

AIMMUNE THERAPEUTICS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



AIMMUNE THERAPEUTICS UK LIMITED
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COMPANY INFORMATION

Directors	James Nelson Pepin Claudio Kuoni
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

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AIMMUNE THERAPEUTICS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

Aimmune Therapeutics UK Limited, or the Company, presents its financial statements for the year to 31 December 2020.

The principal activity of the Company is to undertake R&D and pre-commercialisation services to support the Aimmune group's efforts in the development and commercialisation of proprietary product candidates for the prevention, management and treatment of food, gastrointestinal, and metabolic-related diseases.

Aimmune's first product, PALFORZIA®, *Arachis hypogaea* L., semen (peanuts) which is indicated for the treatment of patients aged 4 to 17 years with a confirmed diagnosis of peanut allergy, was approved on December 17, 2020, by the European Commission (EC). Following the departure of the UK from the EU, the Company holds a separate UK approval for the product from the Medicines and Health products Regulatory Agency (MHRA).

Business review

On 14 October 2020, Nestlé SA successfully completed its acquisition of Aimmune Therapeutics, Inc, (the ultimate parent company of the Company until then).

The directors are pleased with the overall performance of the Company. Although the immediate future may be economically challenging for all UK companies, the directors believe that the Company is in good financial health as a result of the acquisition by Nestlé SA and its ability to commercialise PALFORZIA in the UK. The company will continue to expend substantial resources for the foreseeable future as it continues preparations for, and starts to commercialise, PALFORZIA and develops other product candidates. The Aimmune group's existing capital resources will be sufficient to fund the Company's planned operations for at least the next 12 months.

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.

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

DocuSigned by:
James Pepin
Signer Name: James Pepin
Signing Reason: I approve this document
Signing Time: 01 April 2022 | 6:48:54 PM CEST
James Nelson Pepin
Director

Date: 01 April 2022 | 6:48:54 PM CEST

Aimmune Legal Approval

DocuSigned by:
Julie Pender
Signer Name: Julie Pender
Signing Reason: I have reviewed this document
Signing Time: 31 March 2022 | 4:41:35 AM P
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AIMMUNE THERAPEUTICS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

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 \$2,126,396 (2019 - \$1,660,784).

No dividends were proposed or paid during the year.

Directors

The directors who served during the year were:

Harlan Baird Radford III (appointed 18 November 2020, resigned 15 January 2021)
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 2020**

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.

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James Pepin
Signer Name: James Pepin
Signing Reason: I approve this document
Signing Time: 01 April 2022 | 6:48:54 PM CEST
7287C810FA104A3C87D469A726BE6C
James Nelson Pepin
Director

Date: 01 April 2022 | 6:48:54 PM CEST

Aimmune Legal Approval

DocuSigned by:
Julie pendler
Signer Name: Julie pendler
Signing Reason: I have reviewed this document
Signing Time: 31 March 2022 | 4:41:45 AM PDT
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AIMMUNE THERAPEUTICS UK LIMITED
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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 2020, 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

AIMMUNE THERAPEUTICS UK LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 set out on page 2, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and its financial operations we have considered the initial risks of non-compliance with the UK regulators, predominantly HM Revenue and Customs and Companies Act 2006. We have assessed the impact of any breaches in such laws and regulations and considered whether any such findings would have a material impact on these financial statements. We have considered the risk of those charged with management overriding internal controls and the opportunity for financial manipulation. We have considered the effect of any accounting estimates included within these accounts and the effect this may have on our audit opinion.

Our audit procedures together with our assessment of risks identified at planning were transparent to the company and we have communicated with the client throughout the audit as well as the audit engagement team, and this includes such matters as fraud and irregularity.

The above procedures do however have their limitations as we can only work on a sample of financial transactions. Ultimately it is the responsibility of those charged with management for the prevention and detection of fraud and other irregularities.

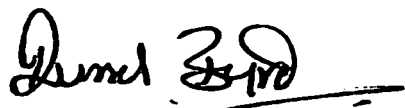
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, 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, as a body, for our audit work, for this report, or for the opinions we have formed.

AIMMUNE THERAPEUTICS UK LIMITED

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



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: 13th April 2022

AIMMUNE THERAPEUTICS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Turnover	4	34,272,868	32,513,483
Gross profit		34,272,868	32,513,483
Administrative expenses		(32,493,621)	(30,352,502)
Operating profit	5	1,779,247	2,160,981
Interest receivable and similar income	7	11,184	63,672
Profit before tax		1,790,431	2,224,653
Tax on profit	8	335,965	(563,869)
Profit for the financial year		2,126,396	1,660,784

There was no other comprehensive income for 2020 (2019:\$NIL).

The notes on pages 12 to 27 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 2020

	Note	2020 \$	2019 \$
Fixed assets			
Tangible assets	9	595,397	723,500
		<u>595,397</u>	<u>723,500</u>
Current assets			
Debtors: amounts falling due after more than one year	10	121,639	117,502
Debtors: amounts falling due within one year	10	49,461,654	69,794,690
Cash at bank and in hand		3,154,492	3,626,587
		<u>52,737,785</u>	<u>73,538,779</u>
Creditors: amounts falling due within one year	11	(27,978,784)	(61,844,376)
Net current assets		<u>24,759,001</u>	<u>11,694,403</u>
Total assets less current liabilities		<u>25,354,398</u>	<u>12,417,903</u>
Provisions for liabilities			
Other provisions	13	(110,231)	(98,509)
		<u>(110,231)</u>	<u>(98,509)</u>
Net assets		<u>25,244,167</u>	<u>12,319,394</u>
Capital and reserves			
Called up share capital	14	1,528	1,528
Equity settled share based payments	15	20,724,436	9,926,059
Profit and loss account	15	4,518,203	2,391,807
Total equity and reserves		<u>25,244,167</u>	<u>12,319,394</u>

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

DocuSigned by:
James Nelson Pepin
Signer Name: James Nelson Pepin
Signing Reason: I approve this document
Signing Time: 01 April 2022 | 6:48:54 PM CEST
7297C87A9A4A43C875445893D38E6C
James Nelson Pepin
Director

Date: 01 April 2022 | 6:48:54 PM CEST

The notes on pages 12 to 27 form part of these financial statements.

Aimmune Legal Approval
DocuSigned by:
y
Signer Name: Aimmune Legal
Signing Reason: I have reviewed this document
Signing Time: 31 March 2022 | 4:42:01
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AIMMUNE THERAPEUTICS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Equity settled share based payments	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2020	1,528	9,926,059	2,391,807	12,319,394
Comprehensive income for the year				
Profit for the year	-	-	2,126,396	2,126,396
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,126,396	2,126,396
Capital contribution for equity settled share based payments	-	10,798,377	-	10,798,377
Total transactions with owners	-	10,798,377	-	10,798,377
At 31 December 2020	1,528	20,724,436	4,518,203	25,244,167

The notes on pages 12 to 27 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 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
Total transactions with owners	-	3,477,596	-	3,477,596
At 31 December 2019	1,528	9,926,059	2,391,807	12,319,394

The notes on pages 12 to 27 form part of these financial statements.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020 and these financial statements may be obtained from 8000 Marina Boulevard, Suite 300, Brisbane, California 94005, United States of America.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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 Ireland Limited 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.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

All amounts have been rounded to the nearest \$1 dollar, unless otherwise indicated.

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'.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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.

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.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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.

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.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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 2020**

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 parent 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

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgments in applying accounting policies (continued)

years presented.

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 Ireland Limited to deliver research and development services under an intercompany agreement. The Company is remunerated by its parent for these services.

100% (2019 : 100%) of the turnover arose from the provision of services to Ireland.

	2020 \$	2019 \$
United Kingdom	-	1,078,619
Ireland	34,272,868	31,434,864
	<u>34,272,868</u>	<u>32,513,483</u>

5. Operating profit

The operating profit is stated after charging:

	2020 \$	2019 \$
Exchange differences	(543,875)	111,810
Other operating lease rentals	682,806	780,104
	<u>682,806</u>	<u>780,104</u>

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Employees

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

	2020 \$	2019 \$
Wages and salaries	7,489,802	7,136,597
Social security costs	958,596	774,700
Cost of defined contribution scheme	231,341	223,032
	<u>8,679,739</u>	<u>8,134,329</u>

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

	2020 No.	2019 No.
UK	42	41
Switzerland	1	1
France	3	1
Germany	-	7
	<u>46</u>	<u>50</u>

7. Interest receivable

	2020 \$	2019 \$
Other interest receivable	11,184	63,672
	<u>11,184</u>	<u>63,672</u>

AIMMUNE THERAPEUTICS UK LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Taxation

	2020 \$	2019 \$
Corporation tax		
Current tax on profits for the year	(48,701)	566,180
Adjustments in respect of previous periods	-	(2,311)
	<u>(48,701)</u>	<u>563,869</u>
Total current tax	<u>(48,701)</u>	<u>563,869</u>
Deferred tax		
Origination and reversal of timing differences	(371,641)	-
Deferred tax in relation to prior years	84,377	-
Total deferred tax	<u>(287,264)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(335,965)</u>	<u>563,869</u>

AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - *the same as*) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 \$	2019 \$
Profit on ordinary activities before tax	<u>1,790,431</u>	<u>2,224,653</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	340,182	422,684
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16,635	154,971
Adjustments to tax charge in respect of prior periods	35,677	(49,204)
Other timing differences leading to an increase (decrease) in taxation	-	238,776
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(204,937)
Double taxation relief	-	1,579
Other differences	(728,459)	-
Total tax charge for the year	<u>(335,965)</u>	<u>563,869</u>

Factors that may affect future tax charges

Main tax changes

Tax rate

The Chancellor confirmed in the 2021 Budget that the rate of corporation tax will increase from 19% to 25% from 1 April 2023. At the same time, a small companies' rate of 19% will be introduced and marginal relief given for intermediate companies. The main rate applies to companies with profits over £250,000; the small companies' rate to those with profits of £50,000 or less, with marginal tapering for profits in between the thresholds.

The lower and upper limits will be proportionately reduced for short accounting periods and where there are associated companies. The current related 51% group company test will be repealed and replaced by associated company rules. This will also be the case for determining whether a company is large or very large for quarterly instalment payment purposes.

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Tangible fixed assets

	Leasehold improvements \$	Fixtures and fittings \$	Office equipment \$	Other fixed assets \$	Total \$
Cost or valuation					
At 1 January 2020	290,153	95,851	95,557	56,937	538,498
Additions	24,116	-	40,678	44,650	109,444
At 31 December 2020	<u>314,269</u>	<u>95,851</u>	<u>136,235</u>	<u>101,587</u>	<u>647,942</u>
Depreciation					
At 1 January 2020	(66,818)	(33,018)	(71,898)	(13,267)	(185,001)
Charge for the year on owned assets	85,563	42,006	91,893	18,084	237,546
At 31 December 2020	<u>18,745</u>	<u>8,988</u>	<u>19,995</u>	<u>4,817</u>	<u>52,545</u>
Net book value					
At 31 December 2020	<u>295,524</u>	<u>86,863</u>	<u>116,240</u>	<u>96,770</u>	<u>595,397</u>
At 31 December 2019	<u>356,972</u>	<u>128,869</u>	<u>167,455</u>	<u>70,204</u>	<u>723,500</u>

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Debtors

	2020 \$	2019 \$
Due after more than one year		
Other debtors	121,639	117,502
	<u>121,639</u>	<u>117,502</u>

	2020 \$	2019 \$
Due within one year		
Amounts owed by group undertakings	48,505,969	68,336,050
Other debtors	341,210	1,185,239
Prepayments and accrued income	291,805	237,995
Deferred taxation	322,670	35,406
	<u>49,461,654</u>	<u>69,794,690</u>

11. Creditors: Amounts falling due within one year

	2020 \$	2019 \$
Trade creditors	1,218,457	2,962,801
Amounts owed to group undertakings	23,834,372	55,472,596
Corporation tax	-	48,701
Other taxation and social security	90,642	14,131
Other creditors	375,483	323,690
Accruals and deferred income	2,459,830	3,022,457
	<u>27,978,784</u>	<u>61,844,376</u>

12. Deferred taxation

AIMMUNE THERAPEUTICS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Deferred taxation (continued)

	2020 \$	2019 \$
At beginning of year	35,406	35,406
Charged to profit or loss	287,264	-
At end of year	322,670	35,406

The deferred tax asset is made up as follows:

	2020 \$	2019 \$
Assets qualifying for capital allowances	(27,009)	(23,789)
Other timing differences - losses	349,679	59,195
	322,670	35,406

13. Provisions

	Provisions \$
At 1 January 2020	98,509
Charged to profit or loss	11,722
At 31 December 2020	110,231

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

2020	2019
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AIMMUNE THERAPEUTICS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Share capital (continued)

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

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's ultimate parent company, Aimmune Therapeutics Inc. operates a share based payment scheme for all the employees of the Company.

The stock options in Aimmune Therapeutics Inc. are granted to the Company's employees at a price equal to the fair value of the shares in Aimmune Therapeutics Inc. at the date of the grant and are denominated in US dollars.

The stock options have a four year vesting period. If the stock options remain unexercised after a period of ten years from the date of the grant the stock options expire. Stock 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 \$231,341 (2019 - \$223,032). Contributions totalling \$nil (2019 - \$nil) were payable to the fund at the reporting date.

18. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 \$	2019 \$
Not later than 1 year	624,812	603,588
Later than 1 year and not later than 5 years	989,327	1,559,307
	<u>1,614,139</u>	<u>2,162,895</u>

AIMMUNE THERAPEUTICS UK LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

20. Controlling party

The Company is a wholly owned subsidiary of Aimmune Therapeutics Ireland Limited, a company incorporated in Ireland.

Aimmune Therapeutics Ireland Limited is a 100% owned subsidiary of Aimmune Therapeutics Inc.

During the year, Aimmune Therapeutics Inc. was acquired by Nestlé SA. As at the year ended 31 December 2020, the ultimate parent undertaking is therefore Nestlé SA.

The smallest group for which consolidated financial statements are drawn up and include the UK entity is that headed by Aimmune Therapeutics Ireland limited.

The largest group for which consolidated financial statements are drawn up and include the UK entity is that headed by Nestlé SA.

AIMMUNE THERAPEUTICS UK LIMITED
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**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 \$	2019 \$
Turnover	34,272,868	32,513,483
Gross profit	<u>34,272,868</u>	<u>32,513,483</u>
Less: overheads		
Administration expenses	(32,493,621)	(30,352,502)
Operating profit	<u>1,779,247</u>	<u>2,160,981</u>
Interest receivable	11,184	63,672
Tax on profit on ordinary activities	335,965	(563,869)
Profit for the year	<u><u>2,126,396</u></u>	<u><u>1,660,784</u></u>

AIMMUNE THERAPEUTICS UK LIMITED
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**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Turnover		
Intercompany sales	34,272,868	31,434,864
Other income	-	1,078,619
	<u>34,272,868</u>	<u>32,513,483</u>

AIMMUNE THERAPEUTICS UK LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Administration expenses		
Directors salaries	-	514,583
Staff salaries	7,489,802	6,622,014
Staff national insurance	958,596	774,700
Staff pension costs - defined contribution schemes	231,341	223,032
Staff training	52,978	40,118
Staff welfare	15,096	15,398
Entertainment	158,642	92,941
Hotels, travel and subsistence	361,179	1,204,491
Printing and stationery	31,487	5,270
Postage	18,491	18,900
Telephone	58,671	57,364
Computer costs	249,887	40,095
General office expenses	-	90,481
Advertising and promotion	1,259,745	445,328
Trade subscriptions	461,562	343,257
Legal and professional	4,202,578	6,074,031
Accountancy fees	255,327	106,504
Equipment leasing (operational)	18,865	17,491
Bank charges	-	73,527
Difference on foreign exchange	(543,875)	111,810
Sundry expenses	37,183	-
Rent - operating leases	663,941	762,613
Rates	6,404	-
Light and heat	1,367	5,138
Insurances	22,433	18,783
Repairs and maintenance	3,433	1,901
Depreciation and accretion	246,697	224,161
Share based payments expense	10,798,377	2,967,318
Contractors	1,598,359	1,508,091
Recruitment	204,478	639,992
Conferences and events	141,059	982,668
Equipment	74,426	(33,893)
Clinical trial expenses	3,370,190	6,213,788
Grants payable	44,902	190,607
	<u>32,493,621</u>	<u>30,352,502</u>

AIMMUNE THERAPEUTICS UK LIMITED
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**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Interest receivable		
Bank interest receivable	(11,184)	(63,672)
	<u>(11,184)</u>	<u>(63,672)</u>