AKARI THERAPEUTICS, PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

Registered in England and Wales, number: 05252842

AKARI THERAPEUTICS, PLC

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

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CONTENTS **Page**

OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2024

Directors	H Hoyoung R Prudo-Chlebosz S Patel R Bazemore J Neal Sandip I. Patel A Gaslightwala
Secretary	Prism Cosec Limited
Registered Office	Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH
Independent Auditors	HaysMac LLP 10 Queen Street Place London EC4R 1AG

Unless the context otherwise requires, all references to "Akari," "we," "us," "our," the "Company", the "Group" and similar designations refer to Akari Therapeutics, Plc and its subsidiaries. All references to "parent company" refer to Akari Therapeutics, Plc excluding its subsidiaries.

The directors of the Company ("Directors") present their report and the audited financial statements for the year ended 31 December 2024.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include in its strategic report the following matters that would otherwise be required to be disclosed in this Directors' report: information on material financial instruments; information on research and development activities; and an indication of likely future developments in the business of the Company.

PRINCIPAL ACTIVITY

The Group is an oncology company developing next-generation antibody-drug conjugates ("ADCs") designed around novel proprietary cancer-killing toxins ("payloads"). The Group believes these novel payloads may have the potential to transform the efficacy and safety outcomes of ADCs as cancer therapies beyond options that are currently available or in development. The Group's activities since inception have consisted of performing research and development activities and raising capital.

DIRECTORS

The Directors who served the Company during the year and up to the date of signing the Annual Report were as follows:

H Hoyoung (Appointed on 14 November 2024)
R Prudo-Chlebosz
S Patel
R Bazemore (Appointed on 17 September 2024)
J Neal (Appointed on 14 November 2024)
Sandip I. Patel (Appointed on 14 November 2024)
A Gaslightwala (Appointed on 16 December 2024)
R Jacques (Resigned on 7 May 2024)
M Grissinger (Resigned on 16 December 2024)
Wa'el Hashad (Resigned on 14 November 2024)
D Williams (Resigned on 14 November 2024)

DIRECTORS' INDEMNITY

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors and officer's liability insurance cover is in place in respect of all Company directors.

ENVIRONMENTAL DISCLOSURES

We are a group with a small number of employees. We have serviced offices and we currently outsource our research, development, testing and manufacturing activities. As a result, the group itself consumed 40,000 kWh of energy or less during the year ended 31 December 2024. For this reason, no disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency action are made under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

AUDITORS

HaysMac LLP have indicated their willingness to continue in office as auditor for another year. In accordance with section 489 of the Companies Act 2006, a resolution proposing that HaysMac LLP be reappointed as auditors of the Company will be put to the Annual General Meeting.

SUBSTANTIAL SHAREHOLDERS

On 31 December 2024, the following shareholders held an interest of 3% or more of the ordinary share capital of the Company:

	Ordinary shares of $0.0001	**% of issued share capital**
Hoyoung Huh, M.D. (1)	7,824,908,000	14.7%
PranaBio Investments, LLC (2)	5,340,699,500	10.0%
Ray Prudo, M.D. (3)	4,916,600,800	9.2%

(1) Represents the holdings of Hannol Ventures LLC ("Hannol") and Dr. Hoyoung Huh as reported on [Schedule 13G filed with the U.S. Securities and Exchange Commission ("SEC") on 14 February 2025. The principal business address of Hannol is 16703 Early Riser Avenue, Suite 563, Land O Lakes, FL 34638. Dr. Huh is the sole member of Hannol and exercises voting and dispositive power over the shares held of record by Hannol.

(2) Represents the holdings of Pranabio Investments, LLC ("PranaBio") and Samir R. Patel, M.D., as reported on Form 4 filed with the SEC on 30 December 2024. The principal address of PranaBio is 1701 Chicon Street, Austin, TX 78745. Dr. Patel is the managing member of PranaBio and has sole voting and investment power with respect to the shares held of record by PranaBio.

(3) Represents the entire holdings of RPC Pharma Limited, Praxis Trustees Limited as trustee of The Sonic Healthcare Holding Company and Dr. Ray Prudo as reported on the Amendment No. 9 Schedule 13D filed with the SEC on 14 February 2025. The principal business office of RPC Pharma Limited is c/o Landmark Fiduciare (Suisse) SA, 6 Place des Eaux-Vives, P.O. Box 3461, Geneva, V8 1211, Switzerland. Dr. Ray Prudo has shared voting and dispositive control over the ordinary shares held by RPC Pharma Limited and owns approximately 67.8% of RPC's outstanding shares (including option grants), including 10.6% of RPC's outstanding shares held in trust for Dr. Ungar. Dr. Prudo disclaims beneficial ownership except to the extent of his actual pecuniary interest in such shares.

As at 31 December 2024 no other person had reported an interest of 3% or more in the Company's ordinary shares.

CORPORATE GOVERNANCE

The Group is not required to implement the provisions of the UK Corporate Governance Code (the "Code").

Regular Board of Directors meetings are held. The Board of Directors meets regularly and is responsible for overseeing management, formulating strategy and monitoring the Group's performance.

GOING CONCERN

The Group meets its day-to-day working capital requirements through funding. In assessing the Group's ability to continue as a going concern, Management has prepared financial forecasts covering at least the next twelve months from the date of approval of the financial statements.

The Group's forecast and projections show that at present, the Group has insufficient working capital to fulfil its current business plan without the Group raising additional capital.

As of 31 December 2024, the Group's cash balance was $2.6 million. To date, the Group has incurred substantial losses and negative cash flows since inception and had an accumulated deficit of $223.9 million as of 31 December 2024.

The Group anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. The Group is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as uncertainty of clinical trial outcomes, uncertainty of additional funding, and history of operating losses. Substantial additional financing will be needed by the Group to fund its operations and to commercially develop its product candidates and there can be no assurance that additional funds will be available when the Group need them on terms that are acceptable to it, or at all. As of 31 May 2025, the Group's cash balance of $3.6 million, which includes net proceeds received from the March 2025 Private Placement (see note 25 of the notes to financial statements), is not sufficient to fund its operations for the one-year period after the date these consolidated financial statements are issued.

Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include, but are not limited to: product development financing, private placements and/or public offerings of equity and/or debt securities, and strategic research and development collaborations and/or similar arrangements. While management is confident in the Company's ability to obtain future funding, there can be no assurance that these future funding efforts will be successful. Based on the requirement for Group to raise additional capital to finance future operations and for it to manage its working capital position, particularly in relation to accounts payable balances, until further such capital can be raised, management has concluded that these outcomes represent material uncertainties that cast significant doubt regarding the Group's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Notwithstanding these uncertainties, the accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. As such, the accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary if the Group is unable to continue as a going concern.

SUBSEQUENT EVENTS

Events occurring after the year end and required to be disclosed are detailed in note 25 of the notes to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and Parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group and Parent company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom. 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 Group and the Company and their profit or loss for that period.

The financial statements are required by law and IFRS as adopted by the United Kingdom to present fairly the financial position and performance of the Group.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the United Kingdom subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Parent company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and Parent company and to prevent and detect fraud and other irregularities.

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the time the report is approved confirms that, as at that time:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 5 June 2025 and signed on its behalf.

Abizer Gaslightwala

Abizer Gaslightwala
Director, President and Chief Executive Officer

REVIEW OF BUSINESS

The Group is an oncology company developing next-generation antibody-drug conjugates ("ADCs") designed around novel proprietary cancer-killing toxins ("payloads"). The Group believes these novel payloads may have the potential to transform the efficacy and safety outcomes of ADCs as cancer therapies beyond options that are currently available or in development.

ADCs are a class of cancer therapies that combine the precision targeting of antibodies with payload toxins that attack cancer cells. To date, innovation in the field of ADC therapies has focused primarily on the development of novel antibodies linked to existing classes of payload toxins. For example, there is a range of approved ADCs with antibodies that target the Her2, Trop2, CD19, CD22, CD30, Nectin-4, Tissue Factor, and FR alpha antibodies. But there is a surprising lack of diversity in the payload toxins to which those antibodies are linked, as all of these marketed products, and more than 90% of ADCs in late-stage clinical development of which we are aware, utilize payloads from just two standard classes: (1) microtubule inhibitors or (2) DNA-damaging agents such as topoisomerase I inhibitors.

The Group's differentiated ADC discovery and development platform (our "ADC Platform") enables it to generate a range of ADC product candidates that pair our novel payloads with biologically validated antibody targets prevalent in cancer tumors. The Group believes that its focus on the development of ADCs that utilize our novel payloads may allow it to develop ADCs with benefits that include:

- more effective cancer-killing properties, or cytotoxicity;
- generation of greater numbers of neoepitopes than currently available ADCs, leading to activation of both B-cells and T-cells in the tumor microenvironment to generate an immune response that has the potential to continue to kill cancer cells in the tumor microenvironment and throughout the body;
- ability to be used in combination with checkpoint inhibitors to potentially deliver synergistic efficacy results (more than additive);
- sustained duration of response of tumor regression or elimination;
- reduced tumor resistance; and
- improved safety and tolerability relative to ADCs that are currently available.

The Group's lead product candidate is AKTX-101, a preclinical stage Trop2-targeting ADC that combines PH1 with the Trop2 antibody, which is expressed in the highest number of solid tumor cancer types, including lung, breast, colon and prostate. The Group aims to establish AKTX-101 as a best-in-class Trop2-targeting ADC for the treatment of a variety of solid tumors.

The Group acquired the ADC Platform in connection with the merger with Peak Bio, Inc. ("Peak Bio"), which closed on 14 November 2024. Prior to that time, the Group was primarily focused on advancing its former product candidates nomacopan and PAS-nomacopan (longer-acting nomacopan that is PASylated). Since the closing of the merger with Peak Bio, the Group has focused substantially all of its efforts on the development of ADCs and its ADC Platform. The Group has suspended further internal development of its legacy programs, nomacopan and PAS-nomacopan, and intends to seek strategic partners to advance their development externally. For its PHP-303 program, a program that Peak Bio had advanced prior to the closing of the merger, the Group intends to seek strategic partners for it as well to further its development externally.

The Group's activities since inception have consisted of performing research and development activities and raising capital.

Merger Agreement

On 14 November 2024, the Group completed the previously announced business combination contemplated by the Agreement and Plan of Merger (the "Merger Agreement") by and among us, Peak Bio and Pegasus Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Akari (the "Merger Sub"), as amended by a side letter dated 15 August 2024, pursuant to which, upon the terms and subject to the conditions thereof, Merger Sub was merged with and into Peak Bio, with Peak Bio surviving such merger as the Group's wholly owned subsidiary.

Pipeline Prioritization

In May 2024, the Group announced the completion of a joint portfolio prioritization review pursuant to which the anticipated combined entity, following completion of the proposed Merger Agreement, will focus on Peak Bio's ADC platform technology. The "*Review of Business*" above outlines the post-acquisition prioritization of Peak Bio's programs and the suspension of our legacy programs.

Restructuring and Reduction-in-Force

On 1 May 2024, management began to implement a reduction-in-force of approximately 67% of the Group's total workforce, as a result of the recently announced program prioritization under which the Group's HSCT-TMA program was suspended. The reduction-in-force is part of an operational restructuring plan and includes the elimination of certain senior management positions and was completed by the end of the second quarter of 2024. The purpose of the restructuring plan, including the reduction-in-force, was to reduce HSCT-TMA related operating costs, while supporting the execution of the Group's long-term strategic plan.

RESULTS AND DIVIDENDS

Research and development expenses for the year ended 31 December 2024 were approximately $8,265,000 (2023: $9,083,000). The decrease was the result of the net impact of multiple factors. The Group's research and development expenses decreased primarily due to our decision to suspend our HSCT-TMA program and lower costs relating to preclinical studies and other development work investigating PAS-nomacopan for the treatment of geographic atrophy, offset by a credit recorded in 2023 in connection with the final reconciliation of clinical trial close-out costs of our bullous pemphigoid ("BP") program.

Administrative expenses for the year ended 31 December 2024 were approximately $9,497,000 (2023: $11,358,000). The decrease was the result of the net impact of multiple factors. The Group's administrative expenses decreased primarily due to decreases in (i) personnel costs of approximately $1,000,000 resulting from the impact of the reduction-in-force which we announced in May 2024 (excluding separation benefits paid to impacted employees classified under "Restructuring costs" below), (ii) directors' and officers' insurance premiums of approximately $300,000, and (iii) consulting and professional fees of $1,200,000. These decreases were partially offset by increases in other expenses of approximately $800,000 related to regulatory and legal fees.

Merger-related expenses for the year ended 31 December 2024 were approximately $3,273,000 (2023: $Nil). Merger-related expenses consist of direct expenses incurred in connection with the completed Merger and are comprised primarily of legal and professional fees. No such expenses were incurred during the year ended 31 December 2023.

Restructuring costs for the year ended 31 December 2024 were approximately $1,723,000 (2023: $Nil). Restructuring costs consist primarily of severance and related benefit costs related to workforce reductions incurred in connection with the reduction-in-force, which we implemented in May 2024. Restructuring costs include $0.3 million of non-cash stock-based compensation expense. No restructuring expenses were incurred during the year ended 31 December 2023.

Net cash used in operating activities for the year ended 31 December 2024 was approximately $12,201,000 (2023: $16,378,000). The net cash used in operating activities for the periods presented consists primarily of our net loss adjusted for non-cash charges and changes in components of working capital. The decrease in cash used in operating activities during the year ended December 31, 2024, as compared to the year ended December 31, 2023, was primarily due to increases in trade and other payables resulting from the timing of cash outlays.

Net cash generated from investing activities for the year ended 31 December 2024 was approximately $382,000 (2023: $Nil).

Net cash generated from financing activities for the year ended 31 December 2024 was approximately $10,638,000 (2023: $6,966,000).

Cash decreased to approximately $2,599,000 at 31 December 2024 (2023: $3,845,000).

The Group made a loss for the year ended 31 December 2024 of approximately $20,360,000 (2023: $12,240,000). The loss for the Group is in line with the expected performance and the Directors are satisfied with the results for the year.

No dividends were paid during the year (2023: $Nil) and the Directors do not propose a final dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

Financing

The Group requires additional funding to continue its future operations and planned research and development activities. The Directors recognise that the Group may not be able to obtain financing on favorable terms and the terms of the Group's finance arrangements may be dilutive. The Group may also seek additional funding through partnership arrangements with collaborators and other third parties. These types of arrangements may require the Group to relinquish rights to internally developed technology, product candidates or products. If the Group is unable to obtain additional funding on a timely basis, the Group may be required to curtail or terminate some or all of its research or development programs, including some or all of its product candidates. Additionally, the report of the Group's statutory audit firm on its financial statements for the period ended December 31, 2024, includes an explanatory paragraph raising substantial doubt about its ability to continue as a going concern as a result of recurring losses from operations and net capital deficiency. The Group's future is dependent upon its ability to obtain financing in the future. This opinion could materially limit the Group's ability to raise funds.

The Group plans to raise additional funds through equity or debt financings or other sources, such as strategic partnerships, alliance and/or licensing arrangements and government grants. There can be no assurance that additional funds will be available when the Group needs them on terms that are acceptable, or at all.

Preclinical development stage

The Company is a preclinical development stage Group with limited history of trading on which future projections can be based. There is no guarantee that the Group will succeed in growing its current business or that the Group will be able to provide or maintain sufficient resources required for operations in the development and introduction of its products. It is not unusual that preclinical development stage companies fail to achieve their business plans due to lack of being able to estimate the speed of new market entrants and the costs associated with entering markets and obtaining market share.

Prior to the merger with Peak Bio, the Group was primarily focused on advancing its former product candidates nomacopan and PAS-nomacopan (longer-acting nomacopan that is PASylated). Since the closing of the merger with Peak Bio, the Group has focused substantially all of its efforts on the development of ADCs and its ADC Platform. The Group has suspended further internal development of its legacy programs, nomacopan and PAS-nomacopan, and intends to seek strategic partners to advance their development externally. For its PHP-303 program, a program that Peak Bio had advanced prior to the closing of the merger, the Group intends to seek strategic partners for it as well to further its development externally.

Drug development

The Group's drug development activities are complex, and all of the product candidates are in preclinical development with a significant risk of failure. It is impossible to predict when or if any of the product candidates will prove effective or safe in humans and/or will receive regulatory approval.

Further common challenges for similar companies and the Group is to:

- Find a stable active product or formulation without extensive clinical trials and substantial additional costs or create adequate assays for the products for formulations or clinical testing purposes;
- Manufacture, and/or formulate sufficient amounts of its product candidates or upscale or optimise such synthesis so as to enable efficient production of scale;
- Find safe and effective doses for its product candidates without extensive clinical trials and substantial additional costs;
- Obtain sufficient supply or quality of product candidates supply or materials to produce product candidates or other materials necessary to conduct clinical trials; and
- Establish manufacturing capabilities or enter into agreements with third parties to supply materials in a timely fashion to make product candidates, or manufacture clinical trial drug supplies.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Departure of and search for executive officers
The Group's success depends upon the continued service and performance of our senior management and other key personnel. The loss of the services of these personnel could delay or prevent the successful completion of our planned clinical trials or the commercialization of our therapeutic candidates or otherwise affect our ability to manage our company effectively and to carry out our business plan. The Group does not maintain key-man life insurance. Although the Group has entered into employment agreements with all the members of its senior management team, members of its senior management team may resign at any time. High demand exists for senior management and other key personnel in the biopharmaceutical industry. There can be no assurance that the Group will be able to continue to attract and retain such personnel.

Market acceptance
The Group is not guaranteed that any of its product candidates will gain market acceptance amongst physicians, patients, healthcare providers, pharmaceutical companies or other customers.

Even if the Group is successful in continuing to build and expand its development portfolio, the potential product candidates that it identifies may not be suitable for clinical development. For example, they may be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be drugs that will be successful in clinical trials or receive marketing approval and achieve market acceptance. If the Group does not successfully develop and commercialize product candidates, it will not be able to obtain drug revenues in future periods, which likely would result in significant harm to its financial position.

Intense competition from larger competitors
Many companies, universities and research organisations developing product candidates have greater resources and significantly greater experience in financial, research and development, manufacturing, marketing, sales, distribution and technical regulatory matters than the Group has. These competitors could commence and complete clinical testing of their products, obtain regulatory approval, and begin commercial-scale manufacturing of their products faster than the Group is able to, thus resulting in a situation whereby the Group may not be able to commercialise its product candidates or achieve a competitive position in the market.

Product liability exposure
The Group faces exposure to product liability and other claims if its product candidates, products or processes are alleged to have caused harm. These risks are inherent in testing, manufacturing, and marketing human therapeutic products. If the Group is sued for any injury caused by its products, product candidates or processes, the Group's liability could exceed its product liability insurance coverage and its total assets. Claims against the Group, regardless of their merit or potential outcome, may also generate negative publicity or damage the Group's ability to obtain physician endorsement of its products or expand its business.

Intellectual property
The Group may be unable to protect the intellectual property relating to its product candidates, or if it infringes the rights of others, its ability to successfully commercialise its product candidates may be harmed. The Group owns or hold licenses to a number of issued patents (foreign and foreign counterparts) and pending patent applications. The Group's success depends in part on its ability to obtain patent protection both in the United States and in other territories for its product candidates, as well as the methods for treating patients in the product indications using these product candidates. The Group's ability to protect its product candidates from unauthorised or infringing use by third parties depends in substantial part on its ability to obtain and maintain valid and enforceable patents. Due to evolving legal standards relating to the patentability, validity and enforceability of patents covering pharmaceutical inventions and the scope of claims made under these patents, the Group's ability to obtain, maintain and enforce patents is uncertain and involves complex legal and factual questions. Even if the Group's product candidates, as well as methods for treating patients for prescribed indications using these product candidates are covered by valid and enforceable patents and have claims with sufficient scope, disclosure and support in the specification, the patents will provide protection only for a limited amount of time. Accordingly, rights under any issued patents may not provide the Group with sufficient protection for a commercial advantage against competitive products or processes.

FINANCIAL INSTRUMENTS

The Group finances its operations using cash generated by the sale of equity instruments in the Group. The cash flow of the Group is monitored on a regular basis to ensure the Group has sufficient funding to meet its capital and operational requirements.

RESEARCH AND DEVELOPMENT

The Group is an oncology company developing next-generation ADCs designed around novel payloads, which it believes may have the potential to transform the efficacy and safety outcomes of ADCs as cancer therapies beyond options that are currently available or in development.

KEY PERFORMANCE INDICATOR

The Directors consider the key performance indicator to be the Group's cash position. This allows the Directors to manage the on-going activities and strategies for further development of the Group.

The key performance indicator is measured and reviewed on a regular basis at Board meetings and enable the Directors to communicate the performance of the Group against predetermined targets.

Key performance indicator:

Operational key performance indicators relate to R&D activities and are discussed in the preceding elements of this report. Financially, the Group's key performance indicator is cash and utilisation thereof. As at the year ended 31 December 2024, the Group's cash position was $2,599,000 (2023: $3,845,000). Further analysis of changes in the year is provided in the Group Statement of Cash Flows.

EMPLOYEES

As at 31 December 2024, we had 7 full-time employees. The table shows the number of staff of each gender employed at the Company and their level of seniority.

	Male	Female	Total
Directors	7	-	7
Senior Managers	3*	-	3
Employees	2	2	4

* Excludes our President, Chief Executive Officer and director as of 31 December 2024, who is reflected in the Directors level.

SECTION 172 STATEMENT

When making decisions, the Directors act in the way they consider is most likely to promote the success of the Company, for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with the business.

Our strategy is to develop next-generation ADCs designed around novel payloads, which we believe may have the potential to transform the efficacy and safety outcomes of ADCs as cancer therapies beyond options that are currently available or in development.

In striving to achieve the goal to develop new therapeutic medicines, the business touches the lives of many people. The Group exists in a complex and evolving regulatory and scientific environment and as a result has a number of key stakeholder groups. Considering the interests of its stakeholders is fundamental to the way in which the Company operates. Our values and Code of Ethics empower employees to make the best decisions in the interest of the Company and its stakeholders, and help to ensure that these considerations are made not only at Board level, but throughout the entire organization.

Post the reporting period end, the Directors of the Company have continued to take into account the Company's stakeholders, including the potential impact of its future activities on the community, the environment and the Company's reputation when making decisions. The Directors also continue to take all necessary measures to ensure the Company is acting in good faith and fairly between members and is promoting the success of the Company for its members in the long term.

The table below serves as our Section 172 statement by setting out the key stakeholder groups, their interests and how the Company engages with them. Akari's key stakeholders include its investors, employees, regulatory bodies and suppliers.

Stakeholder	Why Akari engages	How Akari engages
Investors	Management maintains a regular and constructive dialogue with existing and potential investors to communicate the Company's strategy and performance to promote investor confidence and ensure continued access to capital.	• Annual General Meetings • Financial reports filed with the SEC • One-to-one meetings by Management with analysts and investors • Investor outreach programs including attending virtual and in-person conferences, events and roadshows • Press releases • Company website • Social media (e.g. LinkedIn, Twitter)
Employees	Akari employees are key to the Company's success and to the achievement of business objectives. Akari aims to be a responsible employer in our approach to employee engagement, development, performance and rewards. The health, safety and well-being of the Group's employees is one of Akari's primary considerations in the way the Company does business. Employee engagement is led primarily by the CEO (or interim CEO) and the Executive Team.	• Market competitive compensation and benefits aligned with role and overall performance • Individual development through coaching, on-the-job learning, external conferences and training opportunities • Communication channels between the Board, Executive Team and Akari employees

Stakeholder	**Why Akari engages**	**How Akari engages**
Regulatory bodies	Akari is subject to a wide range of laws, regulations, and listing requirements including the regulatory framework from FDA, EMA and other regulatory agencies, the SEC, data protection, employment, tax, environmental and health and safety legislation.	• Company website • SEC filings • Annual Report • Direct contact and communications with regulators • Compliance updates at Board Meetings
Suppliers	Akari has several key suppliers with whom the Company has built strong relationships. Akari has established communication channels to ensure its working relationship remains collaborative and forward – focused, and to create a successful and fair collaboration.	• Building strong working relationships with suppliers through open two-way discussions and regular meetings. • Executing contracts that guide expectations of both Akari and the suppliers.

This report was approved by the Board on 5 June 2025 and signed on its behalf.

Abizer Gaslightwala

Abizer Gaslightwala
Director, President and Chief Executive Officer

PART I - ANNUAL REPORT ON REMUNERATION

Single Total Figure of Remuneration for Each Director

The following table shows the compensation paid or accrued during the fiscal year ended 31 December 2024.

Name of Director	Salary and/or Fees ($)	Other compensation ($)	Bonus ($)	RSU Awards ($)(1)	Option Awards ($)(2)	Pension Benefits ($)(3)	2024 Total ($)	2024 Total Fixed ($)	2024 Total variable ($)
Executive Director									
Samir R. Patel, M.D. (4)	15,138	127,497	-	-	308,270	-	450,905	15,138	435,767
Rachelle Jacques (5)	207,582	523,812	-	-	-	11,563	742,957	207,582	535,375
Non-Executive Director									
Hoyoung Huh, M.D. (6)	13,770	-	-	-	529,857	-	543,627	13,770	529,857
Ray Prudo, M.D.(7)	93,059	-	-	-	10,853	-	103,912	93,059	10,853
Robert Bazemore (8)	15,104	-	-	-	6,527	-	21,631	15,104	6,527
James Neal (9)	7,868	-	-	-	220,774	-	228,642	7,868	220,774
Sandip I. Patel (9)	8,511	-	-	-	176,619	-	185,130	8,511	176,619
Abizer Gaslightwala (10)	1,796	-	-	-	-	-	1,796	1,796	-
Michael Grissinger (11)	63,203	-	-	-	-	-	63,203	63,203	-
Mohamed Wa'el Ahmed Hashad (11)	47,609	-	-	-	-	-	47,609	47,609	-
Donald Williams (11)	66,425	-	-	-	-	-	66,425	66,425	-

(1) Represents the aggregate grant date fair value of time-based restricted stock units ("RSUs") issued under our 2014 Equity Incentive Plan (the "2014 Plan") and/or our 2023 Equity Incentive Plan (the "2023 Plan") in accordance with IFRS 2, Share-based payment.

(2) Represents the aggregate grant date fair value of options to purchase ordinary shares issued under our 2014 Plan, our 2023 Plan and the assumed options from the Peak Bio 2022 Long Term Incentive Plan, in accordance with IFRS 2, Share-based payment.

(3) Consists of company contributions to the U.K. pension scheme or the U.S. 401k Plan.

(4) Dr. Patel served as our interim President and Chief Executive Officer from 1 May 2024 to 15 December 2024, our President and Chief Executive Officer from 16 December 2024 to 20 April 2025 and as a member of our compensation committee since 30 January 2024. He continues to be a member of our board of directors (since 29 November 2023). Dr. Patel's renumeration package of $50,000 per month was paid in the form of fully vested ordinary shares and valued based on the closing price of our ordinary shares on the Nasdaq Capital Market on the last day of each month (or partial month). Beginning on 16 September 2024, his monthly remuneration of $50,000 was paid in the form of fully vested non-qualified stock options to purchase ordinary shares, with the number of ADSs underlying each monthly grant to be equal to two times the number determined by dividing (i) $50,000 by (ii) the closing price of our ADSs on the Nasdaq Capital Market on the last day of each month (or partial month). The Other Compensation amount represents the fair value of the ordinary shares issued to Dr. Patel on the last day of the relevant month.

(5) Ms. Jacques stepped down as our President and Chief Executive Officer, effective 1 May 2024. On 19 August 2024, we entered into a separation agreement with Ms. Jacques, which included (i) a one-time lump sum payment in the amount of $450,000, (ii) vesting of a portion of RSUs held by Ms. Jacques representing 276,000,000 ordinary shares and (iii) forfeiture of a portion of RSUs held by Ms. Jacques representing 482,250,000 ordinary shares. Ms. Jacques also was paid $22,500 for earned and unused vacation.

(6) Effective 14 November 2024, Dr. Huh began serving as the Chairman of our board of directors with a remuneration package of $100,000 per annum, paid in equal monthly installments.

(7) Dr. Prudo served as the Chairman of our board of directors from 1 January 2023 through 14 November 2024, with a renumeration package of $100,000 per annum, paid in equal monthly installments. Effective 14 November 2024, Dr. Prudo began serving as a director.

(8) Mr. Bazemore has served as a member of our board of directors since 17 September 2024 and serves as a member of our audit committee and compensation committee.

(9) Mr. Neal and Mr. Sandip have served as members of our board of directors since 14 November 2024, following our merger with Peak Bio. They both serve as members of our audit committee and compensation committee.

(10) Mr. Gaslightwala has served as a member of our board of directors since 16 December 2024. Effective 21 April 2025, Mr. Gaslightwala became our President and Chief Executive Officer.

(11) Former director, who resigned during the year ended 31 December 2024. Stock option awards granted to these directors in 2024 were also forfeited in 2024 and are not presented in the table.

The following table shows the compensation paid or accrued during the fiscal year ended 31 December 2023.

Name of Director	Salary and/or Fees ($)	Other compensation ($)	Bonus ($)	RSU Awards ($)(1)	Option Awards ($)(2)	Pension Benefits ($)(3)	2023 Total ($)	2023 Total Fixed ($)	2023 Total variable ($)
Executive Director									
Rachelle Jacques	615,750	-	-	729,393	198,498	16,500	1,560,141	615,750	945,391
Non-Executive Director									
Ray Prudo, M.D.(4)	100,000	-	-	-	13,000	-	113,000	100,000	13,000
Michael Grissinger	60,350	-	-	-	6,500	-	66,850	60,350	6,500
Samir Patel, M.D(5)	3,704	-	-	-	6,103	-	9,807	3,704	6,103
Mohamed Wa'el Ahmed Hashad(6)	28,684	-	-	-	6,500	-	35,184	28,684	6,500
Donald Williams	65,280	-	-	-	6,500	-	71,780	65,280	6,500
James Hill, M.D.(7)	29,343	-	-	-	-	-	29,343	29,343	-
Stuart Ungar, M.D.(7)	23,645	-	-	-	-	-	23,645	23,645	-
David Byrne(7)	49,170	-	-	-	-	-	49,170	49,170	-

(1) Represents the aggregate grant date fair value of time-based restricted stock units ("RSUs") issued under our 2014 Equity Incentive Plan (the "2014 Plan") and/or 2023 Equity Incentive Plan (the "2023 Plan") in accordance with IFRS 2, Share-based payment.

(2) Represents the aggregate grant date fair value of options to purchase ordinary shares issued under our 2014 Plan and/or 2023 Plan in accordance with IFRS 2, Share-based payment.

(3) Consists of company contributions to U.K. pension scheme or the U.S. 401k Plan.

(4) Dr. Prudo served as our Executive Chairman from September 2015 through December 2022. Effective 1 January 2023. Dr. Prudo began serving as the Chairman of our board of directors with a renumeration package of $100,000 per annum, paid in equal monthly installments.

(5) Dr. Patel was appointed to our board of directors effective 29 November 2023. Dr. Patel has served as a member of our compensation committee since 30 January 2024.

(6) Mr. Hashad was appointed to our board of directors effective 30 June 2023, at our 2023 annual general meeting. Mr. Hashad has served as a member of our audit committee and nominating and corporate governance committee since 30 June 2023.

(7) Served as a director until our 2023 annual general meeting on 30 June 2023.

Incentive Plan Awards

Akari has three compensation plans under which our equity securities are authorized for issuance (the 2014 Equity Incentive Plan, the 2023 Equity Incentive Plan and the Peak Bio Inc. Long Term Incentive Plan) under which directors receive options to acquire ordinary shares in Akari. Upon effectiveness of the 2023 Plan Incentive Plan in June 2023, no further awards are available to be issued under the 2014 Plan and the Peak Bio Inc. Long Term Incentive Plan. As of 31 December 2024, the Company had 253,434,688 ordinary shares underlying outstanding equity awards under the 2014 Plan, consisting of stock option awards.

Options and restricted stock units granted during the fiscal year ended 31 December 2024 are as follows:

Name of Director	Award Type	Number of Awards (1)	Grant Date	Exercise Price ($)	Face Value ($) (2)	Vesting Date	Expiry Date
Samir Patel, M.D.	Option	175,080,000	30/09/2024	0.001490	258,243	(3)	30/09/2034
	Option	79,684,000	31/10/2024	0.001255	95,621	(3)	31/10/2034
	Option	162,604,000	30/11/2024	0.000615	98,375	(3)	30/11/2034
Rachelle Jacques	RSU	479,569,892	26/04/2024	N/A	284,145	(4)	(4)
Hoyoung Huh, M.D.	Option	704,400,000	24/09/2024	0.001363	961,506	(5)	24/09/2034
James Neal	Option	293,500,000	24/09/2024	0.001363	400,628	(5)	24/09/2034
Sandip I. Patel	Option	234,800,000	24/09/2024	0.001363	320,502	(5)	24/09/2034
Robert Bazemore	Option	5,000,000	17/09/2024	0.001655	8,300	(6)	17/09/2034
Ray Prudo, M.D.	Option	10,000,000	28/06/2024	0.001395	13,500	(7)	28/06/2034
Mohamed Wa'el Ahmed Hashad	Option	5,000,000	28/06/2024	0.001395	6,750	(8)	(8)
Michael Grissinger	Option	5,000,000	28/06/2024	0.001395	6,750	(8)	(8)
Donald Williams	Option	5,000,000	28/06/2024	0.001395	6,750	(8)	(8)

(1) Option and restricted stock unit awards are subject to time-based vesting conditions without performance measures or targets other than continued service until the date of vesting.

(2) These amounts represent the face value for options awards, calculated as the number of shares awarded (assuming full vesting) multiplied by the price per share implied by the market price per ADS, which is equal to the stated exercise price.

(3) Stock option awards granted to Dr. Patel are 100% vested on the date of grant.

(4) In connection with Ms. Jacques's separation agreement dated 19 August 2024, this RSU award was forfeited.

(5) The stock option awards were assumed by Akari in connection with the acquisition of Peak Bio. Subject to the filing of a Form S-8 Registration Statement with the SEC, the stock option awards for Dr. Huh, Mr. Neal and Mr. Patel shall vest two thirds (2/3) on the filing of Form S-8 with the SEC and one third (1/3) on 31 December 2025.

(6) The stock option awards vests one third (1/3) on each of our 2025, 2026 and 2027 annual general meetings, which take place in June.

(7) The stock option award vests and becomes exercisable on the date of our 2025 Annual General Meeting, or by 30 June 2025.

(8) The stock option award's vests and becomes exercisable on the date of our 2025 Annual General Meeting, or by 30 June 2025. However, because Mr. Hashad, Mr. Grissinger and Mr. Williams resigned as directors during the year ended 31 December 2024, this award was forfeited in 2024.

Directors' shareholdings

The table below shows, for each director, the total number of ordinary shares owned (by the director and connected persons), the total number of unvested restricted stock units held, the total number shares issuable upon exercise of outstanding warrants, and the total number of share options that were held and the number of share options vested as at 31 December 2024. All unvested restricted stock units and share options are subject to time-based vesting without performance measures or targets other than continued service until the date of vesting. No director exercised any share options or warrants during the year ended 31 December 2024.

Name of Director	Ordinary Shares Owned(1)	Unvested Restricted Stock Units	Share Warrants	Share Options	Vested Share Options
Executive Director					
Samir Patel, M.D.(2)	5,340,699,500	-	2,260,918,000	422,368,000	419,034,667
Rachel Jacques	306,146,000	-	-	137,784,688	137,784,688
Non-Executive Director					
Hoyoung Huh, M.D.(3)(5)	7,824,908,000	-	103,482,000	704,400,000	-
Ray Prudo, M.D.(4)	4,916,600,800	-	1,932,587,500	20,000,000	10,000,000
James Neal(5)	24,216,000	-	19,570,000	293,500,000	-
Sandip I. Patel(5)	1,024,214,000	-	-	234,800,000	-
Robert Bazemore	-	-	-	5,000,000	-
Abizer Gaslightwala	70,000,000	-	-	-	-
Mohamed Wa'el Ahmed Hashad	-	-	-	5,000,000	5,000,000
Michael Grissinger	20,000,000	-	-	16,500,000	16,500,000
Donald Williams	-	-	-	19,850,000	19,850,000

(1) Our shareholders, named executive officers and directors may hold ordinary shares, ADSs or a combination of both. This column shows each holder's ownership assuming all shares were held as ordinary shares or ADSs, based on information provided to the Company by directors or its transfer agent. Our ADSs are listed on The Nasdaq Capital Market under the trading symbol "AKTX." Ordinary shares are convertible to ADSs at a 2,000 to one ratio.

(2) Dr. Patel is the manager of PranaBio Investments, LLC ("PranaBio") and may be deemed the beneficial owner of shares held of record by PranaBio. Consists of (i) 91,396,000 shares held of record by Dr. Patel, (ii) 5,249,303,500 shares held of record by PranaBio, (iii) 419,034,667 options exercisable granted to Dr. Patel, (iv) 96,774,000 shares underlying prefunded warrants to PranaBio and (v) 2,164,144,000 shares underlying warrants issued to Dr. Patel. The principal office address of PranaBio is 1701 Chicon Street, Austin, TX 78745.

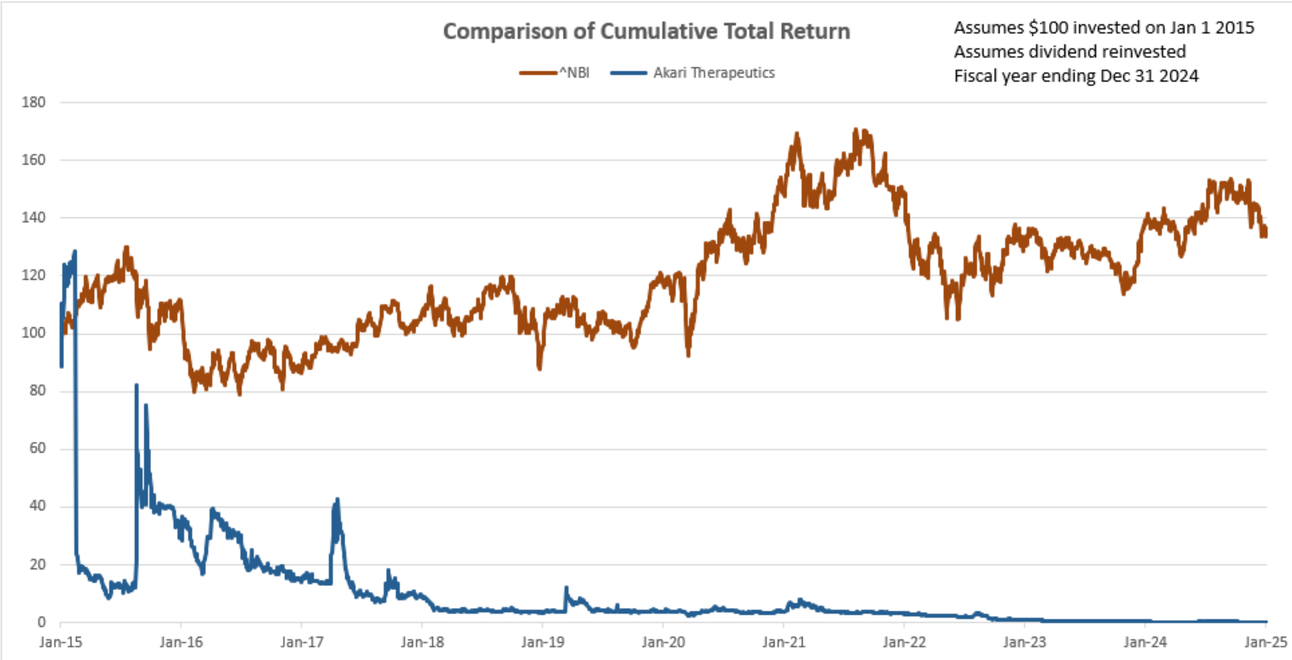
(3) Consists of (i) 7,824,908,000 shares held of record by Dr. Huh, (ii) 464,904,000 shares underlying options exercisable granted to Dr. Huh, (iii) 103,482,000 shares underlying warrants exercisable and (iv) 218,914,000 shares held of record by Hannol Ventures LLC ("Hannol"). Dr. Huh is the sole member of Hannol and exercises voting and dispositive power over the shares held of record by Hannol and may be deemed the beneficial owner of such shares. The principal office address of Hannol is 16703 Early Riser Avenue, Suite 563, Land O Lakes, FL 34638.

(4) Amounts include holdings of RPC Pharma Limited ("RPC Pharma"), together with Ray Prudo, M.D. and Praxis Trustees Limited as trustee of The Sonic Healthcare Holding Company ("Praxis"). Consists of (i) 4,077,124,600 shares held of record by Dr. Prudo, (ii) 10,000,000 shares underlying options exercisable granted to Dr. Prudo, (iii) 1,932,587,500 shares underlying warrants issued to Dr. Prudo, (iv) 800,766,600 shares held of record by RPC Pharma and (v) 38,709,600 ordinary shares held of record by Praxis. Voting and investment decisions with respect to shares owned by RPC Parma and Praxis are controlled by Dr. Prudo.

(5) Stock option awards for Dr. Huh, Mr. Neal and Mr. Patel were assumed by Akari in connection with the acquisition of Peak Bio. Subject to the filing of a Form S-8 Registration Statement with the SEC, these stock option awards shall vest two thirds (2/3) on the filing of Form S-8 with the SEC and one third (1/3) on 31 December 2025.

Illustration of Total Shareholder Return

The following graph compares the cumulative total shareholder return on Akari's ADSs, each representing 2,000 ordinary shares, with that of the NASDAQ Biotech Index (^NBI) from the period that Akari's ADSs were publicly traded on The Nasdaq Capital Market through 31 December 2024. Akari selected the NASDAQ Biotech Index because Akari's ADSs trade on The NASDAQ Capital Market and Akari believes this indicates its relative performance against a group consisting of more similarly situated companies.



Chief Executive Total Remuneration History

The table below sets out total remuneration details for the Chief Executive Officer.

Period	Single total figure of remuneration ($)	Bonus ($)	Short-term incentive payout against maximum (1)	Option and restricted stock awards ($)	Option Awards against maximum (2)
2024 Samir Patel, M.D.	-	-	-	435,767	-
2024 Rachelle Jacques (3)	207,582	-	-	-	-
2023 Rachelle Jacques	615,750	-	-	927,891 (12)	-
2022 Rachelle Jacques (3)	4,147,808	875,000 (3)	-	2,799,224 (4)	-
2022 Clive Richardson (5)	802,373	657,764 (5)	-	-	-
2021 Clive Richardson	612,047	206,826	-	-	-
2020 Clive Richardson	503,941	214,960	-	-	-
2019 Clive Richardson (6)	432,408	177,028	-	-	-
2018 (David Solomon) (7)	173,611	-	-	-	-
2017 (Gur Roshwalb and David Solomon) (7)	1,338,253	119,041 (8)	100% (9)	-	-
2016 (Gur Roshwalb)	581,250	187,500	125% (10)	-	-
2015 (Gur Roshwalb)	7,306,951	86,625	100% (11)	6,863,034	-

(1) All cash bonuses to Rachelle Jacques and Clive Richardson were awarded on a discretionary annual basis, except Ms. Jacques's sign-on bonus.

(2) All options were awarded on a discretionary basis.

(3) Rachelle Jacques stepped down as our President and Chief Executive Officer effective 1 May 2024 (the "Separation Date"). On 19 August 2024, we entered into a separation agreement with Ms. Jacques (the "Separation Agreement"). The Separation Agreement, in exchange for a release of claims and other agreements, acknowledgements and representations of Ms. Jacques set forth therein, provides for: (i) a one-time lump sum payment in the amount of $450,000; (ii) vesting of a portion of RSUs held by Ms. Jacques representing 276,000,000 ordinary shares; and (iii) forfeiture of a portion of RSUs held by Ms. Jacques representing 482,250,000 ordinary shares. Ms. Jacques was appointed as Akari's Chief Executive Officer on 28 March 2022; Ms. Jacques's 2022 bonus included a $650,000 sign-on bonus.

(4) In addition to Ms. Jacques's stock option awards granted during 2022, Ms. Jacques received a restricted stock award whose grant date fair value was $253,410.

(5) Mr. Richardson resigned as Akari's Chief Executive Officer and Chief Operating Officer in March 2022. Mr. Richardson received a termination payment of $657,746.

(6) Clive Richardson was appointed Interim Chief Executive on 8 May 2018 and Chief Executive Officer on 18 July 2019.

(7) Dr. Roshwalb resigned as Akari's Chief Executive Officer on 29 May 2017 and David Solomon was appointed as Akari's Chief Executive Officer on 28 August 2017 and resigned on 8 May 2018.

(8) Includes a $50,000 signing bonus.

(9) Bonus was awarded in 2017 but calculated from Dr. Solomon's appointment on 28 August 2017.

(10) Bonus was awarded in 2016 but calculated for a 15-month period from the date of the acquisition of Volution Immuno Pharmaceutical SA on 18 September 2015.

(11) Bonus was awarded in 2015 but calculated for a 9-month period until the date of the acquisition of Volution Immuno Pharmaceutical SA on 18 September 2015.

(12) In addition to Ms. Jacques's stock option awards granted during 2023, Ms. Jacques received a restricted stock awards with a grant date fair value of $729,393 in the aggregate.

Directors' Remuneration Compared to Other Employees

The table below shows the percentage change in remuneration of each director and the parent company's non-executive directors on a full-time equivalent basis between the year ended 31 December 2023 and the year ended 31 December 2024.

	Change in Remuneration in year ended 31 December 2023 compared with remuneration in the year ended 31 December 2024		
	Salary and/or Fees	**Taxable Benefits**	**Annual Bonus**
Executive Director			
Samir Patel, M.D.	309%(1)	-	-
Rachelle Jacques	-66%(2)	-	-
Non-Executive Director			
Hoyoung Huh, M.D.	-	-	-
Ray Prudo, M.D.	-7%(3)	-	-
Robert Bazemore	-	-	-
James Neal	-	-	-
Sandip I. Patel	-	-	-
Abizer Gaslightwala	-	-	-
James Hill, M.D.	-	-	-
Stuart Ungar, M.D.	-	-	-
David Byrne	-	-	-
Donald Williams	2%(4)	-	-
Mohamed Wa'el Ahmed Hashad	66%(5)	-	-
Michael Grissinger	5%(6)	-	-
Other Employees	10%	-	-

(1) Dr. Patel served as our interim President and Chief Executive Officer from 1 May 2024 to 15 December 2024, our President and Chief Executive Officer from 16 December 2024 to 21 April 2025 and as a member of our compensation committee since 30 January 2024. He continues to be a member of our board of directors (since 29 November 2023). Dr. Patel's remuneration as President and Chief Executive Officer was paid in the form of our ordinary shares. Dr. Patel is paid in cash for his service as a director. The increase is due to a full year of service as a director during the year ended 31 December 2024.

(2) Ms. Jacques stepped down as our President and Chief Executive Officer, effective 1 May 2024.

(3) Dr. Prudo served as the Chairman of our board of directors from 1 January 2023 through 14 November 2024, with a renumeration package of $100,000 per annum, paid in equal monthly installments. Effective 14 November 2024, Dr. Prudo began serving as a director.

(4) Mr. Williams resigned from our board of directors on 16 December 2024.

(5) Mr. Hashad was appointed to our board of directors effective 30 June 2023 and resigned from our board of directors on 14 November 2024. Accordingly, the increase is due to a longer service period for the year ended 31 December 2024.

(6) Mr. Grissinger was appointed as chairman of our nominating and governance committee on 30 June 2023. He resigned from our board of directors on 14 November 2024.

Directors' Remuneration Compared to Other Employees (continued)

The table below shows the percentage change in remuneration of each director and the parent company's non-executive directors on a full-time equivalent basis between the year ended 31 December 2022 and the year ended 31 December 2023.

	Change in Remuneration in year ended 31 December 2022 compared with remuneration in the year ended 31 December 2023		
	Salary and/or Fees	**Taxable Benefits**	**Annual Bonus**
Executive Director			
Ray Prudo, M.D.	-76%(1)	-	-100%
Rachelle Jacques	34%(2)	-	-100%
Non-Executive Director			
James Hill, M.D.	-52%(3)	-	-
Stuart Ungar, M.D.	-52%(3)	-	-
David Byrne	-16%(3)	-	-
Donald Williams	15%(4)	-	-
Mohamed Wa'el Ahmed Hashad	-	-	-
Michael Grissinger	45%(5)	-	-
Samir Patel, M.D.	-	-	-
Other Employees	1%	-	-100%

(1) Dr. Prudo served as our executive chairman from 2015 September through 2022 December. Effective 1 January 2023, Dr. Prudo began serving as the Chairman of our board of directors with a renumeration package of $100,000 per annum, paid in equal monthly installments.

(2) Rachelle Jacques was appointed as Akari's Chief Executive Officer on 28 March 2022. Accordingly, the increase is primarily due to renumeration during the year ended 31 December 2023 being for twelve months versus nine months for the year ended 31 December 2022.

(3) Served as a director until our 2023 annual general meeting on 30 June 2023. Accordingly, the decrease is primarily due to a partial year of service for the year ended 31 December 2023.

(4) Mr. Williams was appointed chairman of the compensation committee on 30 June 2023 which increased his annual retainer.

(5) Mr. Grissinger was appointed to the compensation and audit committees on 1 November 2022 and our as chairman of the nominating and governance committee on 30 June 2023 which increased his annual retainer.

Directors' Remuneration Compared to Other Employees (continued)

The table below shows the percentage change in remuneration of each director and the parent company's non-executive directors on a full-time equivalent basis between the year ended 31 December 2021 and the year ended 31 December 2022.

	Change in Remuneration in year ended 31 December 2021 compared with remuneration in the year ended 31 December 2022		
	Salary and/or Fees	**Taxable Benefits**	**Annual Bonus**
Executive Director			
Ray Prudo, M.D.	0%	-	0%
Rachelle Jacques	(1)	(1)	(1)
Clive Richardson	-78% (2)	-3%	-100% (2)
Non-Executive Director			
James Hill, M.D.	-	-	-
Stuart Ungar, M.D.	-	-	-
David Byrne	-	-	-
Donald Williams	-	-	-
Peter Feldschreiber	-	-	-
Michael Grissinger	-	-	-
Other Employees	2%	76%	-34%

(1) Rachelle Jacques was appointed as Akari's Chief Executive Officer on 28 March 2022; there is no comparison.

(2) Mr. Richardson resigned as Akari's Chief Executive Officer and Chief Operating Officer in March 2022. Mr. Richardson received three months of salary in 2022; he did not receive a 2022 bonus.

The table below shows the percentage change in remuneration of each director and the parent company's non-executive directors on a full-time equivalent basis between the year ended 31 December 2020 and the year ended 31 December 2021.

	Change in Remuneration in year ended 31 December 2020 compared with remuneration in the year ended 31 December 2021		
	Salary and/or Fees	**Taxable Benefits**	**Annual Bonus**
Executive Director			
Ray Prudo, M.D.	0%	-	0%
Clive Richardson	4%	5%	-4%
Non-Executive Director			
James Hill, M.D.	-	-	-
Stuart Ungar, M.D.	-	-	-
David Byrne	-	-	-
Donald Williams	-	-	-
Peter Feldschreiber	-	-	-
Michael Grissinger	-	-	-
Other Employees	11%	44%	25%

Directors' Remuneration Compared to Other Employees (continued)

The table below shows the percentage change in remuneration of each director and the parent company's non-executive directors on a full-time equivalent basis between the year ended 31 December 2019 and the year ended 31 December 2020.

	Change in Remuneration in year ended 31 December 2019 compared with remuneration in the year ended 31 December 2020		
	Salary and/or Fees	**Taxable Benefits**	**Annual Bonus**
Executive Director			
Ray Prudo, M.D.	3%	-	3%
Clive Richardson	17%	19%	21%
Non-Executive Director			
James Hill, M.D.	-	-	-
Stuart Ungar, M.D.	-	-	-
David Byrne	-	-	-
Donald Williams	-	-	-
Peter Feldschreiber	-	-	-
Michael Grissinger	-	-	-
Other Employees	23%	-9%	8%

Relative Importance of Cash Position

The following table sets forth the cash amounts as at 31 December 2024 and 31 December 2023.

Period	31 December 2024 ($)	31 December 2023 ($)	Change (%)
Cash	2,599,000	3,845,000	(32%)

Implementation of remuneration policy for year ending 31 December 2024

Our director remuneration, comprised of annual cash retainers and equity grants, is administered by our board of directors with the assistance of the compensation committee. The compensation committee conducts an annual review of director remuneration and makes recommendations to the board with respect thereto. The shareholders approved our Directors Remuneration Policy on 30 June 2023 to provide a framework for the Directors' remuneration packages.

On 12 December 2024, our board of directors approved the appointment of Dr. Patel to Chief Executive Officer and principal executive officer, effective 16 December 2024. There were no changes to Dr. Patel's revised compensation as provided for under the 16 September 2024 Interim CEO Amendment Agreement, described below, following Dr. Patel's appointment as President and Chief Executive Officer on 16 December 2024.

On 31 May 2024, the Company and Dr. Patel entered into an Interim Chief Executive Officer Agreement, effective as of 1 May 2024 (the "Interim CEO Agreement"). Pursuant to the Interim CEO Agreement, Dr. Patel served as the Company's Interim President and Chief Executive Officer as an independent contractor on an at-will basis. The Interim CEO Agreement could be terminated by the Company immediately for any reason. As the sole compensation for services provided under the Interim CEO Agreement, Dr. Patel was paid $50,000 per month in the form of fully vested ordinary shares. On 16 September 2024, the Company entered into an amendment to the Interim CEO Agreement (the "Amendment"), effective 1 July 2024, to revise Dr. Patel's compensation in connection with the services as Interim President and Chief Executive Officer. Pursuant to the Amendment, in lieu of receiving the stated monthly compensation of $50,000 in the form of fully vested ordinary shares, Dr. Patel is paid in the form of fully vested non-qualified stock options to purchase ordinary shares ("NQSO"), with the number of ADSs underlying each such monthly NQSOs grant to be equal to two times the number determined by dividing (i) $50,000 by (ii) the closing price of the Company's ADSs on the Nasdaq Capital Market on the last day of each month (or partial month) Dr. Patel serves as the Company's Interim President and Chief Executive Officer.

Rachelle Jacques stepped down as our President and Chief Executive Officer, effective on 1 May 2024 (the "Separation Date"). On 19 August 2024, we entered into a separation agreement with Ms. Jacques (the "Separation Agreement"). The Separation Agreement, in exchange for a release of claims and other agreements, acknowledgements and representations of Ms. Jacques set forth therein, provides for: (i) a one-time lump sum payment in the amount of $450,000 to be paid to Ms. Jacques on the earlier of (a) within 30 days of the closing date of our anticipated merger with Peak Bio, Inc. and (b) 2 December 2024; (ii) vesting of a portion of RSUs held by Ms. Jacques representing 276,000,000 ordinary shares; and (iii) forfeiture of a portion of RSUs held by Ms. Jacques representing 482,250,000 ordinary shares.

In addition, the Company has a non-executive director remuneration policy, which was amended and restated on 19 November 2015, and was subsequently amended on 29 June 2016, 26 January 2017, 23 January 2018, 8 January 2019, and on 9 January 2020. On 1 February 2023, our board resolved that the annual cash retainers would be increased by 5%, as compared to 2022. For the year ended 31 December 2024, our non-executive directors were compensated for service on our board of directors as follows, unchanged from 2023:

- an annual retainer for service on the board of directors of $41,305;
- an annual retainer for service as a member of the compensation committee and nominating and governance committee of $5,570;
- an annual retainer for service as a member of the audit committee of $7,875;
- for the chairman of the compensation committee, and nominating and governance committee, an annual retainer of $11,139; and
- for the chairperson of the audit committee, an annual retainer of $18,375.

The following table presents the increases in compensation (board fees and/or salaries) agreed for the upcoming fiscal year (with the agreed increases for the year ended 31 December 2024 presented as comparative information):

Director	31 December 2023	31 December 2024	Increase/ (Decrease) %(1)	31 December 2024	31 December 2025(2)	Increase/ (Decrease) %(3)
Executive Director						
Samir R. Patel, M.D. (4)	$3,704	$15,138	309%	$15,138	$40,000	164%
Rachelle Jacques(5)	$615,750	$207,582	(66%)	$207,582	N/A	N/A
Non-Executive Director						
Hoyoung Huh, M.D.(6)	-	$13,770	N/A	$13,770	$85,570	521%
Ray Prudo, M.D. (7)	$100,000	$93,059	(7%)	$93,059	$45,570	(51%)
James Neal	-	$7,868	N/A	$7,868	$59,875	661%
Sandip I. Patel	-	$8,511	N/A	$8,511	$60,570	612%
Robert Bazemore	-	$15,104	N/A	$15,104	$63,445	320%

Abizer Gaslightwala	-	$1,796	N/A	$1,796	$40,000	2127%
Michael Grissinger	$60,350	$63,203	5%	$63,203	N/A	N/A
Mohamed Wa'el Ahmed Hashad	$28,684	$47,609	66%	$47,609	N/A	N/A
Donald Williams	$65,280	$66,425	2%	$66,425	N/A	N/A
James Hill	$29,343	-	N/A	N/A	N/A	N/A
Stuart Ungar	$23,645	-	N/A	N/A	N/A	N/A
David Byrne	$49,170	-	N/A	N/A	N/A	N/A

(1) The fees for our non-executive directors remained unchanged during the year ended 31 December 2024 as compared to same period in 2023. All directors are eligible to receive reimbursement for reasonable out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors, and our non-executive directors are also eligible to receive reimbursement, upon approval of the board of directors or a committee thereof, for reasonable out-of-pocket expenses incurred in connection with attendance at various conferences or meetings with our management.

(2) All figures are estimates. Additional discretionary bonuses may be awarded in accordance with contractual entitlement and the remuneration policy.

(3) There were insignificant changes to annual retainers for our executive and non-executive directors in 2025. Changes primarily represent the timing of appointment or termination of service on our board, or sub-committee thereof.

(4) Dr. Patel served as our interim President and Chief Executive Officer from 1 May 2024 to 15 December 2024, our President and Chief Executive Officer from 16 December 2024 to 21 April 2025 and as a member of our compensation committee since 30 January 2024. He continues to be a member of our board of directors (since 29 November 2023).

(5) Ms. Jacques was appointed as our Chief Executive Officer in March 2022. Ms. Jacques received an annual base salary of $615,750 until her departure, effective 1 May 2024.

(6) Effective 14 November 2024, Dr. Huh began serving as the Chairman of our board of directors with a remuneration package of $100,000 per annum, paid in equal monthly installments. He also serves on our nominating and governance committee.

(7) Dr. Prudo served as the Chairman of our board of directors from 1 January 2023 through 14 November 2024, with a renumeration package of $100,000 per annum, paid in equal monthly installments. Effective 14 November 2024, Dr. Prudo began serving as a director. He also serves on our nominating and governance committee.

Compensation Committee Approach to Remuneration Matters

Our board of directors and compensation committee review compensation annually for our executives. In setting executive base salaries and bonuses and granting equity incentive awards, we consider compensation for comparable positions in the market, the historical compensation of our executives, individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short- and long-term results that are in the best interests of our shareholders, and a long-term commitment to our Company.

Our compensation committee is primarily responsible for determining the compensation for our executive officers. Our compensation committee typically reviews and discusses management's proposed compensation with our Chief Executive Officer for all executives other than the Chief Executive Officer. Based on those discussions and its discretion, taking into account the factors noted above, the compensation committee then sets the compensation for each executive officer other than the Chief Executive Officer and recommends the compensation for the Chief Executive Officer to our board of directors for approval. Our board of directors discusses the compensation committee's recommendation and ultimately approves the compensation of our Chief Executive Officer without members of management present.

During 2024, prior to our merger with Peak Bio, Inc., our compensation committee consisted of three members, appointed by the Board of Directors: Mr. Donald Williams (Chair), Mr. Michael Grissinger, and Dr. Samir R. Patel. Our compensation committee currently consists of three members, appointed by the Board of Directors: Mr. James Neal (Chair), Mr. Robert Bazemore, and Mr. Sandip I. Patel, each of whom are independent within the meaning of SEC corporate governance rules of independence for purposes of the compensation committee.

The compensation committee did not use any consultants to provide advice or services in relation to directors' remuneration during the year ended 31 December 2024.

In respect of the last resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) at the 2024 AGM, of the 15,847,391,523 votes cast in respect of the above resolution 6,303,638,728 votes were in favour of this resolution, 36,882,000 votes were against and 142,904,000 votes abstained.

In respect of the last resolution to approve the Directors' Remuneration Policy at the 2023 AGM, of the 5,361,634,466 votes cast in respect of the above resolution, 4,233,987,156 votes were in favour of this resolution, 983,560,110 votes were against and 144,086,200 votes abstained.

2025 implementation

A summary of how the Committee intends to operate the Policy during 2025 is set out below.

Base salaries
Mr. Gaslightwala joined us on 21 April 2025, while Dr. Hombeck joined us on 16 December 2024. Their base salaries were established as of their start dates and are expected to remain constant until their annual performance review in 2026.

Pension and benefits
Pension provision will continue to be offered at 5% of salary in line with our Section 401(k) U.S. employee benefit plan. Benefits to Mr. Gaslightwala and Dr. Hombeck will be limited to private healthcare, paid vacation days and reimbursement of reasonable business expenses.

Variable pay
Maximum annual bonus potential for Mr. Gaslightwala and Dr. Hombeck will remain at 50% of salary (prorated) and 100% of salary, respectively, for 2025. Performance targets will comprise personal and strategic objectives as established with the Committee. During 2025, both Mr. Gaslightwala and Dr. Hombeck have been granted (i) a stock option award with time-based vesting, and (ii) a stock option award with performance-based vesting based on specific performance criteria.

PART II - DIRECTORS' REMUNERATION POLICY

This section provides information about the Directors' Remuneration Policy (the "Policy") of Akari. The Policy was approved at the 2023 Annual General Meeting of Shareholders ("AGM") and will remain in effect for a period of three years thereafter, unless changes to the Policy are required earlier and a new Policy is put to shareholder vote.

The Policy seeks to provide compensation packages which will attract, motivate, reward and retain an executive team with the right caliber of talent, experience, and skills to lead a successful future for Akari. Akari's compensation framework is designed to provide a competitive package in comparison to companies of similar size, complexity, maturity profile and geographic presence. Elements of compensation packages which are subject to performance conditions as noted in the Policy may include key performance indicators (KPIs), both financial and non-financial, which are an important component of the information needed to explain a company's progress towards its stated goals. Other elements which are not subject to performance measures are considered an important component of attracting and retaining UK resident employees, including Executive Directors.

The table below sets out the main elements of the Policy for its Executive Directors and seeks to explain how each element of the compensation package operates:

Policy Table – Executive Directors

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Metrics and Recovery Provisions
Base Salary	Support the recruitment and retention of Executive Officers	• Base salary levels are set taking into account the role, responsibilities and individual's experience in the position, performance of the individual and Akari. Market competitiveness within the Company's peer benchmarks are utilized to "price" a job. • Base salaries are typically reviewed annually.	• There is no prescribed maximum increase nor any requirement to increase salary at any time. The Company uses established salary ranges for annual merit increases • By exception, higher increases may be made to reflect individual circumstances. These may include significant changes in the job size or complexity and/or promotion.	• None, although overall performance of the individual is considered when setting and reviewing salaries. • No provisions for recovery or withholding of sums as this is not performance-related.
Pension and other retirement plans	Encourages and enables executives to build savings for their retirement	• Akari typically makes contributions to pension plans (or retirement savings plans) to match prevailing local market practices.	• Currently up to 10% of salary per annum.	• None. • No provisions for recovery or withholding of sums as this is not performance-related.

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Metrics and Recovery Provisions
Other Benefits	Provide market competitive benefits in a cost-effective way	• Provisions include medical insurance, life insurance, permanent health insurance, etc. • In exceptional circumstances, such as the relocation of an executive or for a new hire, additional benefits may be provided in the form of relocation allowance and benefits. • Other benefits may be offered if considered appropriate and reasonable by the Compensation Committee.	• No prescribed maximum. The cost of benefits will vary from year to year in accordance with the cost of insuring such benefits.	• None. • No provisions for recovery or withholding of sums as this is not performance-related.
Bonus	To reward the delivery of annual targets as well as to recognize individual contributions towards our key strategic achievements	• Any bonus is paid in cash typically within 60 days after the end of the financial year to which it relates. • Performance objectives and targets are either fixed contractually or set annually and actual payout levels are determined after the year end, based on performance against targets subject to overriding discretion of the	• The maximum annual bonus payable for any financial year is 100% of target bonus, although the Compensation Committee reserves the right to vary this amount in exceptional circumstances and based on assessment of Company and individual performance and goals achievement.	• Where performance conditions are attached to a bonus payment, targets are either fixed contractually or selected by the Compensation Committee and set annually and can include key financial, operational and/or individual objectives. • All assessments of performance against target is made by the Compensation Committee in its sole discretion. • No provisions for recovery or withholding of sums as the performance

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Metrics and Recovery Provisions
		Compensation Committee.		measures are considered adequate.
Equity Incentive Plan *(2014 Equity Incentive Plan & 2023 Equity Incentive Plan)*	To motivate and reward long-term performance in alignment with the shareholder interests and value- creation	• Awards may be made periodically to Executive Officers in the form of options or in shares including stock appreciation rights, phantom stock awards or restricted stock units. • Awards typically vest over two or four years and may be subject to incremental vesting.	• There is no specific maximum set for annual equity awards. • When making awards, the Compensation Committee will take into account internal grant guidelines, which have been set in reference to local market norms.	• Where performance conditions are attached to an award, these typically include key financial, operational and/or individual objectives subject to overall Compensation Committee discretion. • No provisions for recovery or withholding of sums as the performance measures are considered adequate.
CSOP *(UK resident employees and directors only)*		• Executives are eligible to participate in the all- employee CSOP Plan under the same conditions as all other employees.	• Grant value of £30,000 or local market rules as amended from time to time.	• None. • No provisions for recovery or withholding of sums as this is not performance-related.

Policy Table – Non-Executive Directors

Akari's non-executive compensation policy is administered by its Board of Directors (the "Board") with the assistance of the Compensation Committee. The Compensation committee periodically reviews the non-executive director compensation policy and makes recommendations to the Board.

Non-Executive Directors typically receive an annual retainer paid in cash for their service (depending on their additional membership and chairman responsibilities) and an annual grant of stock options but do not participate in the bonus plan to which Executive Officers are eligible, nor do they typically receive any other performance related payment. There are no elements of the non-executive director compensation policy which are subject to performance conditions given the necessity to maintain directors' independence and board effectiveness in corporate governance, and accordingly there are no provisions for recovery or withholding of sums.

The table below sets out some of the features of Akari's current non-employee director compensation policy:

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Metrics
Annual Cash Retainer Fee	Support the recruitment and retention of Non-Executive Directors	• Each Non-Executive Director serving on the Board receives an annual cash retainer, with additional amounts payable for acting as a chairman or a member of various committees. • In addition, the Chairman receive an additional cash retainer. • Annual cash retainers are typically payable on a quarterly basis with the exception of the Executive Chairman who is paid monthly. • A Non-Executive Director may elect to receive annual cash payments in the form of fully-	• There is no prescribed maximum increase nor any requirement to increase salary at any time.	• None.

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Metrics
		vested ordinary shares.		
Share Options	Strengthens the alignment to shareholders' interests through share ownership	• Directors typically receive an annual grant of options in the form of market value options under the Company's Equity Incentive Plan then in effect. • These awards typically vest in full on the date of the next AGM following the date of grant, subject to the Non-Executive Director's continued service on the Board, have a term of 10 years from date of grant, and vesting accelerates in the case of a change of control.	• Normal initial grant and annual grant of share options will be equal to 5,000,000 (or equivalent value of ADS) but the Committee reserves the discretion to review and amend this amount.	• None.

The foregoing is qualified in its entirety by Akari's current non-executive director compensation policy, as may be amended from time to time

<u>Approach to Recruitment Compensation</u>

Akari's policy is to pay a fair remuneration package for the role being undertaken and the experience of the individual to be appointed. Akari expects remuneration packages for Executive Directors to include base salary, targeted level of annual cash incentive, initial and ongoing equity-based awards, standard benefits and special provisions tailored to the recruiting situation, such as: sign-on bonus, reasonable relocation support and make-whole awards for remuneration forfeited from a prior employer (whether on account of cash bonuses, share awards, pension benefits or other forfeited items). The Compensation Committee retains the discretion to provide additional cash, share-based payment, benefits and other remuneration where necessary or useful to recruit new Executive Directors or to secure the ongoing service of existing Executive Directors. The remuneration package for any new non-Executive Director will be set in accordance with the terms of Akari's nonemployee director compensation policy then in effect. Akari expects remuneration packages for non-Executive Directors to include an annual retainer paid in cash for their service (depending on their additional membership and chairman responsibilities) and an annual grant of stock options. Non-Executive Directors do not participate in the bonus plan to which Executive Officers are eligible, nor do they typically receive any other performance-related payment.

Director's Service Contracts

Akari's board of directors is divided into three classes for purposes of election (Class A Directors, who serve a one year term before being subject to re-election at Akari's annual general meeting; Class B Directors, who serve a two year term before being subject to re-election at the annual general meeting; and Class C Directors who serve a three year term before being subject to re-election at the annual general meeting, provided also that in any two year period, a majority of the board must stand for re-election).

It is the Company's policy that executive Directors should have contracts with an indefinite term. Directors' notice periods are set by the compensation committee, having regard to the need to attract and retain talent, ensure an orderly succession and enable the company to manage its personnel while avoiding excessive costs. Service contracts are available for inspection at Akari's registered office or 75/76 Wimpole Street London W1G 9RT.

Policy on Payments for Loss of Office

Akari's approach to payments to Executive Directors in the event of termination is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of any option award.

Generally, Akari employment arrangements for Executive Directors include a notice provision and continuing payment obligations as per the individual Executive Director service contracts following termination by Akari of an Executive Director without cause or termination by the Executive Director for good reason or change of control. Payment obligations, if any, include base salary, benefits, and all or some portion of target annual cash remuneration. Akari may offer payment in lieu of notice if it is considered to be in the best interests of Akari.

Treatment of unvested outstanding equity awards will be determined according to the specific nature of termination, individual contracts, and plan rules.

The Compensation Committee reserves the right to make payments it considers reasonable under a compromise or settlement agreement, including payment or reimbursement of reasonable legal and professional fees, and any payment or compensation (in whatever form) in respect of statutory rights under employment law in the US, UK or other jurisdictions. Payment or reimbursement (in whatever forms) of reasonable outplacement fees may also be provided.

Other Relevant Information Considered

As appropriate, the Compensation Committee considers the pay and conditions of the broader employee workforce, as well as the Consumer Price Index and Retail Price Index, when making compensation related decisions for the directors. The Compensation Committee does not consult employees, other than Executive Directors, when drafting the Policy.

The Compensation Committee also considers shareholder feedback, so far as it relates to compensation, when reviewing the appropriateness of the Policy. In addition, the Compensation Committee considers potential conflicts of interest and directors do not have sole discretion over their own remuneration.

This report was approved by the Board on 5 June 2025 and signed on its behalf.

Abizer Gaslightwala

Abizer Gaslightwala
Director, President and Chief Executive Officer

Opinion
We have audited the financial statements of Akari Therapeutics, Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the consolidated statement of comprehensive loss, the consolidated statement of financial position, the parent company statement of financial position, the consolidated statement of changing in equity, the parent company statement of changes in equity, the consolidated statement of cash flows, the parent company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Emphasis of matter – Valuation of intangible assets, goodwill and investment in subsidiaries
We draw attention to Note 2(t) of the financial statements, which explains the significant estimates and assumptions applied in recognising $48 million of acquired in-process research and development (IPR&D) and goodwill. These amounts are contingent on future clinical success, regulatory approval, and successful commercialisation. The valuation is directly linked to the parent's $30 million investment in Peak Bio. The ultimate outcome of these matters is inherently uncertain, and the group and parent company financial statements do not reflect any adjustments that may be required based on future outcomes. Our audit opinion is not modified in respect of these matters.

An overview of the scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered areas where subjective judgement was exercised by the directors and management, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also assessed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our audit scope included the statutory audit of the parent company for the year ended 31 December 2024. The non-UK registered subsidiaries were audited, by the group audit team, to component materiality for the purposes of the group audit.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
<tr><td>Valuation of Parent Company investment in subsidiaries

The Parent Company previous held investments in subsidiaries at a carrying value of $18.3m relating to Volution Immuno Pharmaceuticals SA ("Volution"). During the year this was increased by $30.3 million, following the acquisition of Peak Bio. Following the acquisition, management has shifted strategic focus toward advancing Peak Bio's oncology-related initiatives while seeking external partners to further develop Akari's legacy program, PAS Nomacopan. This strategic pivot has been identified as an indicator of potential impairment. Consequently, the Parent Company recorded impairment charges totalling $18.3m during the year against its investments in subsidiaries.

The $30.3 million investment in Peak Bio is underpinned by the estimated fair value of intangible assets acquired during the purchase. This valuation is an accounting estimate and involves uncertainty, as it depends on future outcomes (e.g., clinical success, regulatory approvals and successful commercialisation) that may affect the asset's actual value.

There is risk this asset may be materially overstated.</td><td>Our audit work included, but was not restricted to, the following:
• Review of management's impairment assessment in relation to the Parent Company investment in subsidiaries.
• Consideration of contradictory evidence suggesting that carrying values associated with these assets as at 31 December 2024 may be materially overstated.
• Review of the purchase price agreement (PPA) and identify the consideration transferred. Reperform the calculation, challenge management to test that the fair value of consideration transferred agrees to the investment value and accounted for in line with IFRS.
• Review of disclosures made in respect of these assets to ensure adequate information is provided to highlight the basis on which accounting estimates have been made and the degree of uncertainty associated with them.</td></tr>
<tr><td>Acquisition accounting and valuation of intangible assets

On 14 November 2024, the Company completed its acquisition of Peak Bio, Inc. a biotechnology company with a portfolio of potential therapies focused on cancer and immunological diseases. The Group acquired Peak Bio's therapeutic pipeline consisting of one clinical stage and one pre-clinical stage asset supported by an intellectual property portfolio consisting of various granted and pending patents in various jurisdictions worldwide. The valuation is an accounting estimate and involves uncertainty, as it depends on future outcomes (e.g., clinical success, regulatory approvals and successful commercialisation) that may affect the asset's actual value.

There is a potential risk that the accounting treatment adopted may not fully align with IFRS 3 (Business Combinations).</td><td>Our audit work included, but was not restricted to, the following:

• Review of the acquisition agreements for contingent terms. Testing that the acquisition accounting has been performed in line with IFRS 3.
• Testing management's impairment models against market data and historical accuracy.
• Scrutinising third-party valuation reports and challenging key assumptions (growth rates, discount rates).
• Validating proper expense vs. capitalisation of integration costs.
• Testing that deferred tax resulting from the fair value of the assets of the acquired entity is treated in line with IFRS.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We determined overall materiality for the Group and Parent Company financial statements as a whole to be US$425,000 being 2% of R&D and administrative expenditure for the year. We considered it appropriate to determine our materiality based on expenditure as we consider this to be the key metric in assessing the financial performance and position of the Group given its primary purpose is to undertake research and development activities. On the basis of our risk assessments, together with our assessment of the overall control environment, we apply a different level of materiality, performance materiality, to determine the extent of our testing and this was set at 75% of the overall audit financial statements' materiality, being $319,000.

We agreed with management that we would report to the Audit Committee all audit differences in excess of US$21,200 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Material uncertainty in relation to going concern

We draw attention to note 1(c) in the financial statements, which outlines considerations relating to the group's and parent company's ability to continue as a going concern. The disclosure indicates that the group and parent company is reliant on additional funding to meet their liabilities as they fall due. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. They have concluded that there is a material uncertainty which could cast significant doubt over the going concern status of the Group due to the impact of the requirement for additional fundraising, and we agree that this is adequately disclosed in the Directors' Report and the accounting policies.

The key risk identified was uncertainty around the ability of the Group and Parent Company to raise funds in order to continue operations. While the Group and Parent Company have a history of raising funds as required, past history is no guarantee that further fundraising will be successful. Future fundraising could be delayed and the amounts arising from future fundraises are uncertain. A significant delay in the ability to raise funds would negatively impact the group's ability to generate cash to meet its liabilities as and when they fall due.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included an assessment of the inherent risks to the Group's business model and how such risks may impact the ability to continue operations over the going concern assessment period. We also undertook the following procedures:

- We reviewed trading and fundraising activities after the reporting date and considered management's assessment of the Group's and Parent Company's prospects regarding further fundraising.
- We reviewed cash flow forecasts prepared by management and assessed their adequacy, and also challenged the assumptions and judgements inherent within them.
- We assessed the Group's and Parent Company's ability to scale back operations, reduce costs and negotiate payments with creditors as a means of preserving cash in the twelve months from approval of the financial statements.
- We have corroborated cash levels after the reporting date to consider whether they are in line with forecasts and investigated the reasons for any significant discrepancies.
- We reviewed prior period budgets and forecasts against actual performance to consider management's ability to accurately forecast and budget.

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

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 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.

Opinions 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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 5, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company. We considered the extent to which noncompliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to areas subject to significant judgement and management bias through accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting filings with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with key words, by individuals who do not usually make journals, posted around the end of the period, posted with certain keywords, and journals posted at unusual dates or times, and;
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

David Cox (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
5 June 2025

10 Queen Street Place
London
EC4R 1AG

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024 $000	Year ended 31 December 2023 $000
Research and development expenses		(8,265)	(9,083)
Administrative expenses		(9,497)	(11,358)
Merger-related expenses		(3,273)	-
Restructuring costs		(1,723)	-
Operating loss	4	(22,758)	(20,441)
Fair value movement on liability related to warrants	21	2,085	6,599
Net finance (expense)/ income	6	(171)	413
Loss before income tax		(20,844)	(13,429)
Income tax benefit	7	484	1,189
Loss for the year after income tax		(20,360)	(12,240)
Other comprehensive loss:			
Currency translation differences		302	(269)
Comprehensive loss for the year		(20,058)	(12,509)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (dollars)	9	(0.00)	(0.00)

All losses are derived from continuing activities for the current and previous financial year.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. Refer to note 8 for the results of the parent company.

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	31 December 2024 $000	31 December 2023 $000
ASSETS			
Non-current assets			
Intangible assets	11	39,180	14
Goodwill	12	8,787	-
Property, plant and equipment	13	-	-
Total non-current assets		47,967	14
Current assets			
Trade and other receivables	15	834	1,713
Cash	16	2,599	3,845
Total current assets		3,433	5,559
TOTAL ASSETS		51,400	5,572
EQUITY			
Share capital	19	5,319	1,324
Share premium	20	155,089	144,797
Capital redemption reserve	20	52,194	52,194
Other reserves	20	(777)	(1,079)
Merger reserve	20	34,734	9,128
Share based payment reserve	22	21,432	19,187
Reverse acquisition reserve	20	(20,983)	(20,983)
Retained losses	20	(223,940)	(203,580)
TOTAL EQUITY		23,068	988
LIABILITIES			
Current liabilities			
Trade and other payables	17	17,597	3,331
Borrowings	18	1,300	-
Warrant liability	21	1,012	1,253
Total current liabilities		19,909	4,584
Non-current liabilities			
Deferred tax	7	8,040	-
Other non-current liabilities	18	383	-
Total non-current liabilities		8,423	-
TOTAL LIABILITIES		28,332	-
TOTAL EQUITY AND LIABILITIES		51,400	5,572

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 5 June 2025 and were signed below on its behalf by:

Abizer Gaslightwala

Abizer Gaslightwala
President and Chief Executive Officer

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	31 December 2024 $000	31 December 2023 $000
ASSETS			
Non-current assets			
Investment in subsidiaries	14	30,330	18,339
		30,330	18,339
Current assets			
Trade and other receivables	15	586	1,726
Cash	16	2,558	3,745
		3,144	5,471
TOTAL ASSETS		33,474	23,810
EQUITY			
Share capital	19	5,319	1,324
Share premium	20	155,089	144,797
Capital redemption reserve	20	52,194	52,194
Merger reserve	20	34,734	9,128
Share based payment reserve	22	21,432	19,187
Retained losses	20	(245,458)	(207,126)
TOTAL EQUITY		23,310	19,504
LIABILITIES			
Current liabilities			
Trade and other payables	17	8,902	3,053
Borrowings	18	250	-
Warrant liability	21	1,012	1,253
TOTAL LIABILITIES		10,164	4,306
TOTAL EQUITY AND LIABILITIES		33,474	23,810

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was $38,331,918 (2023: loss of $18,255,410).

The financial statements were approved and authorized for issue by the Board of Directors on 5 June 2025 and were signed below on its behalf by:

Abizer Gaslightwala

Abizer Gaslightwala
President and Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital $000	Share premium $000	Other reserves $000	Merger reserve $000	Share based payment reserve $000	Reverse acquisition reserve $000	Capital redemption reserve $000	Retained losses $000	Total equity $000
At 1 January 2023	**744**	**138,269**	**(810)**	**9,128**	**18,037**	**(20,983)**	**52,194**	**(191,340)**	**5,239**
Loss for the year	-	-	(269)	-	-	-	-	(12,240)	(12,509)
Total comprehensive loss for the year	**-**	**-**	**(269)**	**-**	**-**	**-**	**-**	**(12,240)**	**(12,509)**
Share based payments	-	-	-	-	1,150	-	-	-	1,150
Shares issued, net of transaction cost	568	6,394	-	-	-	-	-	-	6,962
Issue of shares for vendor services	8	134	-	-	-	-	-	-	142
Proceeds from employee vesting of restricted shares	4	-	-	-	-	-	-	-	4
Total transactions with owners	580	6,528	-	-	1,150	-	-	-	8,258
At 31 December 2023	**1,324**	**144,797**	**(1,079)**	**9,128**	**19,187**	**(20,983)**	**52,194**	**(203,580)**	**988**
Loss for the year	-	-	302	-	-	-	-	(20,360)	(20,058)
Total comprehensive loss for the year	**-**	**-**	**302**	**-**	**-**	**-**	**-**	**(20,360)**	**(20,058)**
Share based payments	-	-	-	-	2,245	-	-	-	2,245
Shares issued, net of transaction cost	1,413	10,054	-	-	-	-	-	-	11,467
Shares issued, Peak Bio Inc acquisition	2,523	-	-	25,606	-	-	-	-	28,129
Issue of shares for services	33	238	-	-	-	-	-	-	271
Issue of restricted shares	26	-	-	-	-	-	-	-	26
Total transactions with owners	3,995	10,292	-	25,606	2,245	-	-	-	42,138
At 31 December 2024	**5,319**	**155,089**	**777**	**34,734**	**21,432**	**(20,983)**	**52,194**	**(223,940)**	**23,068**

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve	Share based payment reserve	Capital redemption reserve	Retained losses	Total equity
	$000	$000	$000	$000	$000	$000	$000
At 1 January 2023	**744**	**138,269**	**9,128**	**18,037**	**52,194**	**(188,871)**	**29,501**
Loss for the year	-	-	-	-	-	(18,255)	(18,255)
Total comprehensive loss for the year	-	-	-	-	-	**(18,255)**	**(18,255)**
Share based payments	-	-	-	1,150	-	-	1,150
Shares issued, net of transaction costs	568	6,394	-	-	-	-	6,962
Issue of shares for vendor services	8	134	-	-	-	-	142
Proceeds from employee vesting of restricted shares	4	-	-	-	-	-	4
Total transactions with owners	580	6,528	-	1,150	-	-	8,258
At 31 December 2023	**1,324**	**144,797**	**9,128**	**19,187**	**52,194**	**(207,126)**	**19,504**
Loss for the year	-	-	-	-	-	(38,332)	(38,332)
Total comprehensive loss for the year	-	-	-	-	-	**(38,332)**	**(38,332)**
Share based payments	-	-	-	2,245	-	-	2,245
Shares issued, net of transaction costs	1,413	10,054	-	-	-	-	11,467
Shares issued, Peak Bio Inc acquisition	2,523	-	25,606	-	-	-	28,129
Issue of shares for vendor services	33	238	-	-	-	-	271
Issue of restricted shares	26	-	-	-	-	-	26
Total transactions with owners	3,995	10,292	25,606	2,245	-	-	42,138
At 31 December 2024	**5,319**	**155,089**	**34,734**	**21,432**	**52,194**	**(245,458)**	**23,310**

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

AKARI THERAPEUTICS, PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 $000	31 December 2023 $000
Cash flows from operating activities			
Loss before income tax		(20,844)	(13,429)
Adjustments for:			
Change in fair value of warrants	21	(2,085)	(6,599)
Share-based payment	22	1,888	1,150
Issue of shares for vendor services		271	142
Foreign currency exchange gains / (loss)		191	(468)
Amortization	11	13	4
Decrease in trade and other receivables		1,319	124
Increase in trade and other payables		5,764	127
Tax received		1,282	2,571
Net cash flows used in operating activities		(12,201)	(16,378)
Cash flows from investing activities			
Cash acquired with Subsidiary	10	382	-
Cash generated from investing activities		382	-
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	19	12,751	7,972
Issue costs		(1,284)	(1,010)
Proceeds from issuance of convertible notes	18	1,000	-
Repayment of convertible notes	18	(750)	-
Proceeds from employee vesting of restricted shares		26	-
Repayment of short-term financing arrangements		(1,105)	-
Shares issued on exercise of warrants		-	4
Cash generated from financing activities		10,638	6,966
Exchange losses on cash		(5)	7
Net decrease in cash		(1,186)	(9,405)
Cash at beginning of year		3,845	13,250
Cash at end of year		2,659	3,845
Restricted cash		(60)	-
Cash at end of year		**2,599**	**3,845**

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	31 December 2024 $000	31 December 2023 $000
Cash flows from operating activities			
Loss before income tax		(38,816)	(19,444)
Adjustments for:			
Expenses settled in shares		271	142
Changes in fair value of warrants	21	(2,085)	(6,599)
Share based payments	22	1,888	1,150
Impairment on investment	14	18,339	2,000
Impairment on intercompany loan		-	3,757
Decrease in trade and other receivables		1,357	48
Increase in trade and other payables		5,849	133
Taxation received		1,282	2,571
Exchange rate differences		(64)	(214)
Net cash flows used in operating activities		(11,979)	(16,456)
Cash flows from investing activities			
Movement in intercompany		154	18
Net cash generated from investing activities		154	18
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	19	12,751	7,972
Issue costs		(1,284)	(1,010)
Proceeds from issuance of convertible notes	18	1,000	-
Repayment of convertible notes	18	(750)	-
Proceeds from employee vesting of restricted shares		26	-
Repayment of short-term financing arrangements		(1,105)	-
Shares issued on exercise of warrants		-	4
Net cash generated from financing activities		10,638	6,966
Exchange gains on cash		-	-
Net decrease in cash		(1,187)	(9,472)
Cash at beginning of year		3,745	13,217
Cash at end of year		**2,558**	**3,745**

The notes on pages 45 to 77 form an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

Akari Therapeutics, Plc is a public company limited by shares registered in England and Wales under number 5252482, with its registered office at Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH.

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

2. ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements of Akari Therapeutics, Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated and Company financial statements are presented in USD ("$") the functional and presentations currency of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2(t).

(b) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same financial year as the parent company, applying consistent accounting policies throughout the Group. Inter-company balances and transactions, including unrealized profits are eliminated on consolidation.

The Group financial statements consolidate the Company's financial statements of Akari Therapeutics, Plc and its subsidiaries (the "Group").

(c) Going Concern

The Group meets its day-to-day working capital requirements through funding. In assessing the Group's ability to continue as a going concern, Management has prepared financial forecasts covering at least the next twelve months from the date of approval of the financial statements.

The Group's forecast and projections show that at present, the Group has insufficient working capital to fulfil its current business plan without the Group raising additional capital.

As of 31 December 2024, the Group's cash balance was $2.6 million. To date, the Group has incurred substantial losses and negative cash flows since inception and had an accumulated deficit of $223.9 million as of 31 December 2024.

The Group anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. The Group is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as uncertainty of clinical trial outcomes, uncertainty of additional funding, and history of operating losses. Substantial additional financing will be needed by the Group to fund its operations and to commercially develop its product candidates and there can be no assurance that additional funds will be available when the Group need them on terms that are acceptable to it, or at all. As of 31 May 2025, the Group's cash balance of $3.6 million, which includes net proceeds received from the March 2025 Private Placement (see note 25 of

2. ACCOUNTING POLICIES (CONTINUED)

the notes to financial statements), is not sufficient to fund its operations for the one-year period after the date these consolidated financial statements are issued.

Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include, but are not limited to: product development financing, private placements and/or public offerings of equity and/or debt securities, and strategic research and development collaborations and/or similar arrangements. Further, closing of the Group's proposed merger with Peak Bio, Inc. as contemplated in the associated Merger Agreement is contingent on the PIPE Investment (as defined in the Merger Agreement) which shall have been consummated simultaneously with, and conditioned only upon, the occurrence of the closing, and shall result in net proceeds to the Group of least $10 million. Management also expects that further sources of funding will also be made available for the Group to draw on (if required) as a result of the merger.

While management is confident in the Company's ability to obtain future funding, there can be no assurance that these future funding efforts, including the PIPE Investment (as defined in the Merger Agreement), will be successful.

Based on the requirement for Group to raise additional capital to finance future operations and for it to manage its working capital position, particularly in relation to accounts payable balances, until further such capital can be raised, management has concluded that these outcomes represent material uncertainties that cast significant doubt regarding the Group's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Notwithstanding these uncertainties, the accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As such, the accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary if the Group is unable to continue as a going concern.

(d) Standards and interpretations adopted during the year

The accounting policies adopted in the preparation of these Consolidated Financial Statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2024, which were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the United Kingdom, updated to adopt those standards which became effective for periods starting on or before 1 January 2022. None of the new standards have had a material impact on the Group.

Standards, amendments and interpretations issued but not yet effective:
The following standards are issued but not yet effective. The Group intends to adopt these standards, if applicable, when they become effective. It is not currently expected that these standards will have a material impact on the Group.

Standard	Effective date
Amendments to IAS 21 Lack of exchangeability*;	1 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments*;	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements*; and	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures*	1 January 2027

* Subject to UK endorsement

The directors of the Company (the "Directors") anticipate that the application of all new and amendments to IFRS will have no material impact on the future results of the Company in the foreseeable future.

2. ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Akari Therapeutics, Plc is U.S. dollars. The Group and Parent Company financial statements are presented in U.S. Dollars which is considered to the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- assets and liabilities at the balance sheet date are translated at the closing rate as at that balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income.

(f) Segment information

The Company manages its operations as a single operating segment, or reporting unit, for the purposes of assessing performance, making operating decisions and allocating resources, resulting in a single reportable segment. The Company has determined that its Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews the Company's financial information on a consolidated basis for purposes of allocating resources and assessing financial performance. All of the Company's tangible assets are held in the United States.

(g) Cash

Cash includes cash in hand and deposits held at call with banks.

(h) Trade and other payables

Trade payables are obligations to pay for goods or services received that have been acquired in the ordinary course of the business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Executory contracts are recognized when both parties to the contract met their respective obligations. Trade and other payable are unsecured, non-interest bearing and are stated at cost.

(i) Trade and other receivables

Trade and other receivables are recognized at fair value less a provision for impairment. Bad debts are written off through the income statement when identified. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(j) Financial liabilities

All financial liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortized cost
The Group's financial liabilities measured at amortized cost comprise trade payables and other payables and bank and other borrowings.

2. ACCOUNTING POLICIES (CONTINUED)

These financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument and are subsequently measured at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments

(including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortized cost of a financial liability.

Financial liabilities measured at fair value through profit or loss
Financial liabilities held at fair value through the profit or loss comprise warrants on initial recognition. The warrants are initially measured at fair value and are carried in the statement of financial position at fair value. Subsequent to the initial recognition, the warrants are remeasured to fair value at each financial period end date. The changes in fair value are recognized in the statement of comprehensive income.

All instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, which consists of the following 3 levels:

- Quoted prices (unadjusted), in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs), (level 3).

Derivative instruments
Derivative liabilities are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the profit and loss. The Group does not hold or issue derivative instruments for speculative or hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss. The fair value of derivatives is determined by appropriate valuation techniques, including pricing models, and observable market inputs.

Transaction costs associated with hybrid instruments are allocated to their equity and liability components on the basis of their fair values at initial recognition. Transaction costs associated with derivative liabilities classified as fair value through the profit and loss are recognized immediately in the profit and loss, transaction costs associated with equity are treated as a deduction in equity.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Research and development expenditure

Research costs are expensed through the income statement as they are incurred. Research and development expenses include, among other costs, costs incurred by outside laboratories and other accredited facilities in connection with clinical trials and preclinical studies.

Under IAS 38, development costs are only capitalized after technical and commercial feasibility of the asset for sale or use have been established. The company must intend and be able to complete the asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefit. If the company cannot distinguish between the research and the development phase, then all costs are expensed as research costs.

(m) Property, plant and equipment

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation and excluding day-to-day servicing expenses. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

Computers, peripheral and scientific equipment	33%
Office furniture and equipment	33%

The Group reviews all long-lived assets for impairment whenever events or circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of assets to be held or used is measured by comparison of the carrying value of the asset to the future undiscounted net cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment recognized is measured by the amount by which the carrying value of the asset exceeds the discounted future cash flows expected to be generated by the asset.

(n) Intangible assets

Patent acquisition costs
Patent acquisition costs and related capitalized legal fees are recognized at historical cost. Patents have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line basis method and are amortized over the shorter of the legal or useful life. The estimated useful life for current patents is twenty-two years.

The Group expenses costs associated with maintaining and defending patents subsequent to their issuance in the period the costs are incurred.

Goodwill and other intangible assets
The Company recognizes goodwill and identifiable intangible assets, including in-process research and development (IPR&D), in connection with business combinations. Goodwill represents the excess of the consideration transferred over the fair value of identifiable net assets acquired and is not amortized but tested for impairment annually or more frequently if indicators of impairment arise.

Acquired IPR&D is classified as an indefinite-lived intangible asset until the completion or abandonment of the related research and development activities. Indefinite-lived intangible assets are not amortized but are subject to annual impairment testing and whenever indicators of impairment exist. If the R&D project is abandoned, the carrying amount of the related IPR&D asset is written off to profit or loss. Upon successful completion of the development, the IPR&D is reclassified as a finite-lived intangible asset and amortized over its estimated useful life.

Subsequent expenditure on intangible assets, including ongoing R&D activities, is expensed as incurred unless it meets the capitalization criteria.

(o) Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairment. Investments are assessed for the presence of impairment indicators, if any indicators are present then an impairment review is conducted. See note 14 for additional details on the Parent's impairment assessment.

(p) Share-based payments and warrants

Where share options or warrants are awarded to directors and employees, the fair value of the options or warrants at the grant date is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognized 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 and warrants granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

2. ACCOUNTING POLICIES (CONTINUED)

When the options and warrants are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options and warrants are exercised.

When share options and warrants lapse, any amounts credited to the share-based payments reserve are released to the retained earnings reserve.

Where warrants and options issued with settlement criteria that outside fixed for fixed criteria as outlined by IAS 32 (i.e. fixed number of shares for fixed amount of cash) the resulting fair value of the instruments issued will be classified in financial liabilities.

(q) Finance income and expenses

Interest income and expenses are recognized using the effective interest method. It mainly comprises of changes in the fair value of financial assets and liabilities that are measured at fair value through the income statement and exchange gains and losses which is reported on a net basis in the statement of comprehensive loss.

(r) Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either the accounting or taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized.

(s) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or as the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to the statement of comprehensive income.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

2. ACCOUNTING POLICIES (CONTINUED)

(t) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, significantly impacting earnings and financial position.

Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the valuation of share-based awards, the valuation of warrant liabilities, the valuation of goodwill and indefinite-lived intangible assets, research and development prepayments, accruals and related expenses, and the valuation allowance for deferred income taxes.

Key accounting judgements

Research and Development: Under IAS 38: Intangible Assets, the Group must determine whether to recognize research costs incurred as an expense or asset. Depending on the development stage of a project determines whether an expense can be capitalized. Difficulties can arise at determining the stage of a project. No costs have been capitalized in the year ended 31 December 2024 given the absence of any regulatory approval which the directors considered relevant in determining any probable future economic benefits.

Merger/Acquirer determination: In applying IFRS 3 - Business Combinations to the merger with Peak Bio, management exercised significant judgement in determining that Akari Therapeutics Plc was the accounting acquirer. This judgement was based on Akari's ability to appoint the majority of the board of directors of the combined entity, the retention of its executive management team in all key leadership roles post-merger and its significantly larger size in terms of assets and operations compared to Peak Bio prior to the merger. This determination resulted in the acquisition being accounted for using the acquisition method. Further details on the business combination can be found in note 10.

Classification of warrants: The classification of warrants as equity or liabilities is a significant area of accounting judgement, particularly under the 'fixed-for-fixed' criterion in IAS 32, Financial Instruments: Presentation. Management assessed the September 2022 warrants and the Peak Bio Warrants (comprising the Peak November 2022 Investor and Sponsor Warrants, and the Peak April 2023 Investor and Placement Agent Warrants), all of which were acquired as part of the Business Combination. Following a review of their terms, the Company determined that none of these warrants meet the 'fixed-for-fixed' requirement due to non-standard settlement terms. As a result, these warrants have been classified as derivative financial liabilities under IFRS.

Key accounting estimates and assumptions

Business combination: The Group includes the results of operations of the acquired business in the consolidated financial statements prospectively from the acquisition date. The Group allocates the purchase consideration to the assets acquired and liabilities assumed in the acquired entity based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired and liabilities assumed in the acquired entity is recorded as goodwill. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

The $30.3 million investment in Peak Bio (note 10) is underpinned by the estimated fair value of intangible assets acquired during the purchase. This valuation is an accounting estimate and involves uncertainty, as it depends on future outcomes (e.g., clinical success, regulatory approvals and successful commercialisation) that may affect the asset's actual value.

Share based payments: The Group issues share options and warrants to employees, service providers, and investors. The fair value of these instruments is determined using appropriate valuation methods, such as the Black-Scholes option pricing model. These valuation methods require significant estimation, particularly concerning unobservable input assumptions, resulting in a higher degree of estimation uncertainty.

2. ACCOUNTING POLICIES (CONTINUED)

Warrant liabilities: Warrants issued to investors are classified as free-standing liabilities and are remeasured to fair value at each reporting date. This remeasurement involves judgment and estimation, especially regarding unobservable valuation inputs, leading to increased estimation uncertainty.

Goodwill and indefinite-lived intangible assets: The Group assesses the recoverable amount of goodwill and indefinite-lived intangible assets annually or more frequently if events or changes in circumstances indicate that they might be impaired. This assessment requires significant judgment in determining the appropriate discount rates, growth rates, and other assumptions used in the impairment testing models.

Deferred tax assets: The recognition of deferred tax assets involves judgment regarding the likelihood of future taxable income against which deductible temporary differences can be utilized. A valuation allowance is established if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Research and development costs: Under IAS 38, development costs are capitalized only after technical and commercial feasibility have been established. Determining the stage of a project and whether future economic benefits are probable involves significant judgment.

3. SEGMENT INFORMATION

The Company manages its operations as a single operating segment for the purpose of assessing performance, making operating decisions and allocating resources, resulting in a single reportable segment. The Company has determined that its Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews the Company's financial information on a consolidated basis for the purpose of allocating resources and assessing financial performance.

The Company has assembled a portfolio of preclinical product candidates that aim to develop next-generation precision bi-functional antibody drug conjugates (ADC) for the treatment of cancer. The Company has not generated any revenue since its inception and does not expect to generate any revenue from the sale of products in the near future. The Company primarily incurs expenses in connection with the research and development of its product candidates as well as general and administrative costs consisting of salaries and related costs for personnel in executive, finance and administrative functions, as well as consulting, restructuring and merger-related expenses.

The key measure of segment profit or loss that the CODM uses to allocate resources and assess performance is the Company's consolidated net loss, as reported on the consolidated statement of comprehensive loss. In addition, the CODM is regularly provided the following significant segment expense categories which are reviewed against budgeted expectations to assist in resource allocation decision-making:

	31 December 2024 $000	31 December 2023 $000
HSCT-TMA (AK901) program expense	(3,115)	(4,289)
BP (AK802) program expense	-	1,073
ADC preclinical development	(47)	-
Chemistry, manufacturing and control	(3,497)	(2,684)
Other external development expense	(837)	(1,498)
Internal and other research and development expense	(129)	(537)
Administrative expense	(8,471)	(11,356)
Merger-related expense	(3,273)	-
Restructuring costs	(1,438)	-
Stock based compensation	(1,888)	(1,150)
Other segmental items (1)	1,851	7,012
Loss before income tax	(20,844)	(13,429)

(1) Other segment items include interest income, interest expense, change in fair value of warrant liabilities, net foreign currency exchange gains (losses) and other expense, net as reported on the consolidated statement of comprehensive loss.

Assets regularly provided to the CODM are consistent with those reported on the consolidated statement of financial position with particular emphasis on the Company's available liquidity, including its cash and restricted cash. All the Company's tangible assets are held in the United States.

4. OPERATING LOSS

	31 December 2024 $000	31 December 2023 $000
The operating loss is stated after charging/(crediting):		
Employee benefit expense (Note 5)	4,317	5,818
Amortization – intangibles	-	4
Exchange loss	-	384
Auditors' remuneration		
- fees for the audit of the Group and Parent Company financial statements	122	65
Restructuring costs	1,723	-
Merger related expenses	3,273	-

Merger-related expenses include direct expenses incurred in connection with the acquisition of Peak Bio, as more fully described in Note 10, and are comprised primarily of legal and professional fees and other incremental costs directly associated with the acquisition.

In May 2024, the Company implemented a reduction-in-force of approximately 67% of its total workforce as a result of the recently announced program prioritization under which the Company's HSCT-TMA program was suspended. The reduction-in-force was part of an operational restructuring plan (the "May 2024 Plan") which included the elimination of certain senior management positions and was completed in the third quarter of 2024. The purpose of the restructuring plan, including the reduction-in-force, was to reduce HSCT-TMA related operating costs, while supporting the execution of the Company's long-term strategic plan. As of 31 December 2024, the Company does not expect to incur additional restructuring-related expenses related to the May 2024 Plan. No restructuring activities existed for the year ended 31 December 2023.

The table below represents the restructuring reserve and accrual activity for the year ended 31 December 2024:

	Severance and employee benefit costs $000	Other restructuring charges $000	Total $000
Balance at 31 December 2023	-	-	-
Restructuring charges	1,645	78	1,723
Cash payments	(910)	(78)	(988)
Non-cash stock based compensation	(285)	-	(285)
Balance at 31 December 2024	450	-	450

5. EMPLOYEE EXPENSES

	31 December 2024 $000	31 December 2023 $000
Employee benefit expense		
Wages and salaries	1,770	4,261
Employer taxes	302	407
Share-based payments	2,245	1,150
Total employee benefit expense	4,317	5,818
The average number of persons (including directors) employed by the group during the year was as follows:		
Office and administration	10	18
Key management remuneration		
Wages and salaries	311	1,555

The key management is considered to be the directors and senior management team. Details of directors' remuneration and share based compensation can be seen within the Directors' Remuneration Report beginning on page 13.

6. NET FINANCE (EXPENSE)/INCOME

	31 December 2024 $000	31 December 2023 $000
Interest income	8	82
Interest expense	(244)	(1)
Other	65	332
	(171)	413

7. INCOME TAX CREDIT

	31 December 2024 $000	31 December 2023 $000
Current tax:		
Research and development tax credit receivable for current year	(472)	(1,200)
Current tax on losses for the year	-	-
Adjustment in respect of prior years	(12)	(28)
Overseas current tax	-	39
	(484)	(1,189)
Deferred tax:		
Origination and reversal of temporary differences	-	-
Tax on loss on ordinary activities	(484)	(1,189)

The tax assessed in the year is different from the standard rate of corporation tax in the UK of 25% in 2023 (2023: 23.52%). From 1 April 2023 the UK Government increased the corporation tax rate to 25% on profits above $250,000 (2023: £318,300). Companies with profits of $50,000 (2023: £63,660) or less will be taxed at 19% and companies with profits between $50,000 (2023: £63,660) and $250,000 (2023: £318,300) will pay tax at 25% that is reduced by marginal relief on a sliding scale.

7. INCOME TAX CREDIT (CONTINUED)

	31 December 2024 $000	31 December 2023 $000
The differences are explained below:		
Loss before tax	(20,844)	(13,429)
Loss on ordinary activities before tax multiplied by the standard companies' rate of tax in the UK	(5,211)	(3,158)
Effects of:		
Difference in overseas tax rates	38	(26)
Deferred tax asset on losses not recognized	4,283	3,308
Expenses not deductible for tax purposes	(288)	(2,664)
Enhanced research and development relief	707	2,569
Surrender of tax losses for R&D	-	(1,189)
Adjustment in respect of prior years	(13)	(29)
Tax credit	(484)	(1,189)

The Group has accumulated losses available to carry forward against future trading profits of $223,553,882 (2023: $122,751392). No deferred tax asset has been recognised in respect of tax losses since it is uncertain at the balance sheet date as to whether future profits will be available against which the unused tax losses can be utilised. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 25% is $59,312,671 (2023: $30,720,305).

Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities were as follows:

	31 December 2024 $000	31 December 2023 $000
Deferred tax liabilities		
Intangibles	8,040	-
Total recognized deferred tax liability	8,040	-
Deferred tax assets		
Net operating loss carryforwards	(55,888)	(30,688)
Accelerated capital allowances	(27)	(32)
General provisions	(376)	-
Share awards	(809)	-
Research and development	(1,888)	-
Other	(325)	-
Total unrecognized deferred tax assets	(59,313)	(30,720)

8. LOSS ATTRIBUTABLE TO THE PARENT COMPANY

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company had a loss for the year of $38,331,918 (2023: $18,255,410).

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of $20,359,989 (2023: $12,239,823) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2024 of 23,791,236,485 (2023: 9,788,980,193) calculated below. As a loss-making group, outstanding share options are considered anti-dilutive and therefore basic and diluted loss per share are considered to be equal.

	31 December 2024 $000	31 December 2023 $000
Loss attributable to ordinary shareholders	20,360	12,240

	31 December 2024 Number	31 December 2023 Number
Weighted average number of ordinary shares		
Number of shares in issue at the beginning of the year	13,234,315,298	7,444,917,123
Effect of shares issued during year	10,556,921,187	2,344,063,070
Weighted average number of ordinary shares in issue for the year	23,791,236,485	9,788,980,193

10. BUSINESS COMBINATION

On 14 November 2024, the Company completed its previously announced strategic combination contemplated by the Merger Agreement, pursuant to which, Akari merged with and into Peak Bio, Inc. with Peak Bio surviving the acquisition as a wholly owned subsidiary of Akari. Peak Bio, organized under the laws of Delaware, is a biotechnology company with a portfolio of potential therapies focused on cancer and immunological diseases. The Company acquired all outstanding equity interests in Peak Bio, Inc., which includes Peak Bio's therapeutic pipeline consisting of one clinical stage and one pre-clinical stage asset supported by an intellectual property portfolio consisting of various granted and pending patents in various jurisdictions worldwide.

Per the terms of the Merger Agreement, the Company issued a total of 12,613,942 Akari ADSs which reflected the conversion of each issued and outstanding share of Peak Bio Common Stock into the right to receive Akari ADSs representing a number of Akari Ordinary Shares equal to 0.2935 (the "Exchange Ratio"). The Exchange Ratio was calculated in accordance with the terms of the Merger Agreement and is such that the total number of shares of Akari ADSs issued in connection with the acquisition is approximately 48.4% of the outstanding shares of Akari on a fully diluted basis. At the Closing, each Peak Warrant and Peak Option was converted into an Adjusted Warrant and Adjusted Option to purchase a number of Akari ordinary shares or Akari ADSs, based on the Exchange Ratio. The Adjusted Warrants and the Adjusted Options have substantially similar terms and conditions as were applicable to such Peak Warrants and Peak Options immediately prior to the Closing.

The following table summarizes the total consideration paid pursuant to the Merger Agreement, which was based on the closing market price of Akari's ADS as of the 14 November 2024, acquisition date:

	Number of ADSs issued and issued on exercise Number	Consideration $000
Company ADSs issued to Peak Bio Inc. shareholders	12,613,942	28,129
Company ADSs issuable on exercise of November 2022 Peak Investor Warrants and April 2023 Peak Investor Warrants	2,764,569	1,844
Company ADSs issuable on exercise of Peak Bio Adjusted Options	1,618,081	357
	16,996,592	30,330

10. BUSINESS COMBINATION (CONTINUED)

The total consideration of $30,330 million related to the acquisition was primarily comprised of equity issued by Akari to Peak Bio Inc. stakeholders. This included the issuance of 12,613,942 ADSs to Peak Bio shareholders, valued at approximately $28.129 million based on the closing market price of Akari's ADS as of the acquisition date. Additionally, 2,764,569 ADSs were allocated for issuance upon the exercise of investor warrants, contributing another $1.844 million to the consideration. An additional 1,618,081 ADSs were reserved for issuance upon exercise of adjusted employee options. A portion of these adjusted employee options, with a fair value of $357k, were included as part of the consideration. No cash, contingent, or deferred consideration was included in the transaction.

The fair value of the 12,613,942 ADS issued in connection with the acquisition is based on the closing price of the Company's ADSs on the Closing Date multiplied by the number of ADSs issued.

In connection with the acquisition of Peak Bio, the Company assumed (i) warrants issued to investors ("November 2022 Peak Warrants") to purchase an aggregate of 1,577,556 ADSs at $39.18 per ADS, and (ii) warrants issued to investors ("April 2023 Peak Warrants") to purchase an aggregate of 1,187,013 ADSs at $2.04 per ADS. The assumed Peak Bio warrants are fully vested, and thus are included in the consideration transferred.

The Company determined that the November 2022 Peak Warrants and the April 2023 Peak Warrants are not indexed to the Company's own stock in the manner contemplated by the relevant accounting standard (Note 2). Accordingly, on the Closing of the acquisition, the Company classified these warrants as derivative liabilities in its consolidated statement of financial position. The estimated fair value of the Adjusted Warrants of $1.8 million at the acquisition closing date was calculated using the Black Scholes Option Pricing Model.

The following assumptions were used to determine the fair value of the assumed warrants as of 14 November 2024:

	Peak Bio Assumed Warrants	
	April 2023	**November 2022**
Stock (ADS) price	$2.23	$2.23
Exercise price	$2.04	$39.18
Expected term (in years)	3.5	3.0
Expected volatility	84.1%	86.4%
Risk-free interest rate	4.3%	4.3%
Expected dividend yield	-	-

The acquisition of Peak Bio has been accounted for as a business combination using the acquisition method of accounting. The fair value of the purchase price was allocated to the assets acquired and liabilities assumed at their respective fair values. Management estimated the fair value of the IPR&D intangible assets using a multi-period excess earnings method. The significant assumptions used in the valuation are the discount rate, the probability of clinical success of research and development programs, obtaining regulatory approval and forecasted net sales. This acquisition method requires, among other things, that assets acquired, and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date.

10. BUSINESS COMBINATION (CONTINUED)

The following table summarizes the final fair values of assets acquired and liabilities assumed as of the acquisition date (in thousands):

Assets acquired and liabilities assumed		
Cash and restricted cash	$	382
Prepaid expenses and other current assets		10
Acquired in-process research and development		39,180
Accounts payable and accrued expenses		(6,979)
Convertible notes		(700)
Notes payable		(659)
Notes payable, related party		(1,651)
Deferred tax liability		(8,040)
Fair value of net assets		21,543
Consideration		30,330
Goodwill	**$**	**8,787**

Intangible assets of approximately $39.2 million and $8.8 million were recorded related to the value of IPR&D from Peak Bio's therapeutic pipeline, consisting of two separate pipelines supported by intellectual property, and goodwill, respectively. The recognized goodwill is attributable primarily to the deferred tax liability associated with the Company's acquired IPR&D and is not deductible for income tax purposes.

Management estimated the fair value of the IPR&D intangible assets using a multi-period excess earnings method. The significant assumptions used in the valuation are the discount rate of 30%, the probability of clinical success of research and development programs, obtaining regulatory approval and forecasted net sales.

The Company assumed convertible notes, notes payable with third parties, and notes payable with a related party.

Merger-related expenses, which were comprised primarily of regulatory, financial advisory and legal fees, totaled $3.3 million for the year ended 31 December 2024 and were included in the consolidated statement of comprehensive loss. The Company issued Paulson Investment Company LLC (“Paulson”) an advisory fee in connection with the acquisition equal to 243,000,000 ordinary shares or 121,500 ADS equivalents for a value of $270,945, based on the closing price of the Company's ADS on the Closing Date multiplied by the number of ADS issued.

11. INTANGIBLE ASSETS

	Patent Acquisition Costs $000	Intangible asset in progress $000	Total $000
GROUP:			
Cost			
At 1 January 2023	95	-	95
At 31 December 2023	95	-	95
Impairment			
At 1 January 2023	(78)	-	(78)
Charge	(4)	-	(4)
Exchange differences	1	-	1
At 31 December 2023	(81)	-	(81)
Cost			
At 1 January 2024	95	-	95
Acquired as part of Peak Bio Acquisition	-	39,180	39,180
Write off	(95)	-	(95)
At 31 December 2024	-	39,180	39,180
Impairment			
At 1 January 2024	(81)	-	-
Charge	(13)	-	-
Write off	95	-	-
At 31 December 2024	-	-	-
Net book value 31 December 2023	**14**	**-**	**14**
Net book value 31 December 2024	**-**	**39,180**	**39,180**

12. GOODWILL

	Goodwill $000
GROUP	
Cost	
At 1 January 2023	-
At 31 December 2023	-
Impairment	
At 1 January 2023	-
Charge	-
Exchange differences	-
At 31 December 2023	-
Cost	
At 1 January 2024	-
Acquired as part of Peak Bio Acquisition	8,787
Write off	**-**
At 31 December 2024	8,787
Impairment	
At 1 January 2024	**-**
Charge	-
At 31 December 2024	-
Net book value 31 December 2023	**-**
Net book value 31 December 2024	**8,787**

13. PROPERTY PLANT AND EQUIPMENT

GROUP & COMPANY:

	Office furniture and equipment $000
Cost	
At 1 January 2023	172
Additions	-
At 31 December 2023	172
Depreciation	
At 1 January 2023	(172)
Charge for the year	-
At 31 December 2023	(172)
Cost	
At 1 January 2023	172
Additions	-
At 31 December 2023	172
Depreciation	
At 1 January 2023	(172)
Charge for the year	-
At 31 December 2023	(172)
Net Book Value	
At 31 December 2023	-
At 31 December 2024	-

14. INVESTMENTS IN SUBSIDIARIES

	Investments in Subsidiary Undertakings $000
COMPANY:	
Cost	
At 1 January 2023	20,339
At 31 December 2023	**20,339**
Impairment	
At 1 January 2023	-
Charge	2,000
At 31 December 2023	2,000
Cost	
At 1 January 2024	20,339
Acquisition of Peak Bio	30,330
At 31 December 2024	**50,669**
Impairment	
At 1 January 2024	2,000
Charge	18,339
At 31 December 2024	**20,339**
Net book value 31 December 2023	**18,339**
Net book value 31 December 2024	**30,330**

Impairment assessment on Investments

As at 31 December 2024, the Group assessed whether there were indicators of impairment related to the investment in and intercompany receivable from Volution Immuno Pharmaceuticals SA (“Volution”), as recognized in the Parent Company's statement of financial position. In accordance with IAS 36 *Impairment of Assets*, management considered the Group’s market capitalization as a primary indicator of potential impairment. IAS 36 highlights that when the carrying amount of an entity’s net assets exceeds its market capitalization, this may indicate that an asset is impaired.

Following the acquisition of Peak Bio and as part of a broader strategic realignment, the Group has suspended internal development of legacy programs previously associated with Volution. The Group now intends to seek strategic partners to advance these assets externally, with a strategic focus shift towards the development of next-generation antibody-drug conjugates (ADCs) in oncology.

Given the absence of observable market transactions, lack of reliable future cash flow projections, and no alternative valuation basis deemed supportable, management is unable to reliably determine the value of its legacy programs. Accordingly, a full impairment has been recognized in the Parent Company’s financial statements for the year ended 31 December 2024. This decision reflects the Group’s current strategic focus and prudent approach under conditions of material uncertainty. The impairment has been disclosed as a significant accounting judgment, in line with IAS 1, to ensure transparency in management’s assessment and reasoning.

Management notes that the intellectual property (IP) assets associated with Volution may still have potential value. The Company has initiated active marketing of these assets, however it is too early to determine the potential value of its legacy programs. In the event that measurable market interest or transactions materialize, the Group will reassess the recoverable amount in accordance with IAS 36, which may result in a partial reversal of the impairment, subject to the standard’s requirements. This approach reflects the application of prudence in the preparation of the financial statements and aims to provide stakeholders with a clear understanding of the impairment rationale under current circumstances.

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Investments
The Company directly owns 100% of the issued share capital of the following subsidiaries, which have been included in the consolidated financial statements:

Subsidiary	Principal activity	Country of incorporation	Holdings	%
Volution Immuno Pharmaceuticals SA	Development of pharmaceutical drugs	Switzerland	Ordinary	100
Celsus Therapeutics Inc.	Dormant	United States	Ordinary	100
Morria Biopharma Ltd.	Dormant	Israel	Ordinary	100
Akari Malta Limited	Regulatory compliance	Malta	Ordinary	100
Peak Bio Incorporated	Development of pharmaceutical drugs	United States	Ordinary	100
Peak Bio Corporation Limited	Development of pharmaceutical drugs	South Korea	Indirect Holding	100
Ignyte Korea Corporation Limited	Dormant	South Korea	Indirect Holding	100
Peak Bio California Incorporated	Development of pharmaceutical drugs	United States	Indirect Holding	100

Registered office addresses of subsidiaries:
Volution Immuno Pharmaceuticals SA : Place Des Eaux-Vives 6, 1207 Geneva, Switzerland
Celsus Therapeutics Inc: 1209 Orange Street, Wilmington, DE 19801
Morria Biopharma Ltd: 1209 Orange Street, Wilmington, DE 19801
Akari Malta Limited: 189 Marina Suites, Marina Street, Pieta, Malta PTA9041
Peak Bio Incorporated: 108 W. 13th Street, Suite 100, Wilmington, DE 19801
Peak Bio Corporation Limited: 670 Daewangpangyo-ro, Bundang-gu, Seongnam, South Korea
Ignyte Korea Corporation Limited:25 Teheran-ro 108-gil, Gangnam-gu, CitySeoul- 06175
Peak Bio California Incorporated: 4900 Hopyard Road, Suite 100, Pleasanton, CA 94588

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	$000	$000	$000	$000
Prepayments and accrued income	91	299	67	294
Income tax receivable	484	1,217	484	1,217
Other receivables	259	197	35	215
	834	1,713	586	1,726

16. CASH

	Group		Company	
	2024	2023	2024	2023
	$000	$000	$000	$000
Cash in hand and in bank	2,599	3,845	2,558	3,745

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	$000	$000	$000	$000
Trade payables	12,407	1,671	6,483	1,417
Accrued expenses	3,138	1,566	2,419	1,542
Due to related parties	1,651	-	-	-
Other payables	401	94	-	94
	17,597	3,331	8,902	3,053

The directors consider that the carrying value of trade and other payables approximates their fair value. Included within other payables is an amount of $94,118 (2023: $94,118) that relates to pre-funded cashless exercise price of warrants received.

18. BORROWINGS

	Group		Company	
	2024	2023	2024	2023
	$000	$000	$000	$000
Current liabilities				
Convertible loan notes	950	-	250	-
Promissory note payables	350	-	-	
Total current liabilities	1,300	-	250	-
Non-current liabilities				
Employee wages, bonuses and benefits	383	-	-	-
Total non-current liabilities	383	-	-	-

September 2024 Note Payable

In November 2024, the Company assumed a promissory note issued by Peak Bio in September 2024 in the amount of $0.3 million (the "September 2024 Note") to its former California landlord. Due to the short-term nature of the September 2024 Note, the Company concluded that its carrying value approximated its fair value as of 14 November 2024. The note bears no interest and is payable over twenty equal monthly installments beginning on 1 November 2024 and expiring on 1 June 2026. The Company began making payments subsequent to the acquisition of Peak Bio.

As of 31 December 2024, the outstanding balance on the September 2024 Note was $0.3 million. The installment due on 1 December 2024 was made in February 2025.

November 2023 Note Payable

In November 2024, the Company assumed a promissory note issued by Peak Bio in November 2023 in the amount of $0.4 million (the "November 2023 Note") bearing interest at 6% per annum with a maturity date of 31 December 2024. Due to the short-term nature of the November 2023 Note, the Company concluded that its carrying value approximated its fair value as of 14 November 2024. The Company recognized interest expense of less than $0.1 million subsequent to the acquisition date, through 31 December 2024. As of 31 December 2024, accrued interest on the November 2023 Note of less than $0.1 million is presented within "Trade and other payables" in the Company's consolidated statement of financial position.

As of 31 December 2024, the principal balance of $0.4 million plus accrued interest of less than $0.1 million was due for payment in order to settle the November 2023 Note obligation. On 28 February 2025, the Company signed a Settlement Agreement and Release for full satisfaction of the outstanding principal and accrued interest owed on the November 2023 Notes in the amount of $325,000.

18. BORROWINGS (CONTINUED)

April 2023 Convertible Notes

In November 2024, the Company assumed convertible promissory notes issued by Peak Bio in April 2023 in the principal amount of $0.7 million (the “April 2023 Convertible Notes”). Due to the short-term nature of the April 2023 Convertible Notes, the Company concluded that its carrying value approximated its fair value as of 14 November 2024. The April 2023 Convertible Notes bear interest at a default rate of 10% per annum and were originally due in October 2023. The April 2023 Convertible Notes permitted the holder to convert the outstanding principal and accrued interest at any time at a price of $0.001 per ordinary share of the Company, after giving effect to the Exchange Ratio. As of 31 December 2024, the outstanding balance of $0.7 million was in default.

The Company evaluated the embedded conversion and other features within the April 2023 Convertible Notes to determine whether any of the embedded features should be bifurcated from the host instrument and accounted for as a derivative at fair value. Based on management’s evaluation, the Company determined that the April 2023 Convertible Notes were not issued at a substantial premium and none of the embedded features were required to be bifurcated and accounted for separately. The April 2023 Convertible Notes are in default and the Company concluded their fair value approximates their carrying value. Accordingly, the April 2023 Convertible Notes are accounted for at carrying value as of 31 December 2024.

The Company recognized interest expense of less than $0.1 million subsequent to the acquisition date, through 31 December 2024. As of 31 December 2024, accrued interest on the April 2023 Notes of less than $0.1 million is presented within “Trade and other payables” in the Company’s consolidated statement of financial position.

19. CALLED UP SHARE CAPITAL

Issued and fully paid	Ordinary shares No. of Shares	Share Capital $000
Akari Therapeutics, Plc		
As at 1 January 2024	13,234,315,298	1,324
Issuance of ordinary shares	14,127,540,000	1,413
Issuance of ordinary shares capital related to acquisition of Peak Bio, Inc.	25,227,884,000	2,523
Issuance of ordinary shares for services	334,396,000	33
Issuance of restricted shares	262,784,225	26
As at 31 December 2024	53,186,919,523	5,319

ADS Ratio Change
The Parent’s ordinary shares, $0.0001 par value per share, in the form of American Depositary Shares (“ADSs”), currently trade on the Nasdaq Capital Market under the symbol “AKTX”.

Ordinary shares
On 7 November 2024, the Company’s shareholders approved an increase to the number of authorized ordinary shares the Company can issue by 199,913,470,000 ordinary shares in addition to the number of shares outstanding on 31 December 2023. Accordingly, following 7 November 2024 and as of 31 December 2024, the Company was authorized to issue up to 245,035,791,523 ordinary shares. As of 31 December 2023, the Company was authorized to issue up to 45,122,321,523 ordinary shares. Currently, each ADS represents 2,000 ordinary shares (the “ADS Ratio”). All ADS and per ADS amounts in the accompanying consolidated financial statements reflect the ADS Ratio.

Merger with Peak Bio, Inc.
On 14 November 2024, the Company completed its previously announced strategic combination with Peak Bio (Note 10). In connection with the acquisition, the Company issued 25,227,884,000 ordinary shares and assumed (i) November 2022 Peak Warrants to purchase an aggregate of 1,577,566 ADSs at $39.18 per ADS, and (ii) April 2023 Peak Warrants to purchase an aggregate of 1,187,013 ADSs at $2.04 per ADS.

The Company determined that the November 2022 Peak Warrants and the April 2023 Peak Warrants are not indexed to the Company’s own stock in the manner contemplated by the relevant accounting standard. Accordingly, on the Closing of the acquisition, the Company classified these warrants as derivative liabilities in its consolidated statements of financial position.

19. CALLED UP SHARE CAPITAL (CONTINUED)

November 2024 Private Placement

In November 2024, the Company entered into a definitive purchase agreement with certain investors, Dr. Prudo and Dr. Patel, pursuant to which the Company sold and issued in a private placement an aggregate of 3,426,804,000 ordinary shares (1,713,402 ADSs), and Series D Warrants (the "Series D Warrants") to purchase up to 1,713,402 ADSs, at a per unit price of $2.26 for aggregate gross proceeds of $3.2 million (the "November 2024 Private Placement"). The Series D Warrants have 3-year terms ranging from 2 December 2027 to 2 June 2028 and have cashless exercise provisions in limited circumstances.

At close of the November 2024 Private Placement, the Company incurred $204,000 in placement agent fees with Paulson Investment Company, LLC ("Paulson"). Net proceeds from the November 2024 Private Placement were approximately $2.8 million after deducting placement agent fees and other expenses. In April 2025, the Company issued 408,000,000 ordinary shares (204,000 ADSs) to Paulson in lieu of $204,000 in cash payment.

The Company determined that the Series D Warrants met all of the criteria for equity classification. Accordingly, upon closing of the November 2024 Private Placement, each of the Series D Warrants was recorded as a component of additional paid-in capital.

May 2024 Private Placement

In May 2024, the Company entered into a definitive purchase agreement with certain investors, Dr. Prudo and Dr. Patel, pursuant to which the Company sold and issued in a private placement an aggregate of 8,059,508,000 ordinary shares (4,029,754 ADSs), and Series C Warrants (the "Series C Warrants") to purchase up to 4,029,754 ADS, at a per unit price of $1.885 per ADS and Series C Warrant for aggregate gross proceeds of approximately $7.6 million (the "May 2024 Private Placement"). The Series C Warrants have 3-year terms ranging from 31 May 2027 to 21 June 2027 and have cashless exercise provisions in limited circumstances. The Series C Warrants (other than those issued to Dr. Prudo and Dr. Patel) have an exercise price of $1.76 per ADS. The Series C Warrants issued to Dr. Prudo and Dr. Patel have an exercise price of $1.79 per ADS. Net proceeds from the May 2024 Private Placement were approximately $7.0 million after deducting placement agent fees and other expenses.

At close of the May 2024 Private Placement, the Company issued to Paulson, as placement agent for the May 2024 Private Placement, warrants to purchase 322,380 ADSs at an exercise price of $1.885 per ADS and a term expiring on 31 May 2029 (the "May 2024 Placement Agent Warrants"). The estimated fair value of the May 2024 Placement Agent Warrants on the issuance date was approximately $0.4 million.

The Company determined that the Series C Warrants and May 2024 Placement Agent Warrants met all of the criteria for equity classification. Accordingly, upon closing of the May 2024 Private Placement, each of the Series C Warrants and May 2024 Placement Agent Warrants was recorded as a component of additional paid-in capital.

March 2024 Private Placement

In March 2024, the Company entered into a definitive purchase agreement with certain existing investors, pursuant to which the Company sold and issued in a private placement an aggregate of 2,641,228,000 ordinary shares (1,320,614 ADSs) at $1.48 per ADS, for aggregate gross proceeds of approximately $2.0 million (the "March 2024 Private Placement"). Net proceeds from the March 2024 Private Placement were approximately $1.7 million after deducting placement agent fees and other expenses.

At close of the March 2024 Private Placement, the Company issued to Paulson, as placement agent for the March 2024 Private Placement, warrants to purchase 132,061 ADSs at an exercise price of $1.85 per ADS (representing 125% of the purchase price per ADS sold in the March 2024 Private Placement) and a term expiring on 27 March 2029 (the "March 2024 Placement Agent Warrants"). The estimated fair value of the March 2024 Placement Agent Warrants on the issuance date was approximately $0.2 million.

The Company determined that the March 2024 Placement Agent Warrants met all of the criteria for equity classification. Accordingly, upon closing of the March 2024 Private Placement, each of the March 2024 Placement Agent Warrants was recorded as a component of additional paid-in capital.

19. CALLED UP SHARE CAPITAL (CONTINUED)

December 2023 Private Placement
In December 2023, the Company entered into purchase agreements to sell, in a private placement, to existing investors, Dr. Ray Prudo and Dr. Patel, (the "December 2023 Private Placement") an aggregate of 947,868 ADSs at $2.11 per ADS, for aggregate gross proceeds of approximately $2.0 million. Net proceeds from the December 2023 Private Placement were approximately $1.8 million after deducting placement agent fees and other expenses.

September 2023 Private Placement
In September 2023, the Company entered into purchase agreements to sell in a private placement to existing investors and directors, including Dr. Prudo and Ms. Rachelle Jacques, the Company's then President and Chief Executive Officer (the "September 2023 Private Placement") an aggregate of 551,816 ADSs at $3.30 per ADS, and pre-funded warrants (the "Pre-Funded Warrants") to purchase up to 48,387 ADSs at a purchase price per Pre-Funded Warrant of $3.10, for aggregate gross proceeds of approximately $2.0 million. The Pre-Funded Warrants are exercisable at an exercise price of $0.20 per ADS and will not expire until exercised in full. The September 2023 Private Placement closed in October 2023 resulting in net proceeds of approximately $1.7 million after deducting placement agent fees and other expenses.

At close of the September 2023 Private Placement, the Company issued to Paulson, as placement agent for the September 2023 Private Placement, warrants to purchase 42,550 ADSs at an exercise price of $4.13 per ADS (representing 125% of the purchase price per ADS sold in the September 2023 Private Placement) and a term expiring on 6 October 2028 (the "October 2023 Placement Agent Warrants"). The estimated fair value of the October 2023 Placement Agent Warrants on the issuance date was approximately $0.1 million.

The Company determined that the Pre-Funded Warrants and October 2023 Placement Agent Warrants met all of the criteria for equity classification. Accordingly, upon closing of the September 2023 Private Placement, each of the Pre-Funded Warrants and October 2023 Placement Agent Warrants were recorded as a component of additional paid-in capital.

March 2023 Registered Direct Offering
On 31 March 2023, the Company entered into securities purchase agreements with certain accredited and institutional investors, including Dr. Prudo (the "March 2023 Registered Direct Offering") providing for the issuance of an aggregate of 1,333,333 ADSs in a registered direct offering at $3.00 per ADS, resulting in gross proceeds of approximately $4.0 million. Net proceeds from the March 2023 Registered Direct Offering were approximately $3.5 million after deducting placement agent fees and expenses.

20. RESERVES

The following describes the nature and purpose of each reserve within equity:

Share premium - Accumulated amounts subscribed for share capital in excess of the nominal value of the share capital issued. Costs relating to the issue of shares are offset against share premium. Issue costs incurred in the year ended 31 December 2024 offset in share premium were $10,292,000 (31 December 2023: $6,528,000).

Retained earnings – Includes all current and prior period losses

Other reserves - Accounts for all other gains and losses reported by the group and not recognized elsewhere. Includes accumulated gains and losses arising from the retranslation of the net assets of overseas entities.

Share based payment reserve – This includes all movement for share options granted during the period.

Merger reserve – In accordance with the provisions of S612 of the Companies Act of 2006, the merger reserve represents (i) the premium on the shares issued to acquire Volution Immuno Pharmaceuticals SA, and (ii) the premium on the shares issued to acquire Peak Bio.

Reverse acquisition reserve – The reverse acquisition reserve relates to the reverse acquisition between Celsus Therapeutics PLC and Volution Immuno Pharmaceuticals SA on 18 September 2015.

Capital redemption reserve – Amounts transferred from share capital on redemption of issued shares.

21. WARRANTS

On 14 September 2022, the Company's sale of ADSs to accredited and institutional investors also included the issuance of series A and series B warrants. The series A warrants allow the investors to purchase an aggregate of 755,000 ADSs at $17.00 per ADS ("Series A warrants"). The Series A warrants are immediately exercisable and expire two years from issuance (14 September 2024). The series B warrants allow the investors to purchase an aggregate of 755,000 ADSs at $17.00 per ADS ("Series B warrants"). The Series B warrants are immediately exercisable and expire seven years from issuance (14 September 2029). The Series A warrants and the Series B warrants may be exercised on a cashless basis if six months after issuance there is no effective registration statement registering the ADSs underlying the warrants. Pursuant to the cashless exercise provision, the warrant holder must make an additional payment to the Company equal to the nominal value of an ADS (i.e., $0.0001) per warrant ADS to be issued pursuant to the cashless exercise.

The fair value of the Series A and Series B warrants was determined using the Black-Scholes Option Pricing Model, which uses various assumptions, including (i) fair value of the Company's ADSs, (ii) exercise price of the warrant, (iii) expected term of the warrant, (iv) expected volatility and (v) expected risk-free interest rate.

Below are the assumptions used for the fair value calculations of warrants, adjusted where applicable to reflect the change in ADS ratio at the year ended 31 December 2024 and 31 December 2023:

	31 December 2024				31 December 2023	
	Series A	**Series B**	**November 2022 Warrants**	**April 2023 Warrants**	**Series A**	**Series B**
Stock price	-	$1.22	$1.22	$1.22	$3.12	$3.12
Exercise price	-	$17.00	$39.18	$2.04	$17.00	$17.00
Expected term (in years)	-	4.7	2.8	3.3	0.7	5.7
Volatility	-	85%	95%	90%	85%	95%
Risk-free rate	-	4.4%	4.3%	4.3%	5.1%	3.9%

The following table summarizes the activity in the warrant liability during the year ended 31 December 2024:

	Series A ($000)	**Series B ($000)**	**November 2022 Warrants ($000)**	**April 2023 Warrants ($000)**	**Total ($000)**
Fair value at 1 January 2024	15	1,238	-	-	1,253
Assumption of Peak Bio Warrants	-	-	213	1,631	1,844
Change in fair value of liability	(15)	(1,056)	(119)	(895)	(2,085)
Fair value at 31 December 2024	-	182	94	736	1,012

The following table summarizes the activity in the warrant liability during the year ended 31 December 2023:

	Series A ($000)	**Series B ($000)**	**Total ($000)**
Fair value at 1 January 2023	1,812	6,040	7,852
Change in fair value	(1,797)	(4,802)	(6,599)
Fair value at 31 December 2023	15	1,238	1,253

21. WARRANTS (CONTINUED)

The Company is accounting for the warrants in accordance with IAS 32 Financial Instruments: Presentation. IAS 32 provides that the Company's financial instruments shall be classified on initial recognition in accordance with the substance of the contractual arrangement and the definitions of a financial liability or an equity instrument.

The Company determined that the Series A and Series B warrants (collectively, the "September 2022 Warrants") represent freestanding financial instruments because based on the warrant term their volatility input would preclude an option contract from being considered indexed to an entity's own stock.

The following table summarizes the Company's outstanding warrants as at 31 December 2024 and 2023:

	31 December 2024		31 December 2023	
	Number of ADS Warrants	Weighted Average Exercise Price ($)	Number of ADS Warrants	Weighted Average Exercise Price ($)
Outstanding at 1 January 2024	2,168,610	21.97	2,077,673	22.85
Granted during the year	6,197,597	1.91	90,937	2.04
Assumed during the year	2,764,569	23.23	-	-
Expired during the year	(823,092)	20.52	-	-
Outstanding at 31 December 2024	10,307,684	10.37	2,168,610	21.97

22. SHARE-BASED EQUITY AWARDS

2023 Equity Incentive Plan

On 7 November 2024, the Company's shareholders approved an increase in the number of shares available for the grant of awards under the 2023 Plan by 7,800,000,000 Ordinary Shares to an aggregate of 8,780,000,000 Ordinary Shares, plus such additional number of ordinary shares subject to awards granted under the 2014 Plan, to the extent such awards are forfeited, cancelled, or expire unexercised. Accordingly, the total number of ordinary shares that may ultimately be issued under rights granted under the 2023 Plan, including shares subject to outstanding grants under the 2014 Plan, shall not exceed 9,635,637,300 ordinary shares. In addition, if an award issued under the 2023 Plan is terminated or results in any shares not being issued, the unissued or reacquired shares shall again be available for issuance under the 2023 Plan.

On 30 June 2023, the Company's shareholders approved the 2023 Equity Incentive Plan (the "2023 Plan"), which provides for the grant of stock options, both incentive stock options and nonqualified stock options, stock, with and without vesting restrictions, restricted stock units ("RSUs") and stock appreciation rights, to be granted to employees, directors and consultants. The Company is permitted to issue up to 980,000,000 ordinary shares under the 2023 Plan, plus such additional number of ordinary shares (up to 855,637,300 ordinary shares) subject to awards granted under the 2014 Equity Incentive Plan (the "2014 Plan"), to the extent such awards are forfeited, cancelled, or expire unexercised.

As of 31 December 2024, the Company had 474,368,000 ordinary shares underlying outstanding equity awards under the 2023 Plan and 8,148,713,522 ordinary shares were available for future issuance under the 2023 Plan.

The 2023 and 2014 Plans provide that they be administered by the compensation committee of the board of directors. The exercise price for stock option awards may not be less than 100% of the fair market value of the Company's ordinary shares on the date of grant and the term of awards may not be greater than ten years. The Company determines the fair value of its ordinary shares based on the quoted market price of its ADSs. Vesting periods are determined at the discretion of the compensation committee. Awards granted to employees typically vest over two to four years and directors over one year.

2014 Equity Incentive Plan

Under the 2014 Plan the Company was authorized to grant stock options, restricted stock units and other awards, to employees, members of the board of directors and consultants. Upon effectiveness of the 2023 Plan, no further awards are available to be issued under the 2014 Plan. As of 31 December 2023, the Company had 253,434,688 ordinary shares underlying outstanding equity awards under the 2014 Plan, consisting of stock option awards.

22. SHARE-BASED EQUITY AWARDS (CONTINUED)

Share Options

The following is a summary of the Company's stock option activity under the 2023 Plan and the 2014 Plan for the year ended 31 December 2024:

	31 December 2024		31 December 2023	
	Number	Weighted Average Exercise Price ($)	Number	Weighted Average Exercise Price ($)
Outstanding at 1 January	651,237,400	0.01	513,673,885	0.02
Granted during the year	447,368,000	0.00	223,690,700	0.00
Assumed during the year (note 10)	3,236,162,000	0.00	-	-
Forfeited/expired during the year	(370,802,712)	0.01	(86,127,185)	0.03
Outstanding at 31 December	3,963,964,688	0.01	651,237,400	0.01
Exercisable (Vested) at 31 December	1,473,081,355	0.01	212,510,100	0.02

The weighted average remaining contractual life outstanding as of 31 December 2024 is 7.5 years (2023: 8.5 years).

The following is a summary of the Group's share options granted separated into ranges of exercise price:

Exercise price (range) ($)	Options outstanding at 31 December 2024	Weighted average remaining contractual life (yrs)	Weighted average exercise price ($)	Options exercisable at 31 December 2024	Remaining contractual life for exercisable options (yrs)	Weighted average exercise price for exercisable options ($)
<0.01	2,982,904,338	9.6	0.00139	504,021,005	8.8	0.00138
0.01-0.018	961,760,350	1.4	0.00975	949,760,350	1.4	0.00983
0.02-0.05	13,450,000	1.2	0.02651	13,450,000	1.2	0.02651
0.12-0.32	5,850,000	0.8	0.14193	5,850,000	0.8	0.14193
	3,963,964,688			**1,473,081,355**		

Exercise price (range) ($)	Options outstanding at 31 December 2023	Weighted average remaining contractual life (yrs)	Weighted average exercise price ($)	Options exercisable at 31 December 2023	Remaining contractual life for exercisable options (yrs)	Weighted average exercise price for exercisable options ($)
<0.01	307,090,700	9.3	0.01	50,986,337	9.1	-
0.01	291,596,700	8.4	0.01	108,973,763	7.9	0.01
0.02-0.05	46,700,000	-	0.02	46,700,000	4.9	0.02
0.12-0.32	5,850,000	-	0.16	5,850,000	2.2	0.16
	651,237,400			**212,510,100**		

The Company measures compensation cost for all share-based awards at fair value on the date of grant and recognizes compensation expense in general administrative and research and development expenses within its consolidated statements of comprehensive loss using the straight-line method over the service period over which it expects the awards to vest.

22. SHARE-BASED EQUITY AWARDS (CONTINUED)

The Company estimates the fair value of all time-vested options as of the date of grant using the Black-Scholes option valuation model, which was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models require the input of highly subjective assumptions, including the expected share price volatility, which is calculated based on the historical volatility of peer companies. The Company uses a risk-free interest rate, based on the U.S. Treasury instruments in effect at the time of the grant, for the period comparable to the expected term of the option. Given its limited history with share option grants and exercises, the Company uses the "simplified" method in estimating the expected term, the period of time that options granted are expected to be outstanding, for its grants.

The Company classifies its stock-based payments which are settled in ordinary shares as equity-classified awards. The Company measures equity-classified awards at their grant date fair value and does not subsequently re-measure them. Compensation costs related to equity-classified awards generally are equal to the grant-date fair value of the award amortized over the vesting period of the award.

Below are the weighted-average assumptions used for the options granted are below:

	Year ended 31 December	
	2024	**2023**
Expected dividend yield	0%	0%
Expected volatility	83%	98.7%
Risk-free interest	3.9%	3.8%
Expected life	5 years	6 years

Restricted Stock Units

The 2014 Plan provided, and the 2023 Plan provides, for the award of restricted stock units ("RSUs"). RSUs are granted to employees that are subject to time-based vesting conditions that lapse between one year and four years from date of grant, assuming continued employment. Compensation cost for time-based RSUs, which vest only on continued service, is recognized on a straight-line basis over the requisite service period based on the grant date fair of the RSU's, which is derived from the closing price of the Company's ADS's on the date of grant.

The following table summarizes the Company's restricted stock activity for the years ended 31 December 2024 and 2023:

	31 December 2024		31 December 2023	
	Number	Weighted Average Grant Fair Value $	Number	Weighted Average Grant Fair Value $
Nonvested shares at 1 January	385,954,925	0.00	21,475,400	0.01
Granted during the year	731,393,807	0.00	407,843,000	0.00
Forfeited during the year	(482,249,417)	0.00	-	-
Vested during the year	(635,099,315)	0.00	(46,363,475)	0.01
Nonvested shares at 31 December	-	-	385,954,925	0.00

The fair value of time-based RSUs that vested during the years ended 31 December 2024 and 2023 was approximately $0.5 million and $0.2 million, respectively.

During the year ended 31 December 2024, 276,000,000 ordinary shares underlying unvested time-based RSUs held by a former executive upon termination of employment were accelerated, resulting in additional stock-based compensation expense of $0.3 million.

As of 31 December 2024, there were no ordinary shares underlying vested time-based RSUs. As of 31 December 2023, 28,151,775 ordinary shares underlying vested time-based RSUs, which have been included in the consolidated statement of shareholders' equity (deficit), were pending issuance.

22. SHARE-BASED EQUITY AWARDS (CONTINUED)

Share-based Compensation Expense
The Company classifies stock-based compensation expense in the statement of comprehensive loss in the same manner in which the award recipients' payroll costs are classified or in which the award recipients' service payments are classified.

Total stock-based compensation expense attributable to stock-based payments made to employees, consultants and directors included in operating expenses in the Company's consolidated statement of comprehensive loss for the years ended 31 December 2024 and 2023, was as follows:

	Year ended 31 December	
	2024	**2023**
	$000	**$000**
Research and development	577	153
Administrative	1,026	997
Restructuring costs	285	-
Total stock-based compensation expense	1,888	1,150

As at 31 December 2024, total unrecognized compensation cost related to unvested stock options and time-based RSUs was $1.1 million, which is expected to be recognized over a weighted average period of 1.1 years. During the year ended 31 December 2024, $357k of compensation cost relating to replacement awards for pre-combination services did not impact the profit and loss because this formed part of consideration, thus this movement is not separately shown in the statements of changes in equity.

23. FINANCIAL INSTRUMENTS

The Group's activities expose it to financial risks: foreign current risk and credit risk and also non-financial risks: market risk. The Group's overall risk management program focuses on unpredictability and seeks to minimize the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilities market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items;
Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
Level 3: Unobservable inputs, thus not derived from market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. There have been no transfers between levels during the period.

The Group has the following categories of financial instruments as at 31 December 2024:

	31 December 2024	**31 December 2023**
	$000	**$000**
Financial assets measured at amortised cost:		
Other receivables	259	197
Financial liabilities measured at amortised cost:		
Borrowings (Note 18)	1,300	-
Trade payables and other payables	17,597	3,331
Financial liabilities measured at FVPL		
Warrant liability (Note 21)	1,012	1,253

23. FINANCIAL INSTRUMENTS (CONTINUED)

There is no significant difference between the fair value and the carrying value of financial instruments. All financial instruments are classified as current assets and current liabilities. There are no non-current financial instruments as at 31 December 2024.

For details of valuation techniques and significant unobservable inputs related to determining the fair value of the warrant liability, which is classified in level 3 of the fair value hierarchy, refer to Note 21.

The Company's Level 3 liabilities consist of the September 2022 Warrants, the November 2022 Peak Warrants and the April 2023 Peak Warrants, which were determined to be liability-classified instruments. There were no transfers between Level 1, Level 2, and Level 3 during the years ended 31 December 2024 and 2023.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Financial risks factors:
The Group's activities are exposed to foreign exchange risk, liquidity risk, credit risk and interest rate risk. The Group's comprehensive risk management plan focuses on activities and strategies that reduce adverse effects on the financial performance of the Group to a minimum.

Foreign currency risk:
The Group is exposed to foreign currency risk arising on cash and receivables denominated in a currency other than the respective functional currencies of the Group. The currencies in which these transactions primarily are denominated are GBP Sterling (GBP), South Korean won (KRW) Swiss Franc (CHF) and Euro (EUR).

The following balances held in foreign currency at the reporting date are:

	Group		**Company**	
	31 December 2024 $000	**31 December 2023** $000	**31 December 2024 $000**	**31 December 2023 $000**
GBP	1,537	954	1,278	954
CHF	104	-	50	-
EUR	2,587	1,471	2,540	1,471
KRW	5	-	-	-
Total net exposure	4,233	2,425	3,868	2,425

Sensitivity analysis

A 10 percent strengthening of USD against the respective currencies at 31 December 2024 would have decreased equity and profit and loss by the amounts shown below:

Group:

	Profit and loss		**Equity**	
	31 December 2024 $	**31 December 2023** $	**31 December 2024 $**	**31 December 2023** $
GBP	(153)	(95)	(153)	(95)
CHF	(10)	-	(10)	-
EUR	(258)	(147)	(258)	(147)
KRW	-	-	-	-
Total net exposure	(421)	(242)	(421)	(242)

23. FINANCIAL INSTRUMENTS (CONTINUED)

Company:

	Profit and loss		Equity	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	$	$	$	$
GBP	(128)	(95)	(128)	(95)
CHF	(5)	-	(5)	-
EUR	(254)	(147)	(254)	(147)
KRW	-	-	-	-
Total net exposure	(387)	(242)	(387)	(242)

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when expenses are denominated in a different currency from the Group's functional currency.

Credit risk:
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or supplier contract, leading to a financial loss. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash. Cash and short-term deposits are deposited with major banks in Europe and the United States and invested mostly in U.S. dollars and Great British Pounds. Such redeemed upon demand and therefore bear low risk.

Liquidity risk:
The Group's financial instruments comprise equity investments, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main risk arising from the Groups financial instruments is liquidity risk. The Group seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Interest rate risk
Akari Therapeutics, Plc manages interest rate risk through its financing arrangements. As of 31 December 2024, the Company had a cash balance of approximately $2.2 million. Interest income may fluctuate due to changes in average cash balances and prevailing interest rates. Interest expense primarily consists of interest incurred on the May 2024 Notes and in connection with the financing of director and officer insurance premiums. During the year ended 31 December 2024, interest expense was approximately $0.1 million. Interest expense may fluctuate from period to period due to changes in average interest-bearing loans and related interest rates.

The Company does not currently use any financial hedging instruments to mitigate interest rate risk. Management assesses the impact of interest rate changes on the Company's financial position and results of operations to be immaterial.

24. RELATED PARTY TRANSACTIONS

Interim CEO Agreement

On 12 December 2024, the Company's board of directors approved the appointment of Dr. Patel to Chief Executive Officer and principal executive officer, effective 16 December 2024. There were no changes to Dr. Patel's revised compensation as provided for under the 16 September 2024 Interim CEO Amendment Agreement, described below, following Dr. Patel's appointment as President and Chief Executive Officer on 16 December 2024.

On 31 May 2024, the Company and Dr. Patel entered into an Interim Chief Executive Officer Agreement, effective as of 1 May 2024 (the "Interim CEO Agreement"). Pursuant to the Interim CEO Agreement, Dr. Patel served as the Company's Interim President and Chief Executive Officer as an independent contractor on an at-will basis. The Interim CEO Agreement could be terminated by the Company immediately for any reason. As the sole compensation for services provided under the Interim CEO Agreement, Dr. Patel was paid $50,000 per month in the form of fully vested ordinary shares. On 16 September 2024, the Company entered into an amendment to the Interim CEO Agreement (the "Amendment"), effective 1 July 2024, to revise Dr. Patel's compensation in connection with the services as Interim President and Chief Executive Officer. Pursuant to the Amendment, in lieu of receiving the stated monthly compensation of $50,000 in the form of fully vested ordinary shares, Dr. Patel is paid in the form of fully vested non-qualified stock options to purchase ordinary shares ("NQSO"), with the number of ADSs underlying each such monthly NQSOs grant to be equal to two times the number determined by dividing (i) $50,000 by (ii) the closing price of the Company's ADSs on the Nasdaq Capital Market on the last day of each month (or partial month) Dr. Patel serves as the Company's Interim President and Chief Executive Officer.

During the year ended 31 December 2024, the Company recognized approximately $0.3 million in non-cash stock-based compensation costs pursuant to the Interim CEO Agreement, as amended, pertaining to (i) NQSOs granted to Dr. Patel to purchase 422,368,000 ordinary shares at an exercise price of less than $0.01 per ordinary share with a grant date fair value of approximately $0.3 million, and (ii) 91,396,000 fully vested ordinary shares granted to Dr. Patel.

Notes Payable, Related Party

Pursuant to the acquisition of Peak Bio (Note 10), which closed on 14 November 2024, the Company assumed three notes payable due to Dr. Huh, the Company's Chairman of the Board.

<u>January 2024 Note</u>

As a result of the business combination, the Company assumed a note in the amount of $0.75 million owed to Dr. Huh, which was entered into in January 2024 (the "January 2024 Note"). Prior to the March 2025 Private Placement, the January 2024 Note had a maturity date of 23 January 2025 and carries an interest rate of 15% per annum. In connection with the closing of the acquisition, Dr. Huh released Peak Bio of its rights to any security interest in all of the assets of Peak Bio and its subsidiaries.

As of the closing date, and as of 31 December 2024, the outstanding balance of the January 2024 Note was $0.75 million. The Company recognized interest expense of less than $0.1 million subsequent to the acquisition date, through 31 December 2024. As of 31 December 2024, accrued interest of $0.1 million is presented within trade and other payables in the consolidated statement of financial position.

<u>2021 Notes</u>

As a result of the business combination, the Company assumed a note in the amount of $0.9 million owed to Dr. Huh, which was entered into at various dates in 2021 (the "2021 Notes"). The 2021 Notes, which matured at various dates in 2022, carried an interest rate of 1.0% per annum.

As of the closing date, and as of 31 December 2024, the outstanding balance of the 2021 Notes was $0.9 million. The Company recognized interest expense of less than $0.1 million subsequent to the acquisition date, through 31 December 2024. As of 31 December 2024, accrued interest of $0.1 million is presented within trade and other payables in the consolidated statement of financial position.

In connection with the March 2025 Private Placement (Note 19), Dr. Huh's 2021 Notes and a portion of his January 2024 Note aggregating to $1.0 million were cancelled, extinguished and paid in full for an equal amount of ordinary shares and warrants. On 17 March 2025, Dr. Huh's January 2024 Note was amended to extend the maturity date to 31 December 2025 (Note 19).

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Convertible Notes, Related Party

On 10 May 2024, the Company entered into unsecured convertible promissory notes (the "May 2024 Notes") with Dr. Ray Prudo, the Company's Chairman at the time, and its then Interim President and Chief Executive Officer and director, Dr. Samir Patel, for an aggregate of $1.0 million in gross proceeds. The May 2024 Notes bear interest at 15% per annum, which may be increased to 17% upon the occurrence of certain events of default as described therein, and the principal and all accrued but unpaid interest is due on the date that is the earlier of (a) ten (10) business days following the Company's receipt of a U.K. research and development tax credit from HM Revenue and Customs, and (b) 10 November 2024. Provided, however, at any time or times from the date of the note and until the tenth business day prior to closing of the acquisition, the note holders are entitled to convert any portion of the outstanding and unpaid amount, including principal and accrued interest, into Company ADSs at a fixed conversion price equal to $1.59, representing the Nasdaq official closing price of the Company's ADSs on the issuance date, subject to certain restrictions. In October 2024, Drs. Prudo and Patel each elected to convert $125,000 of principal and accrued interest into the Company's ADSs at a conversion price of $1.59 per ADS. These ordinary shares remain unissued as of 31 December 2024 and are expected to be issued during the second quarter of 2025. The remaining unconverted aggregate principal balance of the May 2024 Notes, or $750,000, was repaid in cash with proceeds from the Company's U.K. research and development tax credit from HM Revenue and Customs.

The Company recognized interest expense of less than $0.1 million during the year ended 31 December 2024. As of 31 December 2024, accrued interest on the May 2024 Notes of less than $0.1 million is presented within trade and other payables in the consolidated statement of financial position.

The Doctors Laboratory

The Company leases office space for its U.K. headquarters in London from The Doctors Laboratory ("TDL") and has incurred expenses of approximately $0.1 million plus VAT during each of the years ended 31 December 2024 and 2023, respectively. Dr. Ray Prudo, the Company's Director, is the non-Executive Chairman of the Board of Directors of TDL.

The Company received certain laboratory testing services for its clinical trials provided by TDL, including certain administrative services, and incurred expenses of approximately $0.1 million during each of the years ended 31 December 2024 and 2023.

The Company recorded payable balances owed to TDL of less than $0.1 million as of 31 December 2024 and 2023.

Other

In November 2024, the Company assumed an amount due to an entity in which the Company's Chairman, Dr. Hoyoung Huh, is a director. As of 31 December 2024, the amounts due totaled less than $0.1 million and are included in trade and other payables in the consolidated statement of financial position.

25. POST BALANCE SHEET EVENTS

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. In some instances, such subsequent events may require retroactive adjustment to information reported at the balance sheet date.

Settlement of the November 2023 Note Payable

On 28 February 2025, the Company signed a Settlement Agreement and Release for full satisfaction of the outstanding principal and accrued interest owed on the November 2023 Note in the amount of $325,000. Payment was made in March 2025.

25. POST BALANCE SHEET EVENTS (CONTINUED)

March 2025 Private Placement

On 2 March 2025, the Company entered into a securities purchase agreement (the “March 2025 Purchase Agreement”) with certain investors, including the Company’s Chairman, Dr. Hoyoung Huh, director, President and Chief Executive Officer, Dr. Samir R. Patel, and all other members of the Company’s board, pursuant to which the Company agreed to sell and issue in a private placement (the “March 2025 Offering”) an aggregate of 6,637,626 unregistered ADSs, each representing 2,000 of the Company’s ordinary shares (the “Shares”), or prefunded warrants in lieu thereof (“Pre-Funded Warrants”), and, in each case, Series A warrants to purchase ADSs (“Series A Warrants”) and Series B warrants to purchase ADSs (“Series B Warrants”), together with the Pre-Funded Warrants and Series A Warrants, the “Warrants,” and together with the ADSs or Pre-Funded Warrants, the “Units”)). The Units consist of (i) for investors committing less than $1.0 million in the March 2025 Offering (“Tier 1 Investors”) one ADS or Pre-Funded Warrant plus a Series A Warrant to purchase one ADS and a Series B Warrant to purchase one ADS, (ii) for investors committing at least $1.0 million but less than $3.0 million in the March 2025 Offering (“Tier 2 Investors”) one ADS or Pre-Funded Warrant plus a Series A Warrant to purchase 1.25 ADSs and a Series B Warrant to purchase one ADS, and (iii) for investors committing $3.0 million or more in the March 2025 Offering (“Tier 3 Investors”), one ADS or Pre-Funded Warrant plus a Series A Warrant to purchase 1.5 ADSs and a Series B Warrant to purchase one ADS. The purchase price per Unit for investors purchasing ADSs is equal to $0.87 plus (a) $0.25 for Tier 1 Investors, (b) $0.28125 for Tier 2 Investors, or (c) $0.3125 for Tier 3 Investors (the “ADS Unit Purchase Price”). The purchase price per Pre-Funded Warrant and accompanying Series A Warrant and Series B Warrant is equal to $0.67 (which represents the ADS purchase price minus the $0.20 exercise price for such Pre-Funded Warrant) plus (a) $0.25 for Tier 1 Investors, (b) $0.28125 for Tier 2 Investors, or (c) $0.3125 for Tier 3 Investors (the “Pre-Funded Unit Purchase Price”).

As part of the March 2025 Offering, Dr. Huh agreed to purchase $1 million of Units, with the purchase price thereof to be satisfied through his agreement to cancel and extinguish $1.0 million of notes previously issued to him by the Company (the “Note Termination”) for an equal amount of ordinary shares and warrants.

The gross proceeds from the March 2025 Offering are expected to be approximately $6.6 million, net of the $1.0 million from the Note Termination, before deducting placement agent fees and other offering expenses payable by the Company.

The placement agent will be paid three percent (3%) of the total number of ADSs issued in the March 2025 Offering, including any of the ADSs issuable upon exercise of the Pre-Funded Warrants (excluding the ADSs issued to Dr. Huh in respect to the Note Termination).

Legal Settlement

On 3 March 2025, the Company signed a Settlement Agreement and Mutual Release with a former consultant to settle the demand letter claims received in December 2024. The agreement requires the Company to make a payment in the amount of $0.3 million in nine equal monthly installments beginning in March 2025. In addition, the agreement allows for the terms of the restricted stock unit award to continue to govern, including the continued vesting of the restricted stock units through the first anniversary of the grant (1 May 2025).

Appointment of New President and Chief Executive Officer

On 13 March 2025, the Company entered into an Executive Offer of Employment Agreement (as amended by a subsequent Chief Executive Officer Letter Agreement, dated 18 March 2025, the “Employment Agreement”) with Mr. Abizer Gaslightwala pursuant to which Mr. Gaslightwala will serve as the President and Chief Executive Officer of the Company, effective on 21 April 2025. Mr. Gaslightwala will earn a base salary, which includes an annual cash bonus target, and receive share-based payment compensation based on time service and the achievement of specific performance criteria.

Note Payable, Related Party

On 17 March 2025, Dr. Huh's January 2024 Note was amended to extend the maturity date to 31 December 2025.

26. ULTIMATE CONTROLLING PARTY

The directors do not believe that there is an ultimate controlling party of the Group.