash and cash equivalents		**(34)**	47
Cash and cash equivalents at the start of the year		**20,515**	40,273
Cash and cash equivalents at the end of the year		**14,845**	20,515
Cash at bank and in hand		**14,845**	20,515
Bank overdraft		**-**	-
Cash and cash equivalents at the end of the year		**14,845**	20,515

Notes to the financial statements

For the year ended 30 June 2023

1. Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial statements are unaudited.

Allergy Therapeutics PLC is an international commercial biotechnology Group focused on the treatment and diagnosis of allergic disorders including immunotherapy vaccines that have the potential to cure disease.

The Group's financial statements have been prepared in accordance with IFRS in issue as adopted by the UK and with those parts of the Companies Act 2006 that are relevant to the Group preparing its accounts in accordance with UK-adopted IFRS.

Allergy Therapeutics PLC is the Group's parent company. The company is a limited liability company incorporated and domiciled in England. The address of Allergy Therapeutics PLC's registered office and its principal place of business is Dominion Way, Worthing, West Sussex BN14 8SA and its shares are listed on the AIM.

The audited annual report and accounts for the year ended 30 June 2022 were signed by the Board of Directors on 16 June 2023 and delivered to the Registrar of Companies. The audited annual report and accounts for the year ended 30 June 2022 included a qualification for limitation of scope in respect of the carrying value of insurance policy assets related to the pension scheme of the Group's German subsidiary. The Board of Directors made relevant enquiries of the scheme's insurer and were unable to obtain all of the relevant information required under IAS (UK) 500 about the controls and valuation of the underlying assets at 30 June 2022, therefore were unable to obtain sufficient, appropriate audit evidence.

The annual report and accounts for the year ended 30 June 2022 did not contain a statement under Section 498(2) or Section 498(3).

This preliminary announcement of results for the year ended 30 June 2023 (including comparatives) has been prepared under the historical cost convention except for land and buildings, and derivative financial instruments, which have been measured at fair value. It was approved and authorised for issue by the Board of Directors on 26 September 2023.

New standards adopted

There are no IFRS or IAS interpretations that are effective for the first time in this financial period that have had a material impact on the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Going concern

The operating loss for the year was £36.1m (2022: £12.2m loss) and the net cash outflow from operations was £28.7m (2022: net cash outflow £13.8m). The outflow was due to reduced sales, increased expenditure on R&D and other cost increases. Excluding the R&D expenditure and exceptional financing costs, the Group reported an operating loss of £13.3m (2022: operating profit of £3.4m).

Net assets of the Group decreased from £38.4m to net liabilities of £4.8m primarily driven by the trading losses, G306 Contingent Payment of £11.3m, increased research and development and supply chain improvements.

Assuming the Equity Financing repays all amounts outstanding under the Loan Facility within nine months of the date of the facility, thereby avoiding the G306 Contingent Payment the balance sheet net liability position would improve by £11.3m by reversal of the contingent payment charge and £40.075m less costs for the conversion of the loan to equity, thereby resulting in a positive net asset position, in the absence of any other movements.

The Directors acknowledge that a material uncertainty exists over the Group's ability to access additional sources of finance, which will be required regardless of the outcome of the Phase III G306 trial and regardless of the planned Equity Financing.

Under the terms of the G306 Contingent Payment Letter, the Group will be obligated to pay the G306 Contingent Payment equal to 250% of the principal amount of the loan outstanding on a successful data read-out of the Phase III G306 trial, if any liability remains outstanding under the terms of the loan agreement at 6 January 2024.

The Directors have reasonable expectations that the Phase III G306 trial will be successful, and that appropriate additional financing can be obtained for the Group now that FDI clearance has been received and the Group expects to launch the Equity Financing shortly. Accordingly, they have prepared these financial statements on a going concern basis.

Notwithstanding the Loan Facility and planned refinancing of the Loan Facility through the Equity Financing, the Group expects that additional funding will be required from around November 2023 onwards and is working on initiatives which, if successful, may extend that requirement into early 2024. The funds are required for working capital, capital expenditure and continuing research and development programmes.

Discussions with certain shareholders are ongoing regarding the size and source of future funding. These discussions continue to be positive. Whilst there are no binding arrangements at this stage, in the interim agreement has been reached on the £15.0m Extension Facility, although this does not represent committed funding.

It is therefore considered that material uncertainties exist which may cast significant doubt on the Group's ability to continue as a going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business. These unaudited preliminary results do not include any adjustments that would result from the basis of preparation being inappropriate.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Consolidation
The Group's financial statements consolidate those of the parent company and all of its subsidiaries drawn up to 30 June 2023. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated except for unrealised losses if they show evidence of impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used in the Group.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred; b) the recognised amount of any non-

controlling interest in the acquiree; and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill
Goodwill arising from business combinations is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities and contingent liabilities acquired. It is initially recognised as an intangible asset at cost and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired. Details of impairment testing are described in the accounting policies.

Intangible assets acquired as part of a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an asset and can be identifiable. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful economic life as follows:

Trade names	15 years
Customer relationships	5 years
Know-how and patents	10 years
Distribution agreements	15 years/period of contract

Externally acquired intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their useful economic life as below and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets is reviewed at least at each financial year end:

Computer software	7 years
Other intangibles	15 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset in either administration costs or marketing and distribution costs.

Internally generated intangible assets
An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, R&D expenditure is charged to the consolidated income statement in the period in which it is incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

Amortisation of all intangible assets is calculated on a straight-line basis over the useful economic life using the following annual rates:

Manufacturing know-how	15 years
Non-competing know-how	4 years
Other intangibles	15 years

These periods were selected to reflect the assets' useful economic lives to the Group.

The cost of amortising intangible assets is included within administration expenses in the consolidated

income statement.

Segmental reporting

The Group's operating segments are market-based and are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision Maker ("CODM") which has been identified as the Executive Directors. The CODM is responsible for allocating resources and assessing the performance of the operating segments.

In identifying its operating segments, management follow the Group's revenue lines which represent the main geographical markets within which the Group operates. These operating segments are managed separately as each requires different local expertise, regulatory knowledge and a specialised marketing approach. Each market-based operating segment is engaged in production, marketing and selling within a particular economic environment that is different from that in segments operating in other economic environments. All inter-segment transfers are carried out at arm's length prices.

Foreign currency translation

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's presentational currency is Sterling, which is also the functional currency of the Group's parent.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at reporting period end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated income statement. Non-monetary items are carried at historical cost or translated using the exchange rate at the date of the transaction or a weighted average rate as an approximation where this is not materially different.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate. Income and expenses have been translated into Sterling at the weighted average rate over the reporting period which approximates to actual rates. Exchange differences are charged or credited to other comprehensive income ("OCI") and recognised in the currency translation reserve in equity.

OCI includes those items which would be reclassified to profit or loss and those items which would not be reclassified to profit or loss.

Revenue recognition

The Group's revenue recognition policy is as follows:

Revenue generated from a contract for the sale of goods is recognised on delivery when all conditions have been fulfilled to the customer, such as the supply of vaccines.

The Group recognises revenue in accordance with the requirements of IFRS 15 and the five-step model set out within the standard as follows:

STEP 1 Identifying the contract with the customer

The Group accounts for contracts with customers within the scope of IFRS 15 only when all of the following criteria are met:

a. the Group and the customer have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
b. the Group can identify each party's rights regarding the services to be transferred;
c. the Group can identify the payment terms for services to be transferred;
d. the contract has commercial substance (i.e., the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
e . it is probable that the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Significant new contracts with distributors are reviewed by senior management to ensure the relevant terms are identified and agreed.

Substantially all sales are via purchase orders received from the customer which specify the product to be

delivered.

STEP 2 Identifying the performance obligations

At contract inception, the Group assesses the goods or services promised within the contract and identifies as a performance obligation, each promise to transfer to the customer either:

a. a good or service that is distinct; or
b . a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

With the exception of trivial amounts, the only identifiable performance obligation is the delivery of products.

STEP 3 Determining the transaction price

For the majority of supplies, the goods are sold at an agreed list price (or a variation of the list price as agreed between the parties). In these cases, there is no variable consideration.

There is no material difference between the timing of cash receipts and the timing of revenue recognition in respect of revenue contracts.

STEP 4 Allocating the transaction price to the separate performance obligations

There is only one performance obligation and accordingly the transaction price is allocated to the delivery of the product.

STEP 5 Recognising revenue when performance obligations are satisfied

The performance obligation is satisfied at the point in time when the product is delivered to the customer. Each transaction is recognised as a separate chargeable event. There are no further obligations.

Agent vs principal considerations

Upon inception of a contract with a customer, the Group considers whether it is acting as agent or as principal in accordance with IFRS 15. The Group considers that it is acting as a principal if it controls the specified good or service before that good or service is transferred to a customer. In doing so, the Group has determined that it has acted as a principal and not as an agent as part of all of its contracts with customers. In reaching this conclusion, the Directors considered the following arrangements:

Arrangements for sales through distributors

For all distributor arrangements, the distributor is invoiced at the time of delivery and title to the product passes upon full and final settlement of the invoice to which the delivery relates. The distributor has full discretion over the setting of the final selling price to the end customer and is responsible for all customer returns of product.

Arrangements for sales through agents

For all agreements with agents, the agent places orders with the Group and goods are then shipped to them. The Group, however, holds title to these products until they are sold on to a third party.

The selling price to the end user is set by the relevant government body and the agent receives a fixed percentage of this selling price. The agent notifies the Group monthly on stock levels and this is reconciled to a statement which generates an invoice for payment by the agent. The Group is responsible for any customer returns of product. Revenue is recognised by the Group when the products are sold by the agent.

Statutory rebates

In Germany, pharmaceutical companies are required to pay a manufacturer's rebate to the government as a contribution to the cost of medicines paid for by the state and private health funds. The rebates are not considered to meet the definition of variable consideration as set out in IFRS 15.50-53. This is because at the point of entering into a contract with a customer on which a rebate is likely to apply (for example, the supply of an allergy vaccine to a patient in Germany), there is no variability relating to the consideration to be received by the Group in exchange for the supply of the goods - the sales price and associated rebate is crystallised at the point of the supply. The calculation of the rebate to be repaid by the Group is carried out and invoiced in arrears by the various health insurer rebate centres in Germany. Accordingly, the rebate is considered to be a reduction in the selling price and is therefore deducted from the transaction price.

IFRS 15 other disclosures

All revenue recognised in the income statement is from contracts with customers and no other revenue has been recognised.

Disclosures regarding impairment losses are detailed in Note 10, Trade and other receivables.

A disaggregation of revenue is reported in Note 3, Revenue. Revenue by segment is reported in Note 4, Segmental reporting.

Revenue for each item is recognised when the goods are provided to the client and the obligation to pay the Group arises at the same time. Control passes to the customer once the goods are delivered, at which point the Group becomes entitled to consideration for the goods provided. The Group sells on credit and debtors are typically recovered between 20 to 90 days later. Further details regarding this are detailed in Note 10, Trade and other receivables.

As at 30 June 2023 there were no remaining performance obligations for revenue recognised in the year.

All obligations pertaining to revenue recognised have been met. No revenue was recognised relating to obligations not yet performed. No revenue has been recognised in the period relating to obligations met in the preceding period.

Significant judgements regarding the timing of transactions or price are detailed in Note 2, Judgements in applying accounting policies.

The transaction price is set out in individual contractual agreements and there is a range of prices based on the goods sold.

No assets were recognised from costs to obtain or fulfil a contract with any customer.

Presentation of material items

In preparing the financial statements the Directors consider whether there have been any material or unusual items. These items are disclosed separately on the face of the primary financial statements.

Expenditure recognition

Operating expenses are recognised in the consolidated income statement upon utilisation of the service or at the date of their origin.

Leasing

The right-of-use asset is initially measured at the amount of the lease liability plus any lease payments made at or before the commencement date (less any lease incentives received), plus any initial direct costs incurred in agreeing the lease, plus an estimate of future dismantling, removal and restoration costs. After the initial measurement, the right-of-use asset is accounted for using the cost model set out in IAS 16, Property, Plant and Equipment, which is based on depreciating the asset over the estimated useful economic life.

In connection with the Group's right-of-use assets, as at 30 June 2023 there were no lease payments that had been made prior to the commencement of the lease, nor any lease incentives, nor has the Group made any structural or other changes to any right-of-use assets that would require material costs in respect of dismantling, removal or restoration.

The initial recognition of the lease liability has been based on discounting the cash flows associated with the lease using the rate implicit in the lease agreement, or where this is not available, the Group's incremental borrowing rate, which the Directors consider to be similar to the Group's bank borrowing rate. After initial measurement the Group charges the lease liability with the interest cost to unwind the discount factor and reduces the liability by the amount of contractual payments made annually.

In reviewing the leases, the Directors took into consideration those which were long-term leases, those which were short-term leases, the underlying asset value and the lease and non-lease components.

Leases of low-value assets and short-term leases with a term of 12 months or less have continued to be recognised as an operating expense and it was determined that all of these short-term leases had termination clauses of three months or less and therefore could be readily terminated if required. The Directors have set a guideline of £5,000 or less lease value as the threshold for determining the value of a potential lease asset. All the short-term leases are therefore also considered low-value assets and have been excluded from right-of-use assets.

Low-value and short-term leases

Where the Group is a lessee, payments on low-value and short-term operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Inventories

Inventory is carried at the lower of cost or net realisable value. The costs of raw materials, consumables, work in progress and finished goods are measured by means of weighted average cost using standard costing techniques. The cost of finished goods and work in progress comprises direct production costs such as raw materials, consumables, utilities and labour, and production overheads such as employee costs, depreciation on equipment used in production, maintenance and indirect factory costs. Standard costs are reviewed regularly to ensure relevant measures of utilisation, production lead time and appropriate levels of manufacturing expense are reflected in the standards.

Net realisable value is calculated based on the selling price in the normal course of business less any costs to sell.

Warrants

Pursuant to the subscription and debt financing announced in September 2022, the Group received £6.5m of net share proceeds from the issue of new ordinary shares in October 2022 and received £10.0m from the issue of loan notes on 28 February 2023, together with the issue of 33,333,332 warrants to subscribe for new ordinary shares at a warrant exercise price of 30 pence per warrant.

The loan notes and the warrants are considered to be one hybrid financial instrument and were fair valued at inception and recognised on this basis. The loan notes were repaid during the year and the warrants will continue to be held at their initial fair value without subsequent revaluation until redemption. The fair value of the warrants was determined by an independent third party using a Black Scholes valuation model.

Contingent Payment

Under the terms the G306 Contingent Payment Letter, the Group will be obliged to pay a finance premium equal to 250 per cent. of the outstanding principal amount of the loan outstanding under the Loan Facility to the Lenders on a successful data read-out. The Group therefore intends, subject to satisfaction (or waiver, if capable of being waived) of the equity conditions, to complete the Equity Financing and repay all amounts outstanding under the Loan Facility within nine months of the date of its announcement, thereby avoiding the G306 Contingent Payment being triggered.

The valuation of the G306 Contingent Payment has been determined by Management using a weighted

average approach and various assumptions as at 30 June 2023 around the probabilities of success of the G306 clinical trial, the value and timing of the planned Equity Financing and the amount of drawn Loan Facility principal at the point when the G306 clinical trial is successful.

The contingent payment liability is fair valued through profit and loss at each reporting period and there have been no changes to the fair value since initial recognition. The valuation of the contingent payment liability is necessarily dependent on the assumptions that underpin it and the valuation will change over time as estimates and assumptions are updated. In certain circumstances where the G306 clinical trial is successful but the full amount of the Loan Facility is repaid, no contingent payment will be payable.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on Management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

a) Capitalisation of development costs requires analysis of the technical feasibility and commercial viability of the project concerned. Capitalisation of the costs will be made only where there is evidence that an economic benefit will accrue to the Group. To date, no development costs have been capitalised and all costs have been expensed in the income statement as R&D costs. Costs expensed in the year amounted to £20.1m (2022: £15.7m).

b) In respect of net revenue relating to certain products there is a risk that up to £13.6m cumulative revenue recognised (2022: £11.2m cumulative) may be reversed due to a retrospective change in the level of rebate being applied.

Sources of estimation uncertainty

a) Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which the goodwill has been allocated. This value-in-use calculation requires an estimation of the future cash flows expected to arise from the CGU and a suitable discount rate to calculate the present value.

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions, both individually and in combination.

Management has considered reasonably possible changes in key assumptions that would cause the carrying amounts of goodwill or brands to exceed the value in use for each asset. For both the German CGU and the Spanish CGU respectively, there are no reasonably possible changes in key assumptions that would lead to an impairment and the assumptions do not give rise to a key source of estimation uncertainty.

b) The Group operates equity-settled share-based compensation plans for remuneration of its employees comprising LTIP schemes. Employee services received in exchange for the grant of any share-based compensation are measured at their fair values and expensed over the vesting period. The fair value of this compensation is dependent on whether the provisional share awards will ultimately vest, which in turn is dependent on future events which are uncertain. The Directors use their judgement and experience of previous awards to estimate the probability that the awards will vest, which impacts the fair valuation of the compensation.

The key variables to be estimated are the number of awards that will lapse before the vesting date due to leavers, and the number of awards that will vest in relation to the non-market condition performance tests.

c) The Group operates a partly funded non-contributory defined benefit pension scheme for certain employees in Germany. The defined assets and liabilities of this scheme are estimated using actuarial methods by an independent expert.

d) Under the terms of the G306 Contingent Payment Letter, the Group will be obligated to pay the G306 Contingent Payment equal to 250 per cent of the principal amount of the loan outstanding under the facility to the Lenders at the date of a successful G306 data read-out if at 6 January 2024 any liability remains outstanding under the terms of the facility agreement. The fair value of the contingent payment requires an estimation of certain variables that form part of the contingent payment.

3. Revenue

An analysis of revenue by category is set out in the table below:

	2023	2022
	£'000	£'000
Sale of goods at a point in time	**60,952**	72,768
	60,952	72,768

4. Segmental reporting

The Group's operating segments are reported based on the financial information provided to the Executive Directors, who are defined as the CODM, to enable them to allocate resources and make strategic decisions.

The CODM reviews information based on geographical market sectors and assesses performance at an EBITDA (operating profit before interest, tax, depreciation and amortisation) and operating profit level. Management have identified that the reportable segments are Central Europe (which includes the following operating segments: Germany, Austria, Switzerland and the Netherlands), Southern Europe (Italy, Spain and Other), and the Rest of World (including UK).

For all material regions that have been aggregated, management consider that they share similar economic characteristics. They are also similar in respect of the products sold, types of customer, distribution channels and regulatory environments.

Revenue by segment

	Revenue from external customers 2023 £'000	**Inter-segment revenue 2023 £'000**	**Total segment revenue 2023 £'000**	Revenue from external customers 2022 £'000	Inter-segment revenue 2022 £'000	Total segment revenue 2022 £'000
Central Europe						
Germany	**33,120**	**-**	**33,120**	42,579	-	42,579
Austria	**4,903**	**-**	**4,903**	5,229	-	5,229
Netherlands	**4,017**	**-**	**4,017**	4,281	-	4,281
Switzerland	**2,838**	**-**	**2,838**	3,295	-	3,295
	44,878	**-**	**44,878**	55,384	-	55,384
Southern Europe						
Italy	**3,053**	**-**	**3,053**	3,402	-	3,402
Spain	**9,379**	**-**	**9,379**	8,871	-	8,871
Other	**396**	**-**	**396**	562	-	562
	12,828	**-**	**12,828**	12,835	-	12,835
Rest of World (including UK)	**3,246**	**28,731**	**31,977**	4,549	39,371	43,920
	60,952	**28,731**	**89,683**	72,768	39,371	112,139

Revenues from external customers in all segments are derived principally from the sale of a range of pharmaceutical products designed for the immunological treatment of the allergic condition.

Rest of World revenues include sales through distributors and agents in several markets including the Czech Republic, Slovakia, Canada and South Korea. Inter-segment revenues represent sales of product from the UK to the operating subsidiaries. The price is set on an arm's-length basis which is eliminated on consolidation.

The CODM also reviews revenue by segment on a budgeted constant currency basis, to provide relevant year-on-year comparisons.

The Group has no customers which individually account for 10% or more of the Group's revenue.

Depreciation and amortisation by segment

	2023 £'000	2022 £'000
Central Europe	**1,217**	1,173
Southern Europe	**740**	728
Rest of World (including UK)	**2,269**	2,265
	4,226	4,166

EBITDA by segment

	2023 £'000	2022 £'000
Allocated EBITDA		
Central Europe	**3,181**	4,186
Southern Europe	**1,452**	1,187
Rest of World (including UK)	**(36,536)**	(13,452)
Allocated EBITDA	**(31,903)**	(8,079)
Depreciation and amortisation	**(4,226)**	(4,166)
Operating loss	**(36,129)**	(12,245)
Finance income	**329**	257
Finance expense	**(14,029)**	(669)
Loss before tax	**(49,829)**	(12,657)

Total assets by segment

	2023	2022

	£'000	£'000
Central Europe	**26,469**	24,526
Southern Europe	**10,555**	11,686
Rest of World (including UK)	**75,725**	79,209
	112,749	115,421
Inter-segment assets	**(11,558)**	(9,278)
Inter-segment investments	**(32,791)**	(32,563)
Total assets per balance sheet	**68,400**	73,580

Included within Central Europe are non-current assets to the value of £2.6m (2022: £2.6m) relating to goodwill and within Southern Europe assets to the value of £3.7m (2022: £3.5m) relating to freehold land and buildings. There were no material additions (excluding foreign exchange differences) to non-current assets in any country except the UK where non-current asset additions totalled £4.3m and comprised plant and machinery £3.5m, fixtures and fittings £0.1m, computer equipment £0.2m, computer software £0.2m and trademarks and registrations £0.3m (2022: £2.6m total).

Total liabilities by segment

	2023	2022
	£'000	£'000
Central Europe	**(18,641)**	(16,618)
Southern Europe	**(6,462)**	(10,046)
Rest of World (including UK)	**(59,638)**	(17,797)
	(84,741)	(44,461)
Inter-segment liabilities	**11,558**	9,278
Total liabilities per balance sheet	**(73,183)**	(35,183)

5. Other income

	2023	2022
	£'000	£'000
Net monetary value of above-the-line R&D tax credit	**856**	740

6. Finance income

	2023	2022
	£'000	£'000
Bank interest	**82**	55
Interest on investment assets	**247**	199
Other finance income		3
	-	
	329	257

Other finance income relates to the unwinding of the discount on accrued revenue.

7. Finance expense

	2023	2022
Exceptional	**£'000**	£'000
G306 Contingent payment	**11,280**	
		-

	2023	2022
Other	**£'000**	£'000
Interest on borrowing facility	**2,132**	168
Net interest expenses on defined benefit pension liability	**283**	128
Interest on lease liabilities	**334**	373
	2,749	669

Total	**14,029**	669

8. Loss per share

	2023	2022
	£'000	£'000
Loss after tax attributable to equity shareholders	**(51,026)**	(13,776)

	Shares	Shares
	'000	'000
Issued Ordinary Shares at start of the year	**644,105**	641,773
Ordinary Shares issued in the year	**35,000**	2,332
Issued Ordinary Shares at end of the year	**679,105**	644,105
Weighted average number of Ordinary Shares for the year	**670,355**	642,990
Potentially dilutive share options	**-**	-
Weighted average number of Ordinary Shares for diluted earnings per share	**670,355**	642,990
Basic earnings per Ordinary Share (pence)	**(7.61)p**	(2.14)p
Diluted earnings per Ordinary Share (pence)	**(7.61)p**	(2.14)p

The diluted loss per share for 2023 does not differ from the basic loss per share as the exercise of share options and warrants would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

9. Inventories

	2023	2022
	£'000	£'000
Raw materials and consumables	**3,819**	3,598
Work in progress	**4,775**	3,265
Finished goods	**2,999**	4,547
	11,593	11,410

The value of inventories measured at fair value less cost to sell was £303,000 (2022: £719,000).

The movement in the value of inventories measured at fair value less cost to sell during the year gave rise to a credit of £416,000 which was included within the costs of goods sold in the consolidated income statement.

10. Trade and other receivables

	2023	2022
	£'000	£'000
Trade receivables	**2,366**	2,694
Other receivables	**2,150**	1,950
VAT	**542**	1,261
Prepayments and accrued revenue	**2,714**	4,563
	7,772	10,468

All amounts due as shown above are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All trade and other receivables have been reviewed for indicators of impairment. During the year, £38,000 of trade receivables were written back and £43,000 of the provision utilised. The impaired trade receivables are mostly due from private customers in the Italian market who are experiencing financial difficulties.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

All of the Group's trade receivables in the comparative periods have been reviewed for indicators of impairment. The impaired trade receivables are mostly due from customers in the private market that are experiencing financial difficulties.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and according to the geographical location of customers.

The expected loss rates are based on the payment profile over the past 24 months to 30 June 2023 and 30 June 2022 respectively as well as the corresponding historical credit losses during that period.

The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off (i.e., derecognised) where there is no reasonable expectation of recovery. An allowance is made for credit losses when there is an indication that the debt may not be recovered. Failure to make payments within five months from the invoice due date is considered an indicator of possible non-recovery.

Expected loss allowance

	2023 £'000	2022 £'000
Balance brought forward	**406**	432
Foreign exchange adjustments	**42**	1
Write back of previous credit losses	**(38)**	(27)
Utilised	**(43)**	-
Balance carried forward	**367**	406

This note includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

On the above basis, the expected credit loss for trade receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

	2023			2022		
	Expected credit loss rate	**Gross carrying amount**	**Lifetime expected credit loss**	Expected credit loss rate	Gross carrying amount	Lifetime expected credit loss
	%	**£'000**	**£'000**	%	£'000	£'000
Trade receivables						
Current	**-**	**1,637**	**-**	-	1,980	-
Not more than three months	**-**	**371**	**-**	-	532	-
More than three months but not more than six months	**2%**	**297**	**6**	5%	100	5
More than six months but not more than one year	**25%**	**59**	**15**	33%	60	20
More than one year	**94%**	**369**	**346**	89%	428	381
		2,733	**367**		3,100	406

11. Borrowings

	2023 £'000	2022 £'000
Due within one year		
Bank loans	**648**	952
	648	952

	2023 £'000	2022 £'000
Due in more than one year		
Shareholder loans	**26,000**	**-**
Bank loans	**848**	1,497
	26,848	1,497

In February 2023, the Group issued loan notes to two of its substantial shareholders, Southern Fox Investments Limited and ZQ Capital Management Limited, to raise £10.0m.

In April 2023, the Group entered into a senior secured facility agreement pursuant to which the Group's existing substantial shareholders ZQ Capital Management Limited (acting through its affiliate SkyGem International Holdings Limited) and Southern Fox Investments Limited, agreed to make available to the Group a secured term Loan Facility in an aggregate principal amount of £40.75 million.

The purpose of the facility was to refinance the existing £10.0 million loan notes issued in February 2023 (which were duly repaid), to facilitate the continuation of the Group's pivotal Phase III G306 trial for Grass MATA MPL, to continue other key clinical trial activities including the Phase I study for Peanut allergy and to finance trading and provide working capital.

At 30 June 2023, £26.0m of the secured facility had been drawn with £10.0m used to repay the loan notes.

Interest accrues on the secured facility at the rate of 18% per annum and is payable in full on redemption of the facilities. No interest was paid in the year ended 30 June 2023.

In addition to the Loan Facility, the loans below were previously taken out by Allergy Therapeutics Iberica S.L. The Bank Inter Loan is secured by way of a charge on land and buildings owned by Allergy Therapeutics Iberica S.L.

	Interest rate	<1 year £'000	1-5 years £'000
BBVA	Fixed rate of 2.5%	129	188
Bank Inter	1 month Euribor +5.0%	36	115
CDTI (Loan 1)	Interest free	37	159
Santander (Loan 1)	Fixed rate of 2.3%	89	53
CDTI (Loan 2)	Fixed rate of 0.2%	31	-
Santander (Loan 2)	Fixed rate of 2.3%	326	333
		648	848

12. Issued share capital

	2023		2022	
	Shares	**£'000**	Shares	£'000
Authorised share capital				
Ordinary Shares of 0.10 pence each				
1 July and 30 June	**790,151,667**	**790**	790,151,667	790
Deferred shares of 0.10 pence each				
1 July and 30 June	**9,848,333**	**10**	9,848,333	10
Issued and fully paid				
Ordinary Shares of 0.10 pence				
At 1 July	**644,104,621**	**644**	641,772,718	641
Issued during the year:				
Issue of shares	**35,000,000**	**35**	**-**	**-**
Share options exercised	**-**	**-**	2,331,903	3
At 30 June	**679,104,621**	**679**	644,104,621	644
Issued and fully paid				
Deferred shares of 0.10 pence				
At 1 July	**9,848,333**	**10**	9,848,333	10
Issued during the year	**-**	**-**	-	-
At 30 June	**9,848,333**	**10**	9,848,333	10
Issued share capital	**688,952,954**	**689**	653,952,954	654

The deferred shares have no voting rights, dividend rights or value attached to them.

No share options issued on vesting of LTIP awards were exercised in the year (2022: £2,000)

13. Contingent liabilities

As previously reported in the Group's trading update for the year ended 30 June 2023, the Group's German subsidiary has received notification from the German national health insurance association that manufacturer's rebates are due on sales of certain products launched on the market from 1 September 2017.

After taking legal advice, the Group had considered the likelihood of any payment of a rebate or other cash outflow in relation to this matter to be below 50% and accordingly no provision has been made in the financial statements for the year ended 30 June 2023. However, there is a risk that up to £13.6 million cumulative revenue recognised in respect of certain products in periods up to and including 30 June 2023 may need to be reversed due to the level of rebate being claimed.

Subsequent to publication of the Group's unaudited preliminary results for the year ended 30 June 2023 and following further discussions with the German national health insurance association, it is possible that a provision for rebates may be required in the results for the year ended 30 June 2023, however the Group expects that any liability would be very significantly less than the maximum rebate. The unaudited operating loss above is before any provision for historic rebates.

14. Related party transactions and ultimate control

The Group's related parties include its subsidiary companies and its key management and its key shareholders'.

There is no overall ultimate controlling party.

15. Post balance sheet events

On 26 September 2023, the Group entered into an amendment to the Loan Facility with Southern Fox and ZQ Capital (acting through an affiliate) pursuant to which, subject to completion of the Equity Financing, the repayment of all amounts due under the Loan Facility in full and the grant of the Additional Security, the Lenders have agreed, on an uncommitted basis, to make available to the Group an additional total principal sum of up to £15.0m. Under the Extension Facility, the Additional Facility Amount may be drawn by the Group during the period to 31 January 2024 with a minimum drawdown amount of £3 million per utilisation, and interest of 18 per cent. per annum shall be payable on any such amounts drawn. A drawdown under the Extension Facility shall require the consent of the Lenders and as such the Additional Facility Amount does not represent committed funding. The Extension Facility must be repaid in full by 31 December 2025. To provide security for any amounts drawn under the Extension Facility, the existing security package under

the Loan Facility will remain in place following repayment of the Loan Facility on or around completion of the Equity Financing and the Additional Security will be granted.

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[1] Operating loss / profit (pre-R&D) and exceptionals is calculated by adding back total R&D expenditure and exceptional fundraising costs for the year to the operating loss of the year to arrive at an operating loss (pre-R&D) and exceptionals of £13.3m (2022: profit of £3.4m)

[2] "Additional Security" means a supplemental English law security over substantially all of the assets of the Company and its subsidiaries incorporated in England and Wales securing the Additional Facility Amount

[3] Operating loss / profit (pre-R&D) and exceptionals is calculated by adding back total R&D expenditure and exceptional fundraising costs for the year to the operating loss of the year to arrive at an operating loss (pre-R&D) and exceptionals of £13.3m (2022: profit of £3.4m)

[4] Operating loss / profit (pre-R&D) and exceptionals is calculated by adding back total R&D expenditure and exceptional fundraising costs for the year to the operating loss of the year to arrive at an operating loss (pre-R&D) and exceptionals of £13.3m (2022: profit of £3.4m)

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