

## Allergy Therapeutics

FY21 pre-close update ahead of market expectations

24 June 2021

- Allergy Therapeutics' pre-close trading update indicates FY21 results (to 30 June 2021) will be ahead of market expectations. Revenues are boosted by the strong Euro rate (most sales are Euro-denominated), while expenses are lower due to COVID-19 restrictions on travel and scientific conference attendance (with some carry over into FY22). Additionally, some R&D investment originally expected to be incurred during FY21 will now be phased into FY22. This suggests that Allergy Therapeutics' end-June 2021 cash position will be stronger than our forecast of £30m.
- Looking to FY22, the revenue growth (at CER) is expected to be at "low single digit levels". This reflects a continuing impact of COVID-19 on patient consultations in certain markets, as well as the planned de-emphasising of various older, non-core product lines as the focus remains on the newer SCIT (short-course subcutaneous therapy) and novel allergy treatments. Underlying expenses are expected to return to pre-COVID levels, which coupled with continuing investment in R&D, suggests a lower level of reported earnings.
- The next 12-24 months represent an important period for Allergy Therapeutics. Top-line data from the G309 exploratory field study of Grass MATA MPL is anticipated in calendar H221, which will inform design of the G306 pivotal grass trial (scheduled to start autumn 2022). The ongoing P001 ex vivo peanut allergy biomarker study should read out in the summer, with potential for IND submission by year-end. Management confirms it expects to be able to fully fund the pivotal Phase III Grass MATA MPL programme and the Phase I VLP peanut study with existing resources supplemented by a small amount of additional debt.
- The company intends to issue its post year end trading update on 14 July 2021, with preliminary FY21 results due to be announced on 23 September 2021.

Price	24.6p
Market Cap	£157.9m
Primary exchange	AIM
Sector	Healthcare
Company Code	AGY
Corporate client	Yes

### Company description:

Allergy Therapeutics specialises in the diagnosis and treatment of allergy. The existing European business generates c £80m annual sales. Near-term R&D efforts are focussed on the Pollinex Quattro platform, whilst in the medium-term the VLP platform is highly promising.

**Trinity Delta view:** Allergy Therapeutics' FY21 pre-close trading statement has provided an update on the commercial impacts of COVID-19. Due to seasonality H1 typically represents 60-70% of FY revenues, and the robust performance in H121 appears to have continued into H221, although lower spend will have flattered both FY21 operating profit pre-R&D and earnings. However, there are knock on effects into FY22 due to a combination of the reversion of SG&A spend to prior levels, phasing of R&D investment, and a more streamlined commercial portfolio. On the R&D side, we draw attention to a number of important catalysts for key pipeline programmes during calendar H221. We intend to review our forecasts when additional information is available, and continue to value Allergy Therapeutics at £344.5m (53.8p/share), based on sum of the parts including a DCF of the commercial operations (£89.7m or 14.0p/share), an rNPV of the R&D pipeline (£210.3m, or 32.8p/share), and net cash.

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