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Allergy Therapeutics PLC
15 July 2020

Allergy Therapeutics plc
("Allergy Therapeutics", "ATL" or the "Group")

Trading Update

- ***Strong 2020 performance despite COVID-19 challenge***
- ***Earnings above market expectations***
- ***Net revenue of £78.2million representing 6% annual growth***
- ***Strong cash balance of £37.0 million***
- ***Phase I Peanut program fully funded from existing resources***
- ***Licencing deal signed for new oral treatment, ImmunoBON***
- ***COVID-19 diagnostic facility approved by Spanish authorities***

15 July 2020 Allergy Therapeutics plc (AIM: AGY), the fully integrated commercial biotechnology company specialising in allergy vaccines, today provides a trading update for the year ended 30 June 2020 ahead of its Preliminary Results to be announced on 23 September 2020.

Financials

The Group now expects earnings for the full year 2020 to be ahead of market expectations as announced on 24 June 2020. Net revenue is expected to be £78.2million (2019: £73.7million) representing 6% annual growth (7% growth on a constant currency basis) reflective of a very robust performance in challenging circumstances. Operating efficiencies and timing of the research and development spend have led to strong overall performance with the Group likely to report a significant, positive net income for the year. Due to the Group's strong performance, the Executive Management has taken the decision to repay all UK furlough monies claimed back to the government.

The cash balance at 30 June 2020 was £37.0 million (30 June 2019: £27.4 million). The Group's total bank loan debt was £3.8 million (30 June 2019: £2.4 million).

Based on current assumptions, the Group expects to be able to fully fund the upcoming Grass MATA MPL pilot and pivotal Phase III field studies and the Phase I Peanut programme with existing cash resources and a small amount of additional debt.

Response to COVID-19 and Commercial Update

The Group has coped well with the challenge presented by COVID-19. After an initial decline, sales improved and have only been moderately affected due to patients not visiting clinics and hospitals. Trading in Southern Europe has been more heavily impacted than in Northern Europe, owing to the greater number of allergy clinics located within hospitals in Southern Europe. The sales and marketing team across Europe has responded rapidly to provide broad support to doctors, hospitals and patients. Encouragingly, the easing of restrictions is reflected in the final month of the year, with sales returning to previous levels.

From the beginning of the COVID-19 outbreak, the Group has taken steps to ensure the safety of its employees. This was achieved, in part, by implementing social distancing measures within the Group's operations and splitting vital functions into separate teams to minimise the risk of workers becoming ill and slowing production and transport across the continent. Throughout the COVID-19 situation, the Group has maintained a constant supply of its products across all markets with no disruption in the supply chain. All areas of the business have reacted well to the challenges of COVID-19, with approximately two-thirds of staff working remotely. Clear communication with internal and external stakeholders and a strong collaborative approach in line with the Group's values and behaviours, have helped to ensure minimum disruption.

COVID -19 Diagnostic Facility

In response to the urgent need to increase the global capacity to diagnose infected COVID-19 patients, the Group has invested capital into expanding its microbiological diagnostic facilities in Spain, by incorporating an RT-PCR based SARS-COV-2 diagnostic test into its portfolio. The RT-PCR technique can detect a fragment of RNA (the genetic material) derived from the SARS-COV-2 virus to determine if the patient is currently infected.

The Group's expanded microbiology facilities in Alcalá, named AT Immunolab, have been authorised by Spanish Health Authorities and will provide support in this healthcare crisis helping healthcare providers and patients in this difficult situation. The project has been set up in a significantly accelerated timeframe and received financing from the Centre for the Development of Industrial Technology and the Technology Fund, from the Ministry of Science, Innovation and Universities of Spain. AT Immunolab began SARS-COV-2 testing in the first week of July and, at full capacity, is expected be able to perform 200,000 tests a year.

Pipeline

Previously communicated R&D plans continue to be executed and the Grass MATA MPL clinical programme is expected to start next month as planned, with the pilot field study in about 150 adults to be recruited in the US and Europe. The study will implement COVID-19 related procedures, flexibility and strategies to minimise the impact of COVID-19. Limited impact on clinical operations or regulatory activities is expected.

The Group has signed a knowledge-sharing agreement with Saiba AG, owners of the virus-like particle (VLP) platform currently licensed to Allergy Therapeutics for allergy indications, to assist with the development of Saiba's COVID-19 vaccine candidates. The agreement has the potential to benefit the Group in the future, by supplying pre-clinical and clinical data using the same novel VLP platform to support the Group's peanut vaccine candidate programme.

The Group has also signed a commercial agreement with Biomedical International R+D GmbH for the exclusive rights to ImmunoBON, a patented protein-based oral treatment which was developed to replicate the reduction in incidence of allergy as seen by those who live on a farm with livestock, the so-called "farm effect". In a preclinical study programme, the immunogenicity of the protein formulation with the selected ligands was proven, as well as the capacity to prevent allergic sensitisation[1-5]. At the scientific congress of the European Academy of Allergy and Clinical Immunology in June 2020, two poster presentations demonstrated that the product significantly reduced allergic symptoms in a mouse model[6], and also among patients in a double-blind placebo controlled pilot study[7] when compared to placebo treatment. Additionally, a recently completed study in an allergen exposure chamber (European Centre for Allergy Research Foundation, Berlin, Germany) revealed significant improvement in allergy symptoms in house dust mite allergic patients (data on file).The product will initially be available in Germany with roll out across the rest of Europe to follow.

Manuel Llobet, CEO at Allergy Therapeutics, stated: "*Our focus during the COVID-19 pandemic has been the safety and well-being of all of our employees, partners and customers and I am proud of our robust and rapid response to the challenges presented during this time. When the outbreak started in Europe, we made a commitment as a group to leverage our strengths. Our business has put in place new efficiencies, highlighting our resilience and agility in times of change and we are thriving as a result. Our plans to develop a strong R&D pipeline remains on track and our two recently signed agreements with partners provides exciting new opportunities for our VLP technology and our oral treatment offerings for allergy patients. I am especially proud of our team and would like to thank them for their unwavering commitment and desire to drive the business forward.*"

This announcement contains inside information for the purposes of Article 7 of Regulatory (EU) No596/2014.

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About Allergy Therapeutics

Allergy Therapeutics is an international commercial biotechnology company focussed 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 include vaccines for grass, tree and house dust mite, and peanut allergy vaccine in pre-clinical development. Adjuvant systems to boost performance of vaccines outside allergy are also in development.

Formed in 1999 out of Smith Kline Beecham, Allergy Therapeutics is headquartered in Worthing, UK with more than 11,000m^2 of state-of-the-art MHRA-approved manufacturing facilities and laboratories. The Group, which has achieved over 9% compound annual growth since formation, employs c.500 employees and is listed on the London Stock Exchange (AIM:AGY). For more information, please see www.allergytherapeutics.com.

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