

Registered number: 09559128

AIMMUNE THERAPEUTICS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



AIMMUNE THERAPEUTICS UK LIMITED

COMPANY INFORMATION

Directors	James Nelson Harlan Baird Radford III (appointed 18 November 2020)
Registered number	09559128
Registered office	10 Eastbourne Terrace London England W2 6LG
Independent auditor	Byrd Link Audit & Accountancy Services Limited Honeybourne Place Jessop Avenue Cheltenham Gloucestershire United Kingdom GL50 3SH

AIMMUNE THERAPEUTICS UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10 - 11
Notes to the financial statements	12 - 26

AIMMUNE THERAPEUTICS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

Aimmune Therapeutics Limited UK, or the company, presents its financial statements for the year to 31 December 2019.

The principal activity of the company is to provide research and development services to its parent company to support the parent company's efforts in the development of proprietary product candidates for the treatment of peanut and other food allergies. The parent company's lead product candidate, AR101, is an investigational biologic for the treatment of patients with peanut allergy. The parent company filed a Marketing Authorization Application, or MAA, with the European Medicines Agency, or EMA, in June 2019 for AR101, which was supported by efforts of the company. All commercialization rights for any products candidates are maintained with the parent company and not itself.

Business review

The directors are pleased with the overall performance of the company having supported the parent company with the filing of an MAA with the EMA in June 2019 for AR101.

Although the immediate future will be economically challenging for all UK companies, the directors believe that the company is in good financial health as a result of the company being funded solely by the parent company. The parent company is seeking commercialization of AR101 and will continue to expend substantial resources for the foreseeable future as it continues clinical development, seek regulatory approval for and prepare for the commercialization of AR101, and as it develops other product candidates. The parent company's existing capital resources will be sufficient to fund its and its subsidiaries planned operations for at least the next 12 months and though expected regulatory approval in the United States and Europe for AR101

On 14 October 2020, Nestlé successfully completed its acquisition of Aimmune Therapeutics, Inc. Joining Nestlé Health Science as a stand-alone business unit called Aimmune Therapeutics, a Nestlé Health Science company, it will manage NHSc's global pharmaceutical business.

Principal risks and uncertainties

Risks to the company are generally limited as the parent company is responsible for the development, manufacturing and potential commercialization of AR101 and any other product candidates. There is uncertainty on the level of demand for the parent company's products, if approved, which could impact the company.

The principal risks and uncertainties affecting the company are:

- General economic conditions,
- Competition in the local markets in which it operates; and
- The ability to recruit, retain and motivate key employees.

The directors take steps to mitigate against these risks where possible and are confident that the current strategies in place are appropriate to the risks faced.

Financial and other key performance indicators

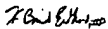
Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

AIMMUNE THERAPEUTICS UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

This report was approved by the board and signed on its behalf.

DocuSigned by:



.....C8A9BCB73827478.....

Harlan Baird Radford III

Director

Date: Dec-18-2020

AIMMUNE THERAPEUTICS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Results and dividends

The profit for the year, after taxation, amounted to \$1,660,784 (2018 - \$712,280).

No dividends were proposed or paid during the year.

Directors

The directors who served during the year were:

Susan E Barrowcliffe (appointed 12 January 2016, resigned 16 January 2019)
Douglas T Sheehy (appointed 31 March 2017, resigned 8 December 2020)
Eric H C Bjerkholt (appointed 16 November 2018, resigned 30 October 2020)

Qualifying third party indemnity provisions

Each of the company's directors are indemnified for certain events or occurrences, subject to certain limits, while the director is or was serving at the company's request in such capacity.

Matters covered in the strategic report

Matters concerning the future development of the company, financial risk management and exposure to risk have been covered in the Strategic report.

AIMMUNE THERAPEUTICS UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events


There have been no significant events affecting the company since the year end.

Auditor

The auditor, Byrd Link Audit & Accountancy Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:



.....C8A4BCB73627478.....

Harlan Baird Radford III

Director

Date: Dec-18-2020

AIMMUNE THERAPEUTICS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIMMUNE THERAPEUTICS UK LIMITED

Opinion

We have audited the financial statements of Aimmune Therapeutics UK Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

AIMMUNE THERAPEUTICS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIMMUNE THERAPEUTICS UK LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AIMMUNE THERAPEUTICS UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIMMUNE THERAPEUTICS UK LIMITED
(CONTINUED)**

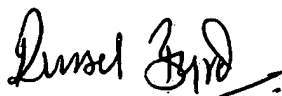
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members for our audit work, for this report, or for the opinions we have formed.



Russel Byrd FCA FCCA (Senior statutory auditor)

for and on behalf of
Byrd Link Audit & Accountancy Services Limited

Honeybourne Place
Jessop Avenue
Cheltenham
Gloucestershire
United Kingdom
GL50 3SH

Date:

22nd December 2020

AIMMUNE THERAPEUTICS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Turnover	4	32,513,483	35,029,672
Gross profit		32,513,483	35,029,672
Administrative expenses		(30,352,502)	(34,381,321)
Operating profit	5	2,160,981	648,351
Interest receivable and similar income	7	63,672	22,143
Profit before tax		2,224,653	670,494
Tax on profit	8	(563,869)	41,786
Profit for the financial year		1,660,784	712,280

There was no other comprehensive income for 2019 (2018:\$NIL).

The notes on pages 12 to 26 form part of these financial statements.

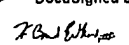
All activities derive from continuing operations.

AIMMUNE THERAPEUTICS UK LIMITED
REGISTERED NUMBER: 09559128

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Fixed assets			
Tangible assets	9	723,500	420,699
		<u>723,500</u>	<u>420,699</u>
Current assets			
Debtors: amounts falling due within one year	10	69,912,192	37,645,811
Cash at bank and in hand		3,626,587	4,696,009
		<u>73,538,779</u>	<u>42,341,820</u>
Creditors: amounts falling due within one year	11	(61,844,376)	(35,493,378)
Net current assets		<u>11,694,403</u>	<u>6,848,442</u>
Total assets less current liabilities		<u>12,417,903</u>	<u>7,269,141</u>
Provisions for liabilities			
Other provisions	13	(98,509)	(88,127)
		<u>(98,509)</u>	<u>(88,127)</u>
Net assets		<u><u>12,319,394</u></u>	<u><u>7,181,014</u></u>
Capital and reserves			
Called up share capital	14	1,528	1,528
Equity settled share based payments	15	9,926,059	6,448,463
Profit and loss account	15	2,391,807	731,023
Shareholder's funds		<u><u>12,319,394</u></u>	<u><u>7,181,014</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

C8A4BCB73827478.....
Harlan Baird Radford III
 Director

Date: Dec-18-2020

The notes on pages 12 to 26 form part of these financial statements.

AIMMUNE THERAPEUTICS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Equity settled share based payments	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2018	1,528	2,941,348	18,743	2,961,619
Comprehensive income for the year				
Profit for the year	-	-	712,280	712,280
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	712,280	712,280
Capital contribution for equity settled share based payments	-	3,507,115	-	3,507,115
Total transactions with owners	-	3,507,115	-	3,507,115
At 1 January 2019	1,528	6,448,463	731,023	7,181,014
Comprehensive income for the year				
Profit for the year	-	-	1,660,784	1,660,784
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,660,784	1,660,784
Capital contribution for equity settled share based payments	-	3,477,596	-	3,477,596

AIMMUNE THERAPEUTICS UK LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Total transactions with owners	<u>-</u>	<u>3,477,596</u>	<u>-</u>	<u>3,477,596</u>
At 31 December 2019	<u>1,528</u>	<u>9,926,059</u>	<u>2,391,807</u>	<u>12,319,394</u>

The notes on pages 12 to 26 form part of these financial statements.

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Aimmune Therapeutics UK Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office and principal place of business is 10 Eastbourne Terrace, London, W2 6LG. The company is registered at Companies House England and Wales. Its registered number is 09559128.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aimmune Therapeutics Inc. as at 31 December 2019 and these financial statements may be obtained from 8000 Marina Boulevard, Suite 300, Brisbane, California 94005, United States of America.

2.3 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing this report. Accordingly, the going concern basis has been adopted in preparing the directors report and financial statements.

The company relies on the continued support from its parent company Aimmune Therapeutics (Bermuda) Ltd which has confirmed that it will continue to provide this for the foreseeable future. On that basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is USD.

No rounding has been applied.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.8 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- over the lease term
Fixtures and fittings	- 3 years
Office equipment	- 3 years
Other fixed assets	- varying rates

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.17 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Basic financial assets and liabilities that are payable or receivable within one year, typically trade payables and receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Accrued Research and Development Costs

The company records expenses for research and development activities conducted by third-party service providers, which include the conduct of pre-clinical studies and clinical trials and contract manufacturing activities, based upon the estimated amount of services provided and work completed but not yet invoiced and in accordance with agreements established with these third-party service providers. These costs are included in accrued liabilities in the balance sheets and within research and development expenses in the statements of comprehensive loss. These costs are a significant component of the company's research and development expenses.

The company estimates the amount of work completed through discussions with internal personnel and external service providers as to the progress or stage of completion of the services and the agreed-upon fee to be paid for such services. The company makes significant judgments and estimates in determining the accrued balance in each reporting period. As actual costs become known, the company adjusts its accrued estimates. Although the company does not expect its estimates to be materially different from amounts actually incurred, the understanding of the status and timing of services performed, the number of patients enrolled and the rate of patient enrollment may vary from estimates and could result in reporting amounts that are too high or too low in any particular period. Accrued expenses are dependent, in part, upon the receipt of timely and accurate reporting from clinical research organizations and other third-party service providers. To date, there have been no material differences between accrued expenses and actual expenses.

Stock-Based Compensation Expense

The company's employees receive stock-based awards under the parent company. Compensation costs related to stock options granted to employees are recognized based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures. The grant date fair value is estimated using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards.

In determining the grant date fair value of the stock-based awards used to calculate stock-based compensation expense, the company uses the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires judgment to determine.

- **Expected Term.** The expected term of stock-based awards represents the weighted average period the stock-based awards are expected to be outstanding. The company has opted to use the simplified method for estimating the expected term. The simplified method calculates the expected term as the average time-to-vesting and the contractual life of the options.

- **Expected Volatility.** As the parent company has limited trading history for its common stock, the expected stock price volatility assumption is determined based on the historical volatilities of a group of industry peers as well as the historical volatility of its own common stock since it began trading subsequent to its IPO in August 2015. Industry peers consist of several public companies in the biopharmaceutical industry with comparable characteristics including enterprise value, risk profiles and position within the industry.

- **Risk-Free Interest Rate.** The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues in effect at the time of grant for periods corresponding with the expected term of the stock-based award.

- **Expected Dividend Yield.** The parent company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, expected dividend yield of zero is used for all years presented.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Judgments in applying accounting policies (continued)

Restricted Stock Units, or RSUs, are measured based on the fair market value of the underlying stock on the date of grant and recognized as expense on a straight-line basis over the employee's requisite service period (generally the vesting period).

In addition to the Black-Scholes assumptions, the company estimates forfeiture rate based on an analysis of actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behaviour and other factors.

The company will continue to use judgment in evaluating the expected volatility, expected terms and forfeiture rates utilized for its stock-based compensation expense calculations on a prospective basis.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company, details of which can be found in the Strategic Report.

The company is contracted by its parent company, Aimmune Therapeutics (Bermuda) Ltd to deliver research and development services under an intercompany agreement. The company is remunerated by its parent for these services.

100% (2018 : 100%) of the turnover arose from the provision of services to Bermuda.

	2019 \$	2018 \$
United Kingdom	1,078,619	-
Bermuda	31,434,864	35,029,672
	<u>32,513,483</u>	<u>35,029,672</u>

5. Operating profit

The operating profit is stated after charging:

	2019 \$	2018 \$
Exchange differences	111,810	193,720
Other operating lease rentals	780,104	1,135,639
	<u>891,914</u>	<u>1,329,359</u>

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 \$	2018 \$
Wages and salaries	7,136,597	6,606,396
Social security costs	774,700	661,354
Cost of defined contribution scheme	223,032	137,755
	<u>8,134,329</u>	<u>7,405,505</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
UK	41	34
Switzerland	1	1
France	1	-
Germany	7	-
	<u>50</u>	<u>35</u>

7. Interest receivable

	2019 \$	2018 \$
Other interest receivable	63,672	22,143
	<u>63,672</u>	<u>22,143</u>

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation

	2019 \$	2018 \$
Corporation tax		
Current tax on profits for the year	566,180	39,243
Adjustments in respect of previous periods	(2,311)	(33,037)
	<u>563,869</u>	<u>6,206</u>
Total current tax	<u>563,869</u>	<u>6,206</u>
Deferred tax		
Origination and reversal of timing differences	-	(47,992)
Total deferred tax	<u>-</u>	<u>(47,992)</u>
Taxation on profit/(loss) on ordinary activities	<u>563,869</u>	<u>(41,786)</u>

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 \$	2018 \$
Profit on ordinary activities before tax	<u>2,224,653</u>	<u>670,494</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	422,684	127,394
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	154,971	673,645
Adjustments to tax charge in respect of prior periods	(49,204)	(33,037)
Other permanent differences	238,776	(815,434)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(204,937)	-
Double taxation relief	1,579	-
Adjust closing deferred tax to average rate of 19%	-	4,165
Adjust opening deferred tax to average rate of 19%	-	1,481
Total tax charge for the year	<u><u>563,869</u></u>	<u><u>(41,786)</u></u>

Factors that may affect future tax charges

In the March 2020 Budget the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously announced). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Tangible fixed assets

	Leasehold improvements \$	Fixtures and fittings \$	Office equipment \$	Other fixed assets \$	Total \$
Cost or valuation					
At 1 January 2019	-	18,420	162,206	349,004	529,630
Additions	433,685	166,515	145,300	1,062,354	1,807,854
Disposals	-	(15,912)	(53,349)	-	(69,261)
Transfers between classes	-	-	29,402	(1,323,231)	(1,293,829)
At 31 December 2019	433,685	169,023	283,559	88,127	974,394
Depreciation					
At 1 January 2019	-	16,966	91,965	-	108,931
Charge for the year on owned assets	76,714	39,100	76,043	17,923	209,780
Disposals	-	(15,913)	(53,349)	-	(69,262)
Transfers between classes	-	-	1,445	-	1,445
At 31 December 2019	76,714	40,153	116,104	17,923	250,894
Net book value					
At 31 December 2019	356,971	128,870	167,455	70,204	723,500
At 31 December 2018	-	1,454	70,241	349,004	420,699

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Debtors

	2019 \$	2018 \$
Amounts owed by group undertakings	68,336,050	35,631,429
Other debtors	1,540,736	1,978,976
Deferred taxation	35,406	35,406
	<u>69,912,192</u>	<u>37,645,811</u>

11. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	2,962,801	2,200,554
Amounts owed to group undertakings	55,472,596	26,067,501
Corporation tax	48,701	39,243
Other taxation and social security	14,131	-
Other creditors	323,690	122,490
Accruals and deferred income	3,022,457	7,063,590
	<u>61,844,376</u>	<u>35,493,378</u>

12. Deferred taxation

	2019 \$	2018 \$
At beginning of year	35,406	(12,586)
Charged to profit or loss	-	47,992
At end of year	<u>35,406</u>	<u>35,406</u>

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2019 \$	2018 \$
Fixed asset timing differences	(23,789)	(23,789)
Short term timing differences	59,195	59,195
	<u>35,406</u>	<u>35,406</u>

13. Provisions

	Provisions \$
At 1 January 2019	88,127
Charged to profit or loss	10,382
At 31 December 2019	<u>98,509</u>

In November 2018, the company entered into a lease for part of a floor of office space in London, United Kingdom. The lease is expected to expire in November 2023. As a part of the lease, the company has a contractual requirement to remove the tenant improvements and restore the leased office space to a condition as specified in the lease agreement. As a result, the company recognised a provision for the dilapidation costs that will be required to put the leased office space back to its original state upon exiting the lease, which is estimated to be £120,000 at the end of the lease.

The estimated present value of the provision for the dilapidation costs was calculated by discounting the projected cash flows over the estimated life of the related assets using the company's credit adjusted risk-free rate. The estimated fair value of the dilapidation costs is recorded in long-term liabilities and capitalized as construction in progress.

14. Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of \$1.528 each	<u>1,528</u>	<u>1,528</u>

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - represents accumulated profits and losses.

Equity settled share based payments - represents the accumulated share based payments expense.

16. Share based payments

The company participates in a share option scheme for all employees. Options are exercisable on the shares of the ultimate parent company at a price equal to the estimated fair value of the ultimate parent company's shares on the date of the grant.

The vesting period is four years. If the options remain unexercised after a period of ten years from the date of the grant the options expire. Options are forfeited if the employee leaves the company before the options vest.

17. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to \$223,032 (2018 - \$137,755). Contributions totalling \$nil (2018 - \$nil) were payable to the fund at the reporting date.

18. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 \$	2018 \$
Not later than 1 year	603,588	606,962
Later than 1 year and not later than 5 years	1,559,307	2,608,540
	<u>2,162,895</u>	<u>3,215,502</u>

19. Related party transactions

The company has taken advantage of the exemption available under section 33.1A of Financial Reporting Standard 102, not to disclose transactions with other wholly owned members of this group.

The company has taken advantage of the exemption available under FRS 102 reduced disclosures framework not to disclose key management personnel remuneration.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. Controlling party

The company is a wholly owned subsidiary of Aimmune Therapeutics (Bermuda) Ltd, a company incorporated in Bermuda.

Aimmune Therapeutics (Bermuda) Ltd is a 100% owned subsidiary of Aimmune Therapeutics Inc.

Aimmune Therapeutics Inc. is therefore considered to be the ultimate parent company.

The smallest and largest group in which the results of the company are consolidated is that headed by Aimmune Therapeutics Inc.. The registered office of Aimmune Therapeutics Inc. is 8000 Marina Boulevard, Suite 300, Brisbane, California 94005, United States of America.