
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

December 2020

Commission file number: 001-36288

Akari Therapeutics, Plc
(Translation of registrant's name into English)

75/76 Wimpole Street
London W1G 9RT
United Kingdom
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(7):

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On December 11, 2020, Akari Therapeutics, Plc (the “Company”) issued unaudited interim condensed consolidated financial statements as of September 30, 2020, prepared in accordance with generally accepted accounting principles in the United States, together with the Company’s Management Discussion and Analysis of Financial Condition and Results of Operations for the same period. Attached hereto and incorporated by reference herein are the following exhibits:

- [99.1 Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2020](#)
- [99.2 Management Discussion and Analysis of Financial Condition and Results of Operations as of September 30, 2020](#)

In addition, on December 11, 2020, the Company issued a press release announcing its third quarter 2020 financial results and recent clinical progress highlights. A copy of the press release is attached hereto as Exhibit 99.3 and incorporated herein by reference.

The information contained in Exhibits 99.1 and 99.2 and the statements under “Third Quarter 2020 Financial Results”, the accompanying financial statements and “Cautionary Note Regarding Forward-Looking Statements” of Exhibit 99.3 are hereby incorporated by reference into all effective registration statements filed by the Company under the Securities Act of 1933.

Exhibit No.

- [99.1 Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2020](#)
 - [99.2 Management Discussion and Analysis of Financial Condition and Results of Operations as of September 30, 2020](#)
 - [99.3 Press release dated December 11, 2020](#)
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Akari Therapeutics, Plc
(Registrant)

By: /s/ Clive Richardson
Name: Clive Richardson
Chief Executive Officer and Chief Operating Officer

Date: December 11, 2020

AKARI THERAPEUTICS, PLC

Quarterly Report For The Period Ended September 30, 2020

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AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED BALANCE SHEETS

As of September 30, 2020 and December 31, 2019

(in U.S. Dollars, except share data)

	September 30, 2020 (Unaudited)	December 31, 2019
Assets		
Current Assets:		
Cash	\$ 12,317,798	\$ 5,731,691
Prepaid expenses and other current assets	1,349,244	712,975
Deferred financing costs	-	321,956
Total Current Assets	13,667,042	6,766,622
Property and equipment, net	-	5,013
Patent acquisition costs, net	26,674	30,163
Total Assets	\$ 13,693,716	\$ 6,801,798
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	\$ 2,410,530	\$ 1,228,772
Accrued expenses	975,893	4,228,604
Liabilities related to options and warrants	5,448,995	3,116,880
Total Liabilities	8,835,418	8,574,256
Commitments and Contingencies		
Shareholders' Equity (Deficit):		
Share capital of £0.01 par value Authorized: 10,000,000,000 ordinary shares; issued and outstanding: 3,386,573,113 and 2,245,865,913 at September 30, 2020 and December 31, 2019, respectively	46,578,543	31,987,016
Additional paid-in capital	113,070,248	110,498,824
Accumulated other comprehensive loss	(621,298)	(348,860)
Accumulated deficit	(154,169,195)	(143,909,438)
Total Shareholders' Equity (Deficit)	4,858,298	(1,772,458)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 13,693,716	\$ 6,801,798

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED
For the Three and Nine Months Ended September 30, 2020 and September 30, 2019
(in U.S. Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Operating (Income) Expenses:				
Research and development (income) expenses	\$ (1,592,531)	\$ 1,763,057	\$ 4,160,066	\$ 3,038,038
General and administrative expenses	1,839,414	1,354,263	6,925,400	6,098,767
Total Operating Expenses	246,883	3,117,320	11,085,466	9,136,805
Loss from Operations	(246,883)	(3,117,320)	(11,085,466)	(9,136,805)
Other Income (Expenses):				
Interest income	6,132	2,057	8,294	3,792
Changes in fair value of option/warrant liabilities – gain (loss)	1,532,027	515,489	409,379	(12,594)
Foreign currency exchange gains (losses)	156,360	37,209	417,756	(71,989)
Other expenses	(5,676)	(2,788)	(9,720)	(10,124)
Total Other Income (Expenses)	1,688,843	551,967	825,709	(90,915)
Net Income (Loss)	1,441,960	(2,565,353)	(10,259,757)	(9,227,720)
Other Comprehensive (Loss) Income:				
Foreign Currency Translation Adjustment	(3,676)	3,281	(272,438)	(49,667)
Comprehensive Income (Loss)	\$ 1,438,284	\$ (2,562,072)	\$ (10,532,195)	\$ (9,277,387)
Income (Loss) per ordinary share (basic and diluted)	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average ordinary shares (basic and diluted)	3,386,573,113	1,971,025,222	3,336,002,895	1,721,098,272

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) -
UNAUDITED

As of and for the Three and Nine Months Ended September 30, 2020 and 2019
(in U.S. Dollars)

	Share Capital		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2019	2,245,865,913	\$ 31,987,016	\$ 110,498,824	\$ (348,860)	\$ (143,909,438)	\$ (1,772,458)
Stock-based compensation	-	-	100,504	-	-	100,504
Issuance of share capital related to financing, net of issuance costs	627,029,600	8,098,632	(1,003,264)	-	-	7,095,368
Comprehensive loss	-	-	-	(222,725)	(3,385,062)	(3,607,787)
Balance, March 31, 2020	2,872,895,513	40,085,648	109,596,064	(571,585)	(147,294,500)	1,815,627
Stock-based compensation	-	-	63,330	-	-	63,330
Issuance of share capital related to financing, net of issuance costs	471,666,700	5,953,176	2,941,966	-	-	8,895,142
Issuance of share capital for entering into 2020 Purchase Agreement with Aspire Capital	40,760,900	523,778	376,222	-	-	900,000
Issuance of share capital upon the exercise of warrants	1,250,000	15,941	11,559	-	-	27,500
Comprehensive loss	-	-	-	(46,037)	(8,316,655)	(8,362,692)
Balance, June 30, 2020	3,386,573,113	46,578,543	112,989,141	(617,622)	(155,611,155)	3,338,907
Stock-based compensation	-	-	81,107	-	-	81,107
Issuance of share capital related to financing, net of issuance costs	-	-	-	-	-	-
Comprehensive (loss) income	-	-	-	(3,676)	1,441,960	1,438,284
Balance, September 30, 2020	<u>3,386,573,113</u>	<u>\$ 46,578,543</u>	<u>\$ 113,070,248</u>	<u>\$ (621,298)</u>	<u>\$ (154,169,195)</u>	<u>\$ 4,858,298</u>
	Share Capital		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2018	1,580,693,413	\$ 23,651,277	\$ 106,616,083	\$ (352,426)	\$ (126,803,647)	\$ 3,111,287
Stock-based compensation	-	-	394,439	-	-	394,439
Issuance of share capital related to financing, net of issuance costs	5,000,000	65,598	86,955	-	-	152,553
Comprehensive loss	-	-	-	(107,168)	(2,545,283)	(2,438,115)
Balance, March 31, 2019	1,585,693,413	23,716,875	107,097,477	(245,258)	(129,348,930)	1,220,164
Stock-based compensation	-	-	409,622	-	-	409,622
Issuance of share capital related to financing, net of issuance costs	65,000,000	821,262	453,737	-	-	1,274,999
Comprehensive loss	-	-	-	(160,116)	(4,117,084)	(4,277,200)
Balance, June 30, 2019	1,650,693,413	24,538,137	107,960,836	(405,374)	(133,466,014)	(1,372,415)
Stock-based compensation	-	-	137,385	-	-	137,385
Issuance of share capital related to financing, net of issuance costs	450,172,500	5,585,564	1,461,996	-	-	7,047,560
Comprehensive income (loss)	-	-	-	3,281	(2,565,354)	(2,562,073)
Balance, September 30, 2019	<u>2,100,865,913</u>	<u>\$ 30,123,701</u>	<u>\$ 109,560,217</u>	<u>\$ (402,093)</u>	<u>\$ (136,031,368)</u>	<u>\$ 3,250,457</u>

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
For the Nine Months Ended September 30, 2020 and 2019
(in U.S. Dollars)

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Cash Flows from Operating Activities:		
Net loss	\$ (10,259,757)	\$ (9,227,720)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,907	14,892
Stock-based compensation	244,941	941,446
Financing expense	900,000	-
Changes in fair value of the liability for options/warrants – (gains) losses	(409,379)	12,594
Foreign currency exchange (gains) losses	(488,532)	67,922
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Tax credit receivable	-	(2,902,987)
Prepaid expenses and other current assets	(635,758)	364,594
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(2,076,709)	1,275,245
Total adjustments	(2,457,530)	(226,294)
Net Cash Used in Operating Activities	(12,717,287)	(9,454,014)
Cash Flows from Financing Activities:		
Net proceeds from issuance of shares	19,053,960	9,871,886
Net proceeds from exercise of warrants to purchase shares	27,500	-
Net Cash Provided by Financing Activities	19,081,460	9,871,886
Effect of Exchange Rates on Cash	221,934	(117,172)
Net Decrease in Cash	6,586,107	300,700
Cash, beginning of period	5,731,691	5,967,967
Cash, end of period	\$ 12,317,798	\$ 6,268,667
Supplemental Disclosures of Non-Cash Financing Activities:		
Deferred financing costs recognized and included in Additional paid-in capital	\$ -	\$ 182,958

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 1 – Nature of Business

Akari Therapeutics Plc, (the “Company” or “Akari”), is incorporated in the United Kingdom. The Company is a clinical-stage biopharmaceutical company focused on developing treatments for autoinflammatory diseases involving the complement (C5) and leukotriene (LTB4) pathways. The Company’s activities since inception have consisted of performing research and development activities and raising capital.

As of September 30, 2020, the Company has an accumulated deficit of \$154,169,195 and cash of \$12,317,798. On June 30, 2020, the Company entered into a securities purchase agreement (the “2020 Purchase Agreement”) with Aspire Capital Fund, LLC (“Aspire Capital”) which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$30.0 million of the Company’s ADSs over the 30-month term of the Purchase Agreement (See Note 4). As of September 30, 2020, \$30,000,000 remains available under the facility.

The Company believes its current capital resources, including the additional approximately \$6,000,000 received in October 2020 (See Note 8), are sufficient to support its operations through May 2021 without giving effect to the sale of additional shares to Aspire Capital under the Purchase Agreements.

The Company is subject to a number of risks similar to those of clinical stage companies, including dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with the outbreak of coronavirus, risks associated with clinical trials of products, dependence on third-party collaborators for research operations, need for regulatory approval of products, risks associated with protection of intellectual property, and competition with larger, better-capitalized companies. In addition, the Company is subject to risks related to an SEC investigation and the coronavirus outbreak.

For the three and nine months ended September 30, 2020, the Company reported a net income of \$1,441,960 and net loss of \$10,259,757, respectively, and expects to continue to incur substantial losses over the next several years during its development phase. To fully execute its business plan, the Company will need, among other things, to complete its research and development efforts and clinical and regulatory activities. These activities may take several years and will require significant operating and capital expenditures in the foreseeable future. There can be no assurance that these activities will be successful. If the Company is not successful in these activities or there is not a favorable resolution of the SEC investigation it could delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities. To fund its capital needs, the Company plans to raise funds through equity or debt financings or other sources, such as strategic partnerships and alliance and licensing arrangements, and in the long term, from the proceeds from sales of commercial product. Additional funds may not be available when the Company needs them, on terms that are acceptable to it, or at all. These matters raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

The global outbreak of COVID-19, also known as coronavirus, and public health epidemics can adversely impact the Company’s business as a result of disruptions, such as travel bans, quarantines, and interruptions to access the trial sites and supply chains, which could result in material delays and complications with respect to our research and development programs and clinical trials. Moreover, as a result of the coronavirus, there is a general unease of conducting unnecessary activities in medical centers. As a consequence, during 2020 the Company’s ongoing trials have been halted or disrupted. It is too early to assess the full impact of the coronavirus outbreak on trials for nomacopan, but COVID-19 may affect the Company’s ability to complete recruitment in the original timeframe. For example, the Phase I/II clinical trial in patients with AKC study has been halted and the recruitment in the Phase III clinical trial in pediatric patients with HSCT-TMA was delayed until the fourth quarter of 2020. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and continued severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, the continued spread of the coronavirus globally could adversely impact the Company’s operations and workforce, including research and clinical trials and the ability to raise capital, could affect the operations of key governmental agencies, such as the FDA, which may delay the development of the Company’s product candidates, and could result in the inability of suppliers to deliver components or raw materials on a timely basis or at all, each of which in turn could have an adverse impact on the Company’s business, financial condition and results of operation.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation – The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the SEC and assumes that the Company will continue to operate as a going concern. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These financial statements have been prepared on the same basis as the Company’s annual financial statements and, in the opinion of management, reflect all adjustments, including normal and recurring adjustments, which the Company considers necessary for the fair presentation of financial information. The results of operations and comprehensive income (loss) for the three and nine months ended September 30, 2020 and September 30, 2019, are not necessarily indicative of expected results for the full fiscal year or any other period. These interim condensed consolidated financial statements should be read in conjunction with the Company’s audited financial statements as of December 31, 2019 and notes thereto included in the 2019 Form 20-F.

Principles of Consolidation – The unaudited Condensed Consolidated Financial Statements include the accounts of the Company, Volution Immuno Pharmaceuticals SA, a private Swiss company, and Akari Malta Limited, both wholly-owned subsidiaries. All intercompany transactions have been eliminated.

Foreign Currency – The functional currency of the Company is U.S. dollars, as that is the primary economic environment in which the Company operates as well as the currency in which it has been financed.

The reporting currency of the Company is U.S. dollars. The Company translated its non-U.S. operations’ assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded as foreign currency translation adjustments, a component of accumulated other comprehensive income (loss). Gains or losses from foreign currency transactions are included in foreign currency exchange gains (losses).

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that may affect the reported amounts of assets, liabilities, equity, revenue, expenses and related disclosure of contingent assets and liabilities. Management’s estimates and judgments include assumptions used in the evaluation of impairment and useful lives of intangible assets (patents), accrued liabilities, deferred income taxes, liabilities related to options and warrants, stock-based compensation and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions.

Fair Value Measurements – The carrying amounts of financial instruments, including cash, prepaid expenses and other current assets, deferred financing costs, accounts payable and accrued expenses approximate fair value due to their short-term maturities.

The Company’s liabilities relate to options and warrants relate to RPC Pharma Limited (“RPC”), Akari’s largest shareholder, and unregistered warrants issued to investors and a placement agent in connection with the July 2019 registered direct offering and the February 2020 private placements.

The liability related to RPC Options was recognized on the Condensed Consolidated Balance Sheets at their fair value, with changes in the fair value accounted for in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) and included in changes in fair value of option/warrant liabilities – gain (loss).

The Company accounted for unregistered warrants issued to investors and a placement agent in connection with the July 2019 registered direct offering and the February 2020 private placements as a warrant liability on the Condensed Consolidated Balance Sheets and measured at their grant date fair values and subsequently re-measured at each reporting period, with changes being recorded as a component of Comprehensive Income (Loss) and included in changes in fair value of option/ warrant liabilities – gain (loss) (See Note 3).

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Cash – The Company considers all highly-liquid investments with original maturities of 90 days or less at the time of acquisition to be cash equivalents. The Company had no cash equivalents as of September 30, 2020 and December 31, 2019.

Prepaid Expenses and Other Current Assets – Prepaid expenses and other current assets consist principally of prepaid expenses and VAT receivables.

Deferred Financing Costs – Deferred financing costs relate to the upfront commitment fee paid to Aspire Capital pursuant to the 2018 Purchase Agreement with Aspire Capital in the form of ordinary shares and are included in current assets (see Note 4). They are amortized proportionally as the Company sells shares to Aspire Capital.

Property and Equipment, net – Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	Years
Computers, peripheral, and scientific equipment	3
Office furniture and equipment	3

Property and equipment, consists of the following:

	September 30, 2020	December 31, 2019
Computers, peripheral, and scientific equipment	\$ 85,489	\$ 85,489
Office furniture and equipment	79,449	79,449
Total property and equipment	164,938	164,938
Less: Accumulated depreciation	(164,938)	(159,925)
Property and equipment, net	\$ -	\$ 5,013

Depreciation expense for the three and nine months ended September 30, 2020 and 2019 was \$0, \$5,013, \$3,668 and \$8,743, respectively, and was recorded in General and administrative expenses in the Condensed Consolidated Statements of Comprehensive Income (Loss).

Long-Lived Assets – The Company 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.

Patent Acquisition Costs – Patent acquisition costs and related capitalized legal fees are amortized on a straight-line basis over the shorter of the legal or economic life. The estimated useful life is 22 years. The Company expenses costs associated with maintaining and defending patents subsequent to their issuance in the period incurred. Amortization of patent acquisition costs for the three and nine months ended September 30, 2020 was \$954 and \$2,894, respectively, and for the three and nine months ended September 30, 2019 was \$926 and \$2,855, respectively.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Accrued Expenses – As part of the process of preparing the unaudited condensed consolidated financial statements, the Company estimates accrued expenses. This process involves identifying services that third parties have performed on the Company’s behalf and estimating the level of service performed and the associated cost incurred on these services as of each balance sheet date in the Company’s unaudited condensed consolidated financial statements. Examples of estimated accrued expenses include contract service fees in conjunction with pre-clinical and clinical trials, professional service fees and contingent liabilities. In connection with these service fees, the Company’s estimates are most affected by its understanding of the status and timing of services provided relative to the actual services incurred by the service providers. In the event that the Company does not identify certain costs that have been incurred or it under or over-estimates the level of services or costs of such services, the Company’s reported expenses for a reporting period could be understated or overstated. The date on which certain services commence, the level of services performed on or before a given date, and the cost of services are often subject to the Company’s estimation and judgment. The Company makes these judgments based upon the facts and circumstances known to it in accordance with U.S. GAAP.

Research and Development Expenses – Costs associated with research and development are expensed as incurred unless there is an alternative future use in other research and development projects. Research and development expenses include, among other costs, salaries and personnel-related expenses, fees paid for contract research services, fees paid to clinical research organizations, costs incurred by outside laboratories, manufacturers’ and other accredited facilities in connection with clinical trials and preclinical studies.

Payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received. The Company records expenses related to clinical studies and manufacturing development activities based on its estimates of the services received and efforts expended pursuant to contracts with multiple contract research organizations (CROs) and manufacturing vendors that conduct and manage these activities on its behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract, and may result in uneven payment flows. There may be instances in which payments made to the Company’s vendors will exceed the level of services provided and result in a prepayment of the expense. Payments under some of these contracts depend on factors such as the successful enrollment of subjects and the completion of clinical study milestones. In amortizing or accruing service fees, the Company estimates the time period over which services will be performed, enrollment of subjects, number of sites activated and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the Company’s estimate, the Company will adjust the accrued or prepaid expense balance accordingly.

Research and development (income) and expense for the three months and nine months ended September 30, 2020 was (\$1,592,531) and \$4,160,066, respectively. Research and development expense for the three and nine months ended September 30, 2019 was \$1,763,057 and \$3,038,038, respectively. The Company accounts for research and development tax credits at the time its realization becomes probable as a credit to research and development expenses in the Consolidated Statements of Comprehensive Income (Loss). In July 2020, the Company realized a research and development tax credit for the 2019 tax year of \$3,372,093. In September 2019 and March 2019, the Company realized research and development tax credits for the 2018 and 2017 tax years of \$3,034,497 and \$4,872,716, respectively. The research and development tax credits are recorded as a credit to research and development expenses in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

Stock-Based Compensation Expense – Stock-based compensation expense is recorded using the fair-value based method for all awards granted. Compensation costs for stock options and awards are recorded in earnings (loss) over the requisite service period based on the fair value of those options and awards. For employees and non-employees, fair value is estimated at the grant date under Accounting Standards Updates (ASU) 2018-07, “*Compensation - Stock Compensation*”. Stock options for non-employee directors for their services as directors acting in their role as members of a board of directors are treated as employees if those directors were elected by the employer’s shareholders or appointed to a board position that will be filled by shareholder election when the existing term expires. Awards granted to those individuals for other services shall be accounted for as awards to non-employees. Fair values of awards granted under the share option plans are estimated using a Black-Scholes option pricing model. The determination of fair value for stock-based awards on the date of grant using an option pricing model requires management to make certain assumptions regarding a number of complex and subjective variables. The Company classifies its stock-based payments as either liability-classified awards or as equity-classified awards. The Company remeasures liability-classified awards to fair value at each balance sheet date until the award is settled. The liability for liability-classified awards generally is equal to the fair value of the award as of the balance sheet date multiplied by the percentage vested at the time. The Company charges (or credits) the change in the liability amount from one balance sheet date to another to changes in fair value of option and warrant liabilities – gain (loss). The Company accounts for awards of equity instruments issued to employees and directors under the fair value method of accounting and recognizes such amounts, upon vesting, in general administrative or research and development expenses within its unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Leases – The Company accounts for its leases in accordance with Accounting Standards Updates (ASU) No. 2016-02, Leases (“ASU 2016-2”). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Company determines if an arrangement is a lease at inception. This determination generally depends on whether the arrangement conveys to the Company the right to control the use of an explicitly or implicitly identified fixed asset for a period of time in exchange for consideration. Control of an underlying asset is conveyed to the Company if the Company obtains the rights to direct the use of and to obtain substantially all of the economic benefits from using the underlying asset. Operating leases are classified as right of use (“ROU”) assets, short term lease liabilities, and long-term lease liabilities. Operating lease ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. ROU assets are amortized and lease liabilities accrete to yield straight-line expense over the term of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company applies this policy to all underlying asset categories. Leasehold improvements are capitalized and depreciated over the lesser of useful life or lease term. As of September 30, 2020, the Company did not have a lease with a term longer than 12 months.

Concentration of Credit Risk – Financial instruments that subject the Company to credit risk consist of cash. The Company maintains cash with well-capitalized financial institutions. At times, those amounts may exceed insured limits. The Company has no other significant concentrations of credit risk.

Income Taxes – On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security Act, referred to herein as the CARES Act, as a response to the economic uncertainty resulting from COVID-19. The CARES Act includes modifications for net operating loss carryovers and carrybacks, limitations of business interest expense for tax, immediate refund of alternative minimum tax (AMT) credit carryovers. Tax provisions of the Act also include the deferral of certain payroll taxes, relief for retaining employees, and other provisions. The Company determined that these provisions did not have a material impact on the consolidated financial statements.

The Company accounts for income taxes in accordance with the accounting rules that require an asset and liability approach to accounting for income taxes based upon the future expected values of the related assets and liabilities. Deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and for tax loss and credit carry forwards and are measured using the expected tax rates estimated to be in effect when such basis differences reverse. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will, more likely than not, be realized. The Company has recorded a full valuation allowance on its deferred tax assets as of September 30, 2020 and December 31, 2019.

Uncertain Tax Positions – The Company follows the provisions of ASC 740 “*Accounting for Uncertainty in Income Taxes*”, which prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under ASC 740 “*Accounting for Uncertainty in Income Taxes*,” an entity may only recognize or continue to recognize tax positions that meet a “more-likely-than-not” threshold. Interest and penalties related to uncertain tax positions are recognized as income tax expense. At September 30, 2020 and December 31, 2019, the Company had no uncertain tax positions.

Earnings (Loss) Per Share – Basic earnings (loss) per ordinary share is computed by dividing net income (loss) available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings (loss) per ordinary share is computed by dividing net income (loss) available to ordinary shareholders by the sum of (1) the weighted-average number of ordinary shares outstanding during the period, (2) the dilutive effect of the assumed exercise of options and warrants using the treasury stock method and (3) the dilutive effect of other potentially dilutive securities. For purposes of the diluted net loss per share calculation, share options and warrants are considered to be potentially dilutive securities and were excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive. Therefore, basic and diluted net loss per share was the same for the periods presented.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Comprehensive Income (Loss) – Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The Company’s other comprehensive loss is comprised of foreign currency translation adjustments.

The following table provides details with respect to changes in accumulated other comprehensive loss, which is comprised of foreign currency translation adjustments, as presented in the balance sheets at September 30, 2020:

Balance, January 1, 2020	\$ (348,860)
Net current period other comprehensive loss	(272,438)
Balance, September 30, 2020	<u>\$ (621,298)</u>

Recent Accounting Pronouncements

Adopted during the period –

On August 2018, the FASB issued ASU 201813, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies certain disclosure requirements for reporting fair value measurements. ASU 2018-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted this guidance January 1, 2020. The adoption of the guidance did not have a material impact on the consolidated financial statements. The Company has updated its fair value footnote (Note 3) with additional and modified disclosures as required by the standard upon adoption.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”. This standard requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected and requires measurement and recognition of expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This is different from the current guidance as this will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets. This standard is effective for public companies who are SEC filers for fiscal years beginning after December 15, 2019, including interim periods within those years. In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, which expands the scope of the practical expedient that allows entities to exclude the accrued interest component of amortized cost from various disclosures required by ASC 326 to also include certain disclosures required by ASC 320. Entities that elect to apply the practical expedient must disclose the total amount of accrued interest that they exclude from their disclosures of amortized cost. The amendments have the same effective dates as ASU 2016-13 (Topic 326) for entities that have not yet adopted that standard. The Company adopted ASU 2016-13 and ASU 2019-11 effective January 1, 2020. The adoption of the guidance did not have a material impact on the consolidated financial statements and accompanying notes.

Recently Issued Accounting Pronouncements Not Yet Adopted -

On December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*. ASU 2019-12 enhances and simplifies various aspects of the income tax accounting guidance in ASC 740 and removes certain exceptions for recognizing deferred taxes for investments, performing intra-period allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. This ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact the adoption of this guidance may have on its consolidated financial statements.

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NOTE 3 – Fair Value Measurements

Fair value of financial instruments:

The estimated fair value of financial instruments has been determined by the Company using available market information and valuation methodologies. Considerable judgment is required in estimating fair values. Accordingly, the estimates may not be indicative of the amounts the Company could realize in a current market exchange.

The carrying amounts of cash, prepaid expenses and other current assets, deferred financing costs, accounts payable and accrued expenses approximate their fair value due to the short-term maturity of such instruments.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”) establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Liability related to RPC Options – In June 2015, the Company raised short-term working capital in the form of loans from shareholders of approximately \$3 million with the loans carrying with it, options in RPC, equivalent to 15% of the current outstanding equity issued by RPC (“RPC Options”). RPC is a private company that is a large shareholder of the Company. RPC Options were accounted for in accordance with ASC 718, *Compensation – Stock Compensation*. The fair value of RPC Options was estimated using the fair value of Akari ordinary shares times RPC’s ownership in Akari ordinary shares times 15% and was initially valued at approximately \$26 million. These options do not relate to the share capital of Akari. The exact terms of these options have not been finalized.

In accordance with ASC 820, the Company measures its liability related to RPC Options on a recurring basis at fair value. The liability related to RPC Options are classified within Level 3 value hierarchy because the liabilities are based on present value calculations and external valuation models. Unobservable inputs used in these models are significant.

The fair value of RPC Options was \$2,090,001 and \$2,102,012 as of September 30, 2020 and December 31, 2019, respectively. The fair value of the RPC Options for the three months ended September 30, 2020 and 2019 decreased by \$528,506 and \$316,541 respectively. The fair value of the RPC options for the nine-month period ended September 30, 2020 decreased by \$12,011 and for the nine-month period ended September 30, 2019 increased by \$211,542. The change in fair value of liability related to RPC Options from period to period, which represents a gain (loss), was recognized as changes in fair value of option and warrant liabilities – gain (loss) in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss). The Company accounts for RPC Options as a liability in accordance with ASC 815-40-25, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock* and ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock*.

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September 30, 2020

(in U.S. Dollars)

NOTE 3 – Fair Value Measurements (cont.)

Liability Related to Warrants –

July 2019 Registered Direct Offering - On July 3, 2019, the Company sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, the Company's Chairman, an aggregate of 2,368,392 ADSs in a registered direct offering at \$1.90 per ADS, resulting in gross proceeds of approximately \$4.5 million (the "2019 Registered Direct Offering"). The Company also entered into a letter agreement with Paulson Investment Company, LLC (the "Placement Agent") to serve as the placement agent for the Company in connection with this offering. In connection with the sale of the ADSs in the July 2019 Registered Direct Offering, the Company issued to the investors unregistered warrants to purchase an aggregate of 1,184,213 ADSs in a private placement ("2019 Investor Warrants"). The 2019 Investor Warrants are immediately exercisable and will expire five years from issuance at an exercise price of \$3.00 per ADS, subject to adjustment as set forth therein. The Company paid to the Placement Agent an aggregate of \$337,496 in placement agent fees and expenses and issued unregistered warrants to the Placement Agent to purchase an aggregate of 177,629 ADS ("2019 Placement Agent Warrants") on the same terms as the 2019 Investor Warrants, except that the 2019 Placement Agent Warrants are exercisable at \$2.85 per ADS. Both the 2019 Investor Warrants and the 2019 Placement Agent Warrants (together the "2019 Warrants") may be exercised on a cashless basis if nine 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., £1) per warrant ADS actually to be issued pursuant to the cashless exercise. The total amount of 2019 Warrants issued in connection with this registered direct offering amounted to 1,361,842, all of which were outstanding as of September 30, 2020.

February 2020 Private Placements - On February 13, 2020, February 19, 2020, February 20, 2020 and February 28, 2020, the Company entered into securities purchase agreements with certain accredited and institutional investors, including Dr. Ray Prudo, the Company's Chairman, providing for the issuance of an aggregate of 5,620,296 ADSs in a private placement at \$1.70 per ADS for aggregate gross proceeds of approximately \$9.5 million (the "February 2020 Private Placements"). The Company also entered into a letter agreement with the Placement Agent to serve as the placement agent for the Company in connection with this offering. In connection with the offering, on February 21, 2020 and March 3, 2020, the Company issued to the investors unregistered warrants to purchase a total of 2,810,136 ADSs at \$2.20 per ADS ("February 2020 Investor Warrants"). On March 3, 2020, the Company also issued 449,623 ADSs to the Placement Agent at \$2.55 per ADS ("February 2020 Placement Warrants"). The February 2020 Investor warrants and the 2020 Placement Agent Warrants (together the "February 2020 Warrants") will expire five years from issuance and are immediately exercisable, subject to adjustment as set forth therein. The Company paid to the Placement Agent an aggregate of \$808,362 in placement agent fees and expenses. The February 2020 Warrants may be exercised on a cashless basis if nine 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., £1) per warrant ADS actually to be issued pursuant to the cashless exercise. The total amount of the February 2020 Warrants issued in connection with the February 2020 Private Placements amounted to 3,259,759. 3,247,259 of these warrants were outstanding as of September 30, 2020.

The costs directly attributable to realizing proceeds of issuing ADSs such as placement agent fees, commissions, legal and accounting fees pertaining to the financing and other external, incremental fees and expenses paid to advisors are recognized on a proportional basis as (1) a component of General and administrative expenses in the unaudited Condensed Consolidated Statements of Operations, relative to the grant date fair value of the warrant liability as a portion of the total value of the equity raise, and (2) in the Shareholders' Equity in the Condensed Consolidated Balance Sheets in accordance with ASC 835-30-45-3, relative to the gross cash proceeds of the private placement as a portion of the total value of the equity raise. The total value of the equity raise equals the sum of the grant date fair value of the warrant liability and the gross cash proceeds of the private placement.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 3 – Fair Value Measurements (cont.)

The Company has determined that the 2019 Warrants and the February 2020 Warrants (together the “Warrants”) represent freestanding financial instruments whose foreign currency considerations pursuant to cash and cashless exercise require liability classification and should be recorded as liability-classified awards in accordance with ASC 815-40-25, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock* and ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock*. In accordance with ASC 820, the Company measured its Warrants at grant date fair value. The fair value related to warrants are classified within the Level 3 value hierarchy because it is based on external valuation models whose inputs include market interest rates, required return on capital, and standard deviation. Unobservable inputs used in these models are significant. The Warrants were measured at their grant date fair value and subsequently remeasured at each reporting period with changes being recorded as a component of other income in the Condensed Consolidated Statements of Comprehensive Income (Loss). The total grant date fair value of the 2019 Warrants was \$1,213,816 and of the February 2020 Warrants was \$2,749,369 and they were recognized within Current Liabilities in the unaudited Condensed Consolidated Balance Sheets. The change in fair value of liability related to Warrants from period to period, which represents a gain (loss), was recognized as changes in fair value of option and warrant liabilities – gain (loss) in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss). At December 31, 2019, the fair value of the 2019 Warrants was \$1,014,868. At September 30, 2020, the fair value of the 2019 Warrants was \$972,236 and of the outstanding February 2020 Warrants was \$2,386,758. The change in fair value of the 2019 Warrants in the three months ended September 30, 2020 was a decrease of \$303,158 and for the nine months ended September 30, 2020 was a decrease of \$42,632. The change in fair value of the outstanding February 2020 Warrants in the three months ended September 30, 2020 was a decrease of \$700,363 and for the nine months ended September 30, 2020 was a decrease of \$362,612.

Below are the assumptions used for the fair value calculations of the 2019 Warrants as of:

	December 31, 2019	September 30, 2020
Standard deviation	110.00%	110.00%
Annual risk-free interest rate	1.66%	0.20%
Required return on equity	19.90%	19.30%
Expected life in years	4.5	3.74
Annual turnover rate	0.00%	0.00%
Period risk-free rate	0.08%	0.08%

Below are the assumptions used for the fair value calculations of the February 2020 Warrants as of:

	February 21, 2020	March 3, 2020	September 30, 2020
Standard deviation	110.00%	110.00%	110.00%
Annual risk-free interest rate	1.3%	0.77%	0.25-0.26%
Required return on equity	19.90%	19.90%	19.30%
Expected life in years	5.0	5.0	4.40-4.42
Annual turnover rate	0.00%	0.00%	0.00%
Period risk-free rate	0.08%	0.08%	0.08%

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NOTE 3 – Fair Value Measurements (cont.)

The Company had no financial assets that require fair value measurement on a recurring basis. The Company’s financial liabilities measured at fair value on a recurring basis, consisted of the following instruments as of the following dates:

	September 30, 2020	December 31, 2019
RPC Options	\$ 2,090,001	\$ 2,102,012
Warrants	3,358,994	1,014,868
Total	\$ 5,448,995	\$ 3,116,880

Fair value measurements using significant unobservable inputs (Level 3):

	Fair value of liabilities related to options and warrants
Balance at December 31, 2019	\$ 3,116,880
Issuance of 2020 Paulson Warrants	2,749,369
Reclassification of warrant liability to shareholders’ equity upon exercise of 12,500 warrant ADSs	(7,875)
Change in fair value of liabilities related to options and warrants	(409,379)
Balance at September 30, 2020	\$ 5,448,995
	Fair value of liabilities related to options and warrants
Balance at December 31, 2018	\$ 1,842,424
Change in fair value of liabilities related to options and warrants	1,226,410
Balance at September 30, 2019	\$ 3,068,834

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NOTE 4 – Shareholders' Equity

2018 Purchase Agreement and Registration Rights Agreement with Aspire Capital –

On September 26, 2018, the Company entered into a Purchase Agreement (“2018 Purchase Agreement”) with Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$20.0 million of the Company’s ADS, with each ADS representing one hundred (100) ordinary shares, during a 30-month period beginning on the effective date of a registration statement related to the 2018 Purchase Agreement. Concurrently with entering into the 2018 Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital, in which the Company agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act, the sale of the Company’s securities that have been and may be issued to Aspire Capital under the 2018 Purchase Agreement.

Under the 2018 Purchase Agreement, after the SEC declared effective the registration statement referred to above (which occurred in March 2019), on any trading day selected by the Company, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice (each, a “Purchase Notice”), directing Aspire Capital (as principal) to purchase up to 150,000 ADSs per business day and up to \$20.0 million of the Company’s ADSs in the aggregate at a per share price (the “Purchase Price”) equal to the lesser of:

- the lowest sale price of the Company’s ADSs on the purchase date; or
- the arithmetic average of the three (3) lowest closing sale prices for the ADSs during the ten (10) consecutive business days ending on the business day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction).

In addition, on any date on which the Company submits a Purchase Notice to Aspire Capital in an amount of 150,000 ADSs, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a “VWAP Purchase Notice”) directing Aspire Capital to purchase an amount of ADSs equal to up to 30% of the aggregate shares of the Company’s ADSs traded on its principal market on the next trading day (the “VWAP Purchase Date”), subject to a maximum number of 250,000 ADSs. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for the Company’s ADSs traded on its principal market on the VWAP Purchase Date.

The Purchase Price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital shall not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of the Company’s ADSs is less than \$0.25. There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of the Company’s ADSs to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement.

In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 30,000,000 ordinary shares of the Company (the “2018 Commitment Shares”) and sold to Aspire Capital 25,000,000 ordinary shares (the “2018 Initial Shares”) for gross proceeds of \$500,000. The Company recorded the value of the Commitment shares as deferred financing costs and included the costs in current assets. As of September 30, 2020, the Company has recognized all of such costs which are included in additional paid-in capital. The 2018 Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of the Company’s securities during any time prior to the termination of the 2018 Purchase Agreement. Any proceeds the Company receives under the 2018 Purchase Agreement are expected to be used for working capital and general corporate purposes.

In addition to the issuance of the 2018 Commitment Shares and 2018 Initial Shares for gross proceeds of \$500,000 in September 2018, during the nine months ended September 30, 2020, the Company sold to Aspire Capital 536,666,700 ordinary shares of the Company for gross proceeds of \$10,360,254. As of September 30, 2020, \$371,621 of the original purchase commitment remains available under the facility.

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NOTE 4 – Shareholders’ Equity (cont.)

2020 Purchase Agreement and Registration Rights Agreement with Aspire Capital –

On June 30, 2020, the Company entered into a Purchase Agreement (“2020 Purchase Agreement”) with Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$30.0 million of the Company’s ADS, with each ADS representing one hundred (100) ordinary shares, during a 30-month period beginning on the effective date of a registration statement related to the transaction. Concurrently with entering into the 2020 Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital, in which the Company agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act of 1933, as amended (the “Securities Act”), the sale of the Company’s securities that have been and may be issued to Aspire Capital under the 2020 Purchase Agreement.

Under the 2020 Purchase Agreement, after the SEC declared effective the registration statement referred to above (which occurred in July 2020), on any trading day selected by the Company, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice (each, a “Purchase Notice”), directing Aspire Capital (as principal) to purchase up to 150,000 ADSs per business day and up to \$30.0 million of the Company’s ADSs in the aggregate at a per share price (the “Purchase Price”) equal to the lesser of:

- the lowest sale price of the Company’s ADSs on the purchase date; or
- the arithmetic average of the three (3) lowest closing sale prices for the ADSs during the ten (10) consecutive business days ending on the business day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction).

In addition, on any date on which the Company submits a Purchase Notice to Aspire Capital in an amount of 150,000 ADSs, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a “VWAP Purchase Notice”) directing Aspire Capital to purchase an amount of ADSs equal to up to 30% of the aggregate shares of the Company’s ADSs traded on its principal market on the next trading day (the “VWAP Purchase Date”), subject to a maximum number of 250,000 ADSs. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for the Company’s ADSs traded on its principal market on the VWAP Purchase Date.

The Purchase Price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The 2020 Purchase Agreement provides that the Company and Aspire Capital shall not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of the Company’s ADSs is less than \$0.25. Additionally, governing law in the United Kingdom, where the Company is incorporated, requires a minimum payment per ADS to be issued pursuant to a purchase notice equal to the nominal value of an ADS (i.e., £1). There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of the Company’s ADSs to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. In accordance with ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock*, since the ultimate floor price, which is effectively the nominal value of the ADS which is denominated in GBP, the number of shares issuable under the contract is impacted by foreign currency, therefore ASC 815-40-15-71 precludes the 2020 Purchase Agreement from being indexed to the Company’s own stock. The Company determined that the right to sell shares to Aspire Capital under the 2020 Purchase Agreement represents a freestanding put option that meets the criteria of a derivative pursuant to ASC 815 *Derivatives and Hedging*. Since the purchase price per share pursuant to the Purchase Agreement is at the market, the Company concluded that the put option has a fair value of zero, and therefore no additional accounting related to the put option was required.

In consideration for entering into the 2020 Purchase Agreement, the Company agreed to issue to Aspire Capital 40,760,900 ordinary shares of the Company (the “2020 Commitment Shares”) which had a fair value of approximately \$900,000. Since the Company has determined that the 2020 Purchase Agreement is considered a freestanding put option derivative in accordance with ASC 815 *Derivatives and Hedging*, the Company recorded the value of the 2020 Commitment Shares in General and administrative expenses in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss). The 2020 Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of the Company’s securities during any time prior to the termination of the 2020 Purchase Agreement. Any proceeds the Company receives under the 2020 Purchase Agreement are expected to be used for working capital and general corporate purposes.

During the nine months ended September 30, 2020, the Company has not sold to Aspire Capital any ordinary shares of the Company under the 2020 Purchase Agreement. As of September 30, 2020, the initial amount of \$30 million of the original purchase commitment remains available under the facility (See Note 8 – Subsequent Events).

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NOTE 4 – Shareholders’ Equity (cont.)

July 2019 Registered Direct Offering –

On July 3, 2019, the Company sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, the Company’s Chairman, an aggregate of 2,368,392 ADSs in a registered direct offering at \$1.90 per ADS, resulting in gross proceeds of approximately \$4.5 million. The Company also entered into a letter agreement with the Placement Agent to serve as the placement agent for the Company in connection with this offering. In connection with the sale of the ADSs in the July 2019 Registered Direct Offering, the Company issued unregistered warrants to investors and the Placement Agent to purchase an aggregate of 1,361,842 ADSs in a private placement at \$3.00 per ADS and \$2.85 per ADS respectively (See Note 3).

February 2020 Private Placements –

On February 13, 2020, February 19, 2020, February 20, 2020 and February 28, 2020, the Company entered into securities purchase agreements with certain accredited and institutional investors, including Dr. Ray Prudo, the Company’s Chairman, providing for the issuance of an aggregate of 5,620,296 ADSs in a private placement at \$1.70 per ADS for aggregate gross proceeds of approximately \$9.5 million. The Company also entered into a letter agreement with the Placement Agent to serve as the placement agent for the Company in connection with this offering. In connection with the offering, the Company issued to the investors unregistered warrants to purchase 2,810,136 ADSs at \$2.20 per ADS and 449,623 ADSs to the Placement Agent at \$2.55 per ADS (See Note 3).

Description	Exercise Price	Balance December 31, 2019	Warrants Issued in 2020	Warrants Exercised in 2020	Balance September 30, 2020
2019 Investor Warrants	\$ 3.00	1,184,213	-	-	1,184,213
2019 Placement Agent Warrants	\$ 2.85	177,629	-	-	177,629
February 2020 Investor Warrants	\$ 2.20	-	2,810,136	(12,500)	2,797,636
February 2020 Placement Agent Warrants	\$ 2.55	-	449,623	-	449,623
		<u>1,361,842</u>	<u>3,259,759</u>	<u>(12,500)</u>	<u>4,609,101</u>

Share option plan –

In accordance with the Company’s 2014 Equity Incentive Plan (the “Plan”), the number of shares that may be issued upon exercise of options under the Plan shall not exceed 344,747,462 ordinary shares. At September 30, 2020, 232,098,427 ordinary shares are available for future issuance under the Plan. The option plan is administered by the Company’s Board of Directors and grants are made pursuant thereto by the compensation committee. The per share exercise price for the shares to be issued pursuant to the exercise of an option shall be such price equal to the fair market value of the Company’s ordinary shares on the grant date and set forth in the individual option agreement. Options expire ten years after the grant date and typically vest over one to four years.

The following is a summary of the Company’s share option activity and related information for employees and directors for the period ended September 30, 2020:

	Number of shares	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Options outstanding as of January 1, 2020	94,349,035	\$ 0.10		7.6	\$ -
Changes during the period:					
Granted	18,800,000	0.02	0.02		
Forfeited	(500,000)	0.04	0.03		
Options outstanding at September 30, 2020	<u>112,649,035</u>	\$ 0.09		7.3	\$ -
Exercisable options at September 30, 2020	<u>74,649,035</u>	\$ 0.12		6.6	\$ -

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 unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) using the straight-line method over the service period over which it expects the awards to vest.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 4 – Shareholders’ Equity (cont.)

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 as either liability-classified awards or as equity-classified awards. The Company re-measures liability-classified awards to fair value at each balance sheet date until the award is settled.

The Company measures equity-classified awards at their grant date fair value and does not subsequently re-measure them. The Company has classified its stock-based payments, which are settled in ordinary shares as equity-classified awards, and share-based payments that are settled in cash as liability-classified awards. 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. The liability for liability-classified awards generally is equal to the fair value of the award as of the balance sheet date multiplied by the percentage vested at the time. The Company charges (or credits) the change in the liability amounts from one balance sheet date to another to stock-based compensation expense.

Below are the assumptions used for the options granted during the nine months ended September 30, 2020 and 2019:

	September 30, 2020	September 30, 2019
Expected dividend yield	0%	0%
Expected volatility	83.95-86.60%	75.40%
Risk-free interest	0.29-0.49%	1.76%
Expected life in years	5.50-6.25	5.50

The following is a summary of the Company’s share options granted separated into ranges of exercise price as of September 30, 2020:

Exercise price (range) (\$)	Options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Options exercisable	Remaining contractual life (years for exercisable options)	Weighted average exercise price (\$)
0.02-0.05	77,600,000	8.28	0.02	39,787,500	7.80	0.03
0.12-0.19	18,334,629	5.55	0.15	18,147,129	5.54	0.16
0.32	16,714,406	4.98	0.32	16,714,406	4.98	0.32
	112,649,035			74,649,035		

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 4 – Shareholders’ Equity (cont.)

During the three and nine months ended September 30, 2020 and 2019, the Company recorded approximately \$81,107, \$244,941, \$137,000 and \$942,000, respectively, in stock-based compensation expenses for employees and directors. At September 30, 2020, there was approximately \$525,522 of unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Company’s share option plans which the Company expects to recognize over a weighted average of 2.1 years.

NOTE 5 – Related Party Transactions

Office Lease - The Company leases its offices in London from The Doctors Laboratory (“TDL”) and has incurred expenses of approximately \$34,000 and \$98,000 plus VAT during the three and nine months ended September 30, 2020, respectively, and \$32,000 and \$100,000 plus VAT during the three and nine months ended September 30, 2019, respectively (see Note 6 – Lease Commitment). David Byrne, a non-employee director of the Company, is the Chief Executive Officer of TDL and Dr. Ray Prudo, the Company’s Executive Chairman, is also Non-Executive Chairman of the Board of Directors of TDL.

Laboratory Testing Services - The Company has received laboratory testing services for its clinical trials provided by TDL and has incurred expenses of approximately \$28,000 and \$234,000 plus VAT during the three and nine months ended September 30, 2020, respectively, and \$43,000 and \$168,000 plus VAT during the three and nine months ended September 30, 2019, respectively.

Consulting - A non-employee director of the Company began providing business development consulting services in January 2018. The Company has incurred expenses of approximately \$25,000 and \$75,000 during the three and nine months ended September 30, 2020, respectively, and \$25,000 and \$75,000 during the three and nine months ended September 30, 2019, respectively, relating to these consulting services.

NOTE 6 – Commitments and Contingencies

Loss contingencies - On April 27, 2017, the Company issued a press release stating that Edison Investment Research Ltd. (“Edison”) had withdrawn its report issued April 26, 2017 titled “Akari’s Coversin matches Soliris® in Phase II” (the “Edison Report”) because it contained material inaccuracies, including, without limitation, with respect to the Company’s interim analysis of its ongoing Phase II PNH trial of nomacopan (formerly known as Coversin). Investors were cautioned not to rely upon any information contained in the Edison Report and instead were directed to the Company’s press release issued on April 24, 2017 that discusses the interim analysis of the Company’s then ongoing Phase II PNH trial and other matters. The Company’s Board of Directors established an ad hoc special committee of the Board to review the involvement, if any, of its personnel with the Edison Report, which was later retracted. Edison was retained by the Company to produce research reports about the Company. While that review was pending, Dr. Gur Roshwalb, the Company’s former Chief Executive Officer, was placed on administrative leave and Dr. Ray Prudo in his role as Executive Chairman temporarily assumed Dr. Roshwalb’s duties in his absence. Following that review, the Company determined that the Edison Report was reviewed and approved by Dr. Roshwalb, in contravention of Company policy. On May 29, 2017, Dr. Roshwalb submitted his resignation as Chief Executive Officer and member of the Company’s Board of Directors, effective immediately.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 6 – Commitments and Contingencies (cont.)

On May 12, 2017, a putative securities class action captioned *Derek Da Ponte v. Akari Therapeutics, PLC, Gur Roshwalb, and Dov Elefant* (Case 1:17-cv-03577) was filed in the U.S. District Court for the Southern District of New York against the Company, its former Chief Executive Officer, and its former Chief Financial Officer. The plaintiff asserted claims alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), based primarily on the Company’s press releases or statements issued between April 24, 2017 and May 11, 2017 concerning the Phase II PNH trial of nomacopan (formerly known as Coversin) and the Edison Report about the Company and actions taken by it after the report was issued. The purported class covers the period from March 30, 2017 to May 11, 2017. The complaint seeks unspecified damages and costs and fees. On May 19, 2017, an almost identical class action complaint captioned *Shamoon v. Akari Therapeutics, PLC, Gur Roshwalb, and Dov Elefant* (Case 1:17-cv-03783) was filed in the same court. On July 11-12, 2017, candidates to be lead plaintiff filed motions to consolidate the cases and appoint a lead plaintiff. On August 10, 2017, the court issued a stipulated order: (i) consolidating the class actions under the caption *In re: Akari Therapeutics, PLC Securities Litigation* (Case 1:17-cv-03577); and (ii) setting out a schedule for plaintiffs to file a consolidated amended complaint and defendants to respond thereto.

By order dated September 7, 2017, the court appointed lead plaintiffs for the class and lead plaintiffs’ counsel. On November 6, 2017, lead plaintiffs filed a consolidated amended complaint (the “CAC”). While the CAC contains similar substantive allegations to the initial complaints, it adds two additional defendants, Dr. Ray Prudo and Edison Investment Research Ltd., and the purported class period was changed to April 24, 2017 through May 30, 2017. On January 10, 2018, at a hearing regarding the defendants’ impending motions to dismiss the CAC, the Court gave plaintiffs permission to file a second consolidated amended complaint (the “SCAC”) and established a briefing schedule for defendants’ motions to dismiss the SCAC. Pursuant to that schedule, plaintiffs’ SCAC was filed on January 31, 2018. All briefing on the motions to dismiss was completed on April 20, 2018.

On May 9, 2018, the parties engaged in a mediation session and came to an agreement in principle to settle the dispute. On June 8, 2018, the parties entered into a memorandum of understanding. A memorandum of understanding is not a definitive settlement agreement, which must be approved by the Court. By the terms of the memorandum, the parties agreed in principle to a total payment of \$2.7 million in cash. The Company recorded the \$2.7 million SCAC litigation settlement loss in the Consolidated Statement of Comprehensive Loss in the year ended December 31, 2017, which is the period in which the lawsuits were originally filed. The \$2.7 million SCAC settlement liability was recorded as a loss contingency in accrued expenses in the Company’s Consolidated Balance Sheets as of December 31, 2017. On July 26, 2018, plaintiffs filed a notice with the Court voluntarily dismissing Edison from the action. On August 3, 2018, the remaining parties executed and filed a stipulation and agreement of settlement (the terms of which were consistent with the memorandum of understanding). On August 7, 2018, the Court granted plaintiffs’ motion for preliminary approval of the settlement, and on November 28, 2018, following a hearing with the parties, the court ordered final approval of the settlement. On August 24, 2018, the Company received a \$2.7 million payment from its directors’ and officers’ liability insurance provider, the sum of which was paid to an escrow account for the benefit of the settlement class on August 27, 2018. This was recorded as a gain in the Consolidated Statements of Comprehensive Loss during the third quarter of 2018. Plaintiffs subsequently moved to distribute the settlement funds to the class, and the Court granted plaintiffs’ motion on February 4, 2019.

Separately, Edison sought indemnification from the Company pursuant to its contract with the Company, including reimbursement of all legal expenses that Edison incurs in connection with the securities class action (to which, as discussed above, Edison was added as a defendant on November 6, 2017) and lost profits from customer relationships that Edison claims it lost as a result of the retraction of the Edison Report. The parties came to an agreement in the fourth quarter of 2018 and settled the dispute for an amount immaterial to the Company’s operations and cash flows.

AKARI THERAPEUTICS, Plc

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

September 30, 2020

(in U.S. Dollars)

NOTE 6 – Commitments and Contingencies (cont.)

The Company voluntarily reported to the SEC the circumstances leading to the withdrawal of the Edison Report and the outcome of its special committee's investigation. In response, the SEC requested certain documents from the Company with respect to the matters it reported. The Company is cooperating with the SEC's requests for information. On June 5, 2018, the Company received a subpoena from the SEC, which requested further documents and information primarily related to the Company's Phase II clinical trial of nomacopan (formerly known as Coversin) in connection with an investigation of the Company that the SEC is conducting. The Company is in the process of responding to the subpoena and will continue to cooperate with the SEC.

Lease commitment – The Company's lease agreement for offices in London expired in March 2019. The Company currently leases its offices in London on the same terms of the expired lease except on a month-to-month basis. (See Note 5).

The Company's lease for offices in New York, New York ended early in December 2018. The Company currently leases office space in New York, New York on a month-to-month basis.

For the three and nine months ended September 30, 2020 and 2019, the Company incurred rental expense in the amount of approximately \$45,000, \$128,000, \$27,000 and \$264,000, respectively.

NOTE 7 – Loss Per Share

For purposes of the diluted net loss per share calculation, share options and warrants are considered to be potentially dilutive securities. For the three and nine months ended September 30, 2020 and 2019, the outstanding share options and warrants were excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive. Therefore, basic and diluted net loss per share was the same for the periods presented in the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

The following table shows the number of share equivalents that were excluded from the computation of diluted loss per share for the respective periods because the effect would have been anti-dilutive:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Share options	112,649,035	98,842,750
Warrants	460,910,100	136,184,200
Total Anti-Dilutive Share Equivalents	573,559,135	235,026,950

NOTE 8 – Subsequent Events

In October 2020, the Company sold to Aspire Capital 460,758,800 ordinary shares representing 4,607,588 ADSs of the Company for gross proceeds of approximately \$6,000,000 under the 2020 Purchase Agreement.

In December 2020, the Company announced that all resolutions put to shareholders at its General Meeting of Shareholders held on December 8, 2020 were passed and as a result, the currency of the Company's ordinary shares was changed from pounds sterling to US dollars and the nominal (par) value of an ordinary share was reduced to USD0.0001.

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read this discussion together with the unaudited condensed consolidated financial statements, related notes and other financial information included elsewhere in this Report on Form 6-K. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2019. These risks could cause our actual results to differ materially from any future performance suggested below.

Unless the context otherwise requires, all references to "Akari," "we," "us," "our," the "Company" and similar designations refer to Akari Therapeutics, PLC and its subsidiaries.

Overview

We are a clinical-stage biopharmaceutical company focused on developing treatments for autoinflammatory diseases involving the complement (C5) and leukotriene (LTB4) pathways. The Company's activities since inception have consisted of performing research and development activities and raising capital. Each of these pathways has scientifically well-supported causative roles in the diseases we are targeting. We believe that blocking early mediators of inflammation will prevent initiation and continual amplification of the processes that cause certain diseases.

Our lead product candidate, nomacopan (formerly known as Coversin), is a recombinant small protein derived from a protein originally discovered in the saliva of the *Ornithodoros moubata* tick, which modulates the host immune system to allow the parasite to feed without alerting the host to its presence or provoking an immune response. Nomacopan is a second-generation complement inhibitor which acts on complement component-C5, preventing release of C5a and formation of C5b-9 (also known as the membrane attack complex, or MAC), and independently and specifically also inhibits leukotriene B4, or LTB4, activity, both elements that are co-located as part of the immune/inflammatory response. The importance of nomacopan's dual inhibitory action is therefore twofold. First, it can prevent inflammatory and prothrombotic activities of two key pathways, and second, the pathways can be independently activated. Additionally, nomacopan's bio-physical properties allow it to be potentially used in a variety of formulations, including subcutaneous, intravenous, topical or inhaled routes of administration.

Our clinical targets for nomacopan are orphan inflammatory diseases where the inhibition of both C5 and LTB4 are implicated, including bullous pemphigoid, or BP, atopic keratoconjunctivitis, or AKC, and thrombotic microangiopathy bone marrow transplant, or TMA-HSCT as well as COVID-19 pneumonia and related COVID diseases.

In February 2020, we entered into securities purchase agreements with certain accredited and institutional investors, led by some of our existing investors, including Dr. Ray Prudo, our Chairman, providing for the issuance of an aggregate of 5,620,296 ADSs in a private placement at \$1.70 per ADS for aggregate gross proceeds of approximately \$9.5 million. We also entered into a letter agreement with Paulson Investment Company, LLC, or the Placement Agent, to serve as our placement agent in connection with this offering. In connection with the offering, we issued to the investors and the Placement Agent unregistered warrants to purchase 2,810,136 ADSs at \$2.20 per ADS and 449,623 ADSs at \$2.55 per ADS, respectively. See "Liquidity and Capital Resources – February 2020 Private Placements".

In June 2020, we entered into a Purchase Agreement with Aspire Capital, or 2020 Purchase Agreement, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$30.0 million of our ADSs during a 30-month period beginning on the effective date of a registration statement related to the transaction. Concurrently with entering into the 2020 Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital, in which we agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act of 1933, as amended, or the Securities Act, the sale of our securities that have been and may be issued to Aspire Capital under the 2020 Purchase Agreement. See "Liquidity and Capital Resources – Aspire Capital Financing Arrangements".

Impact of Coronavirus Outbreak

The global outbreak of COVID-19, also known as coronavirus, and public health epidemics can adversely impact our business as a result of disruptions, such as travel bans, quarantines, and interruptions to access the trial sites and supply chains, which could result in material delays and complications with respect to our research and development programs and clinical trials. Moreover, as a result of coronavirus, there is a general unease of conducting unnecessary activities in medical centers. As a consequence, our ongoing trials have been halted or disrupted. It is too early to assess the full impact of the coronavirus outbreak on trials for nomacopan, but coronavirus may affect our ability to complete recruitment in our original timeframe. For example, we have halted our Phase I/II clinical trial in patients with AKC and we expect that recruitment in our Phase III clinical trial in pediatric patients with HSCT-TMA is delayed until the fourth quarter of 2020. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, the continued spread of the coronavirus globally could adversely impact our operations and workforce, including our research and clinical trials and our ability to raise capital, could affect the operations of key governmental agencies, such as the FDA, which may delay the development of our product candidates, and could result in the inability of our suppliers to deliver components or raw materials on a timely basis or at all, each of which in turn could have an adverse impact on our business, financial condition and results of operation.

Critical Accounting Policies and Use of Estimates

The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles, or U.S. GAAP, requires management to make estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Share-Based Compensation and Fair Value of Ordinary Shares

We account for awards of equity instruments issued to employees and directors under the fair value method of accounting and recognize such amounts in our unaudited Condensed Consolidated Statements of Comprehensive Income (Loss). We measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in general administrative and research and development expenses in our Consolidated Statements of Comprehensive Income (Loss) using the straight-line method over the service period over which we expect the awards to vest.

We estimate 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 we calculate based on the historical volatility of peer companies. We use a risk-free interest rate, based on U.S. Treasury instruments in effect at the time of the grant, for the period comparable to the expected term of the option. Given our limited history with share option grants and exercises, we use the “simplified” method in estimating the expected term, the period of time that options granted are expected to be outstanding, for our grants.

We classify our stock-based payments as either liability-classified awards or as equity-classified awards. We remeasure liability-classified awards to fair value at each balance sheet date until the award is settled. We measure equity-classified awards at their grant date fair value and do not subsequently remeasure them. We have classified our share-based payments which are settled in our ordinary shares as equity-classified awards and our share-based payments that are settled in cash as liability-classified awards. 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. The liability for liability-classified awards generally is equal to the fair value of the award as of the balance sheet date multiplied by the percentage vested at the time. We charge (or credit) the change in the liability amount from one balance sheet date to another to changes in fair value of options and warrants liabilities.

RPC Options

In connection with a short-term working capital loan from certain shareholders of approximately \$3 million, such shareholders were granted options in RPC Pharma Limited (“RPC”), equivalent to 15% of the current outstanding equity issued by RPC. The RPC options were accounted for in accordance with ASC 718, “*Compensation-Stock Compensation*”. The fair value of RPC options is estimated using the fair value of Akari ordinary shares times RPC’s ownership in Akari ordinary shares times 15% and was initially valued at approximately \$26 million. These RPC options do not relate to the share capital of Akari. At September 30, 2020, the fair value of the options was \$2,090,001. The change in fair value of the options for the three and nine months ended September 30, 2020 was a decrease of \$528,506 and \$12,011, respectively, and was recognized as a change in fair value of options and warrants liabilities in the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

Warrants issued in connection with our July 2019 Registered Direct Offering

In connection with the sale of the ADSs in the July 2019 Registered Direct Offering, we issued to investors unregistered warrants to purchase an aggregate of 1,184,213 ADSs in a private placement, or the 2019 Investor Warrants. The 2019 Investor Warrants are immediately exercisable at an exercise price of \$3.00 per ADS, subject to adjustment as set forth therein and will expire five years from issuance. We also issued unregistered warrants to the Placement Agent to purchase an aggregate of 177,629 ADSs, or the 2019 Placement Agent Warrants, on the same terms as the 2019 Investor Warrants, except that the 2019 Placement Agent Warrants are exercisable at \$2.85 per ADS. The total amount of warrants issued in connection with this registered direct offering amounted to warrants to purchase an aggregate of 1,361,842 ADSs, all of which were outstanding as of September 30, 2020. The 2019 Investor Warrants and the 2019 Placement Agent Warrants, or, together, the 2019 Warrants, were recorded as liability-classified awards and accounted for in accordance with ASC 815-40-25, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* and ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*. In accordance with ASC 820, we measured the 2019 Warrants at grant date fair value. The total grant date fair value of the 2019 Warrants was \$1,213,816. At September 30, 2020, the fair value of the 2019 Warrants was \$972,236. The change in fair value of the 2019 Warrants in the three months ended September 30, 2020 was a decrease of \$303,158 and for the nine months ended September 30, 2020 was a decrease of \$42,632 and was recognized as a change in fair value of options and warrants liabilities in the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

Warrants issued in connection with the February 2020 Private Placements

In connection with the sale of the ADSs in the February 2020 Private Placements, we issued to investors unregistered warrants to purchase an aggregate of 2,810,136 ADSs in a private placement, or the February 2020 Investor Warrants. The warrants are immediately exercisable at an exercise price of \$2.20 per ADS, subject to adjustment as set forth therein and will expire five years from issuance. We also issued unregistered warrants to the Placement Agent to purchase an aggregate of 449,623 ADSs, or February 2020 Placement Agent Warrants, on the same terms as the February 2020 Investor Warrants, except that the February 2020 Placement Agent Warrants are exercisable at \$2.55 per ADS. The total amount of warrants issued in connection with this private placement amounted to warrants to purchase an aggregate of 3,259,759 ADSs. 3,247,259 of these warrants were outstanding as of September 30, 2020. The February 2020 Investor Warrants and the February 2020 Placement Agent Warrants, or, together, the February 2020 Warrants were recorded as liability-classified awards and accounted for in accordance with ASC 815-40-25, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* and ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*. In accordance with ASC 820, we measured the February 2020 Warrants at grant date fair value. The total grant date fair value of the February 2020 Warrants was \$2,749,369. During the three months ended September 30, 2020, 1,250,000 of the February 2020 Warrants were exercised at an exercise price of \$0.022 per warrant (equivalent to \$2.20 per ADS) issuing 1,250,000 ordinary shares or 12,500 ADSs for gross proceeds of \$27,500. At September 30, 2020, the fair value of the outstanding February 2020 Warrants was \$2,386,758. The change in fair value of the outstanding February 2020 Warrants in the three months ended September 30, 2020 was a decrease of \$700,363 and for the nine months ended September 30, 2020 was a decrease of \$362,612 and was recognized as a change in fair value of options and warrants liabilities in the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

Commitment Shares issued in connection with the 2020 Purchase Agreement

In consideration for entering into the 2020 Purchase Agreement, we agreed to issue to Aspire Capital 40,760,900 ordinary shares of the Company (the "2020 Commitment Shares") which had a fair value of approximately \$900,000. Since we have determined that the 2020 Purchase Agreement includes a freestanding put option that meets the criteria of a derivative in accordance with ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*, we recorded the fair value of the 2020 Commitment Shares in General and administrative expenses in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

Functional Currency

The functional currency of Akari is U.S. dollars, as that is the primary economic environment in which the Company operates as well as the currency in which it has been financed.

Our reporting currency is U.S. Dollars. We translated our non-U.S. operations' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded as foreign currency translation adjustments, a component of accumulated other comprehensive (loss) income. Gains or losses from foreign currency transactions and the remeasurement of intercompany balances are included in foreign currency exchange gains (losses).

Results of Operations

For the Three Months Ended September 30, 2020 and September 30, 2019

Research and development (income) expenses

Research and development income for the three months ended September 30, 2020 was approximately \$1,593,000 compared to expenses of approximately \$1,763,000 for the three months ended September 30, 2019. This decrease of 190% or \$3,356,000 in expenses was primarily due to lower clinical expenses of approximately \$1,318,000 due to completion of certain clinical trials and lower drug manufacturing costs of approximately \$894,000 due to timing of contracted work, the bulk of which is expected to commence in the fourth quarter of 2020. In addition, we received R&D tax credits in the three months ended September 30, 2020 which were approximately \$469,000 higher than the R&D tax credits received in the three months ended September 30, 2019.

Due to the coronavirus outbreak, our ongoing trials have been halted or disrupted. As a result, we expect our clinical expenses to decrease in the short term. However, we expect our clinical expenses including other research development expenses to increase in the future as we plan to conduct additional clinical trials to support the development of nomacopan, and advance other product candidates into pre-clinical and clinical development.

General and administrative expenses

General and administrative expenses for the three months ended September 30, 2020 were approximately \$1,839,000 compared to approximately \$1,354,000 for the three months ended September 30, 2019. This increase of 36% or \$485,000 was primarily due to higher expenses for legal fees of approximately \$225,000 and insurance of \$190,000.

We expect our general and administrative expenses to increase due to increased legal, accounting and professional fees associated with being a publicly reporting company in the United States.

Other income (expenses)

Other expense for the three months ended September 30, 2020 was approximately \$1,689,000 compared to other income of approximately \$552,000 for the three months ended September 30, 2019. This \$1,137,000 decrease was primarily attributed to approximately \$1,017,000 of gain related to the fair value of the options and warrants liabilities in the third quarter of 2020 compared to the same period in 2019.

For the Nine Months Ended September 30, 2020 and September 30, 2019

Research and development expenses

Research and development expenses for the nine months ended September 30, 2020 were approximately \$4,160,000 compared to expenses of approximately \$3,038,000 for the nine months ended September 30, 2019. This increase of 37% or \$1,122,000 in expenses was primarily due to the R&D tax credit received in 2020 which was approximately \$4,404,000 lower than the two R&D tax credits received in 2019. Research and development expenses for the nine months ended September 30, 2020 were lower than in 2019 by approximately \$3,282,000 due to completion of certain clinical trials in 2020 and timing of contracted drug manufacturing work, the bulk of which is expected to commence in the fourth quarter of 2020.

Due to the coronavirus outbreak, our ongoing trials have been halted or disrupted. As a result, our clinical expenses decreased. However, we expect our clinical expenses including other research development expenses to increase in the future as we will initiate additional clinical trials to support the development of nomacopan, and advance other product candidates into pre-clinical and clinical development.

General and administrative expenses

General and administrative expenses for the nine months ended September 30, 2020 were approximately \$6,925,000 compared to approximately \$6,099,000 for the nine months ended September 30, 2019. This increase of 14% or approximately \$826,000 was primarily due to a one-time non-cash financing expenses of approximately \$900,000 related to the 2020 Purchase Agreement with Aspire Capital.

We expect our general and administrative expenses to increase due to increased legal, accounting and professional fees associated with being a publicly reporting company in the United States.

Other income (expenses)

Other income for the nine months ended September 30, 2020 was approximately \$826,000 compared to expense of approximately \$91,000 for the nine months ended September 30, 2019. This \$917,000 increase was primarily attributed to approximately \$422,000 of gain related to the fair value of the options and warrants liabilities and foreign exchange gains of approximately \$490,000 in the third quarter of 2020 compared to the same period in 2019.

Liquidity and Capital Resources

At September 30, 2020, we had \$12,317,798 in cash and an accumulated deficit in the amount of \$154,169,195. Since inception, we have funded our operations primarily through the sale of equity securities and debt financing.

In September 2018, we entered into a Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$20.0 million of our ADSs beginning on the effective date of a registration statement related to the transaction. To date, we have sold to Aspire Capital a total of \$19,628,379 of ordinary shares and \$371,621 of the original purchase commitment remains available for draw down under the Purchase Agreement. See “Aspire Capital Financing Arrangements – 2018 Purchase Agreement” below.

In July 2019, we sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, our Chairman, an aggregate of 2,368,392 ADSs in the Registered Direct Offering resulting in gross proceeds of approximately \$4.5 million. We also entered into a letter agreement with the Placement Agent to serve as our placement agent in connection with this offering. In connection with the sale of the ADSs in this Registered Direct Offering, we issued unregistered warrants to investors and the Placement Agent to purchase an aggregate of 1,361,842 ADSs in a private placement at \$3.00 per ADS and \$2.85 per ADS respectively. As of the date of the issuance of this Report on Form 6-K, all 1,361,842 of such warrants were outstanding. See “Liquidity and Capital Resources – July 2019 Registered Direct Offering” below.

In February 2020, we entered into securities purchase agreements with certain accredited and institutional investors, led by some of our existing investors, including our Chairman Dr. Ray Prudo, providing for the issuance of an aggregate of 5,620,296 ADSs in a private placement at \$1.70 per ADS for aggregate gross proceeds of approximately \$9.5 million. We also entered into a letter agreement with the Placement Agent to serve as our placement agent in connection with this offering. In connection with the offering, we issued to the investors and the Placement Agent unregistered warrants to purchase 2,810,136 ADSs at \$2.20 per ADS and 449,623 ADSs at \$2.55 per ADS, respectively. As of the date of the issuance of this Report on Form 6-K, 3,247,259 of such warrants were outstanding. See “Liquidity and Capital Resources – February 2020 Private Placements” below.

In June 2020, we entered into a Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$30.0 million of our ADSs beginning on the effective date of a registration statement related to the transaction. To date, we have sold to Aspire Capital a total of approximately \$6 million of ordinary shares and \$24 million of the original purchase commitment remains available for draw down under the Purchase Agreement. See “Aspire Capital Financing Arrangements – 2020 Purchase Agreements” below.

We believe our current capital resources are sufficient to support our operations through May 2021 without giving effect to the sale of additional shares to Aspire Capital under the Purchase Agreements.

We are subject to a number of risks similar to those of clinical stage companies, including dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with clinical trials of products, dependence on third-party collaborators for research operations, need for regulatory approval of products, risks associated with protection of intellectual property, and competition with larger, better-capitalized companies. We are closely monitoring ongoing developments in connection with the coronavirus pandemic, which has resulted in the halting of and disruptions to our ongoing clinical trials and may negatively impact our ability to raise capital. To fully execute our business plan, we will need, among other things, to complete our research and development efforts and clinical and regulatory activities. These activities may take several years and will require significant operating and capital expenditures in the foreseeable future.

For the nine months ended September 30, 2020, we reported a net loss of \$10,259,757 and we expect to continue to incur substantial losses over the next several years during our development phase. To fund our capital needs, we plan to raise additional funds through equity or debt financings or other sources, such as strategic partnerships and alliance and licensing arrangements, and in the long term, from the proceeds from sales. To the extent that we raise additional funds by issuing equity securities, our shareholders may experience significant dilution.

These additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Specifically, the COVID-19 pandemic has disrupted global financial markets, and may limit our ability to access capital, which could in the future negatively affect our liquidity. Therefore, there can be no assurance that we will be successful in obtaining an adequate level of financing needed for our research and development efforts and clinical and regulatory activities, which may take several years and will require significant operating and capital expenditures in the foreseeable future. If we are unable to raise sufficient capital resources, we will not be able to continue the development of all of our products, or may be required to delay part of our development programs and significantly reduce our activities in order to maintain our operations. These matters raise substantial doubt about our ability to continue as a going concern. Our independent registered public accounting firm, in its report on our audited financial statements for the year ended December 31, 2019 expressed substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if we were unable to continue as a going concern.

Aspire Capital Financing Arrangements

2018 Purchase Agreement

On September 26, 2018, we entered into a Purchase Agreement with Aspire Capital (“2018 Purchase Agreement”) which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$20.0 million of our ADSs, during a 30-month period beginning March 4, 2019, the effective date of a registration statement related to the transaction. Concurrently with entering into the 2018 Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital, or the Registration Rights Agreements in which we agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act, the sale of our securities that have been and may be issued to Aspire Capital under the 2018 Purchase Agreement. Subsequently on October 9, 2018, we filed the registration statement on Form F-1 to register the resale of such securities and such registration statement was declared effective on March 4, 2019.

Under the 2018 Purchase Agreement, after the SEC has declared effective the registration statement referred to above, on any trading day selected by us, we have the right, in our sole discretion, to present Aspire Capital with a purchase notice, each, a Purchase Notice, directing Aspire Capital (as principal) to purchase up to 150,000 ADSs per business day and up to \$20.0 million of our ADSs in the aggregate at a per share price, or the Purchase Price, equal to the lesser of:

- the lowest sale price of our ADSs on the purchase date; or
- the arithmetic average of the three (3) lowest closing sale prices for the ADSs during the ten (10) consecutive business days ending on the business day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction).

In addition, on any date on which we submit a Purchase Notice to Aspire Capital in an amount of 150,000 ADSs, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice, each, a VWAP Purchase Notice, directing Aspire Capital to purchase an amount of ADSs equal to up to 30% of the aggregate shares of our ADSs traded on our principal market on the next trading day, or the VWAP Purchase Date, subject to a maximum number of 250,000 ADSs. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for our ADSs traded on our principal market on the VWAP Purchase Date.

The Purchase Price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. We may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the 2018 Purchase Agreement, so long as the most recent purchase has been completed.

The 2018 Purchase Agreement provides that we and Aspire Capital shall not effect any sales under the 2018 Purchase Agreement on any purchase date where the closing sale price of our ADSs is less than \$0.25. There are no trading volume requirements or restrictions under the 2018 Purchase Agreement, and we will control the timing and amount of sales of our ADSs to Aspire Capital. Aspire Capital has no right to require any sales by us, but is obligated to make purchases from us as directed by us in accordance with the 2018 Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the 2018 Purchase Agreement. In consideration for entering into the 2018 Purchase Agreement, concurrently with the execution of the 2018 Purchase Agreement, we issued to Aspire Capital 30,000,000 ordinary shares of us, the Commitment Shares, and sold to Aspire Capital 25,000,000 ordinary shares, or the Initial Shares, for \$0.02 per share (equivalent to \$2.00 per ADS). The 2018 Purchase Agreement may be terminated by us at any time, at our discretion, without any cost to us. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of our securities during any time prior to the termination of the 2018 Purchase Agreement. Any proceeds we receive under the 2018 Purchase Agreement are expected to be used for working capital and general corporate purposes.

In addition to the 30,000,000 Commitment Shares and the 25,000,000 Initial Shares sold to Aspire Capital in September 2018 for gross proceeds of \$500,000, and the 428,333,300 ordinary shares we sold to Aspire Capital in 2019, we sold 536,666,700 ordinary shares to Aspire Capital under the 2018 Purchase Agreement during the nine months ended September 30, 2020 for gross proceeds of \$10,360,254. To date, we have sold to Aspire Capital a total of \$19,628,379 of ordinary shares and \$371,621 remains available for draw down under the 2018 Purchase Agreement.

2020 Purchase Agreement

On June 30, 2020, we entered into a second Purchase Agreement with Aspire Capital (“2020 Purchase Agreement”) which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$30.0 million of our ADSs, during a 30-month period beginning July 27, 2020 on the effective date of a registration statement related to the transaction. Concurrently with entering into the 2020 Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital, or the Registration Rights Agreements in which we agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act, the sale of our securities that have been and may be issued to Aspire Capital under the 2020 Purchase Agreement. Subsequently on September 30, 2020, we filed the registration statement on Form F-1 to register the resale of such securities and such registration statement was declared effective on July 27, 2020.

Under the 2020 Purchase Agreement, after the SEC has declared effective the registration statement referred to above, on any trading day selected by us, we have the right, in our sole discretion, to present Aspire Capital with a purchase notice, each, a Purchase Notice, directing Aspire Capital (as principal) to purchase up to 150,000 ADSs per business day and up to \$30.0 million of our ADSs in the aggregate at a per share price, or the Purchase Price, equal to the lesser of:

- the lowest sale price of our ADSs on the purchase date; or
- the arithmetic average of the three (3) lowest closing sale prices for the ADSs during the ten (10) consecutive business days ending on the business day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction).

In addition, on any date on which we submit a Purchase Notice to Aspire Capital in an amount of 150,000 ADSs, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice, each, a VWAP Purchase Notice, directing Aspire Capital to purchase an amount of ADSs equal to up to 30% of the aggregate shares of our ADSs traded on our principal market on the next trading day, or the VWAP Purchase Date, subject to a maximum number of 250,000 ADSs. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for our ADSs traded on our principal market on the VWAP Purchase Date.

The Purchase Price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. We may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the 2020 Purchase Agreement, so long as the most recent purchase has been completed.

The 2020 Purchase Agreement provides that we and Aspire Capital shall not effect any sales under the 2020 Purchase Agreement on any purchase date where the closing sale price of our ADSs is less than \$0.25. Additionally, governing law in the United Kingdom, where the Company is incorporated, requires a minimum payment per ADS to be issued pursuant to a purchase notice equal to the nominal value of an ADS (i.e., £1). There are no trading volume requirements or restrictions under the 2020 Purchase Agreement, and the Company will control the timing and amount of sales of the Company’s ADSs to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the 2020 Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the 2020 Purchase Agreement. In accordance with ASC 815-40-15, Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock, since the ultimate floor price which is effectively the nominal value of the ADS which is denominated in GBP, the number of shares issuable under the contract is impacted by foreign currency, therefore ASC 815-40-15-71 precludes the 2020 Purchase Agreement from being indexed to the Company’s own stock. The Company determined that the right to sell shares to Aspire Capital under the 2020 Purchase Agreement represents a freestanding put option that meets the criteria of a derivative pursuant to ASC 815, *Derivatives and Hedging*. Since the purchase price per share pursuant to the 2020 Purchase Agreement is at the market, the Company concluded that the put option has a fair value of zero, and therefore no additional accounting related to the put option was required.

In consideration for entering into the 2020 Purchase Agreement, the Company agreed to issue to Aspire Capital 40,760,900 ordinary shares of the Company (the “2020 Commitment Shares”), which had a fair value of approximately \$900,000. Because the Company has determined that the 2020 Purchase Agreement is considered a freestanding put option derivative, the Company recorded the value of the 2020 Commitment Shares in the nine months ended September 30, 2020 in General and administrative expenses in the Condensed Consolidated Statements of Comprehensive Income (Loss). The 2020 Purchase Agreement may be terminated by us at any time, at our discretion, without any cost to us. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of our securities during any time prior to the termination of the 2020 Purchase Agreement. Any proceeds we receive under the 2020 Purchase Agreement are expected to be used for working capital and general corporate purposes.

To date, we have sold to Aspire Capital a total of approximately \$6 million of ordinary shares and \$24 million of the original purchase commitment remains available for draw down under the Purchase Agreement.

July 2019 Registered Direct Offering

On July 3, 2019, we sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, our Chairman, an aggregate 2,368,392 ADSs in a registered direct offering at \$1.90 per ADS, resulting in gross proceeds of approximately \$4.5 million. In addition, we issued to the investors unregistered warrants (the 2019 Investor Warrants) to purchase an aggregate of 1,184,213 ADSs in a private placement. The warrants are immediately exercisable and will expire five years from issuance at an exercise price of \$3.00 per ADS, subject to adjustment as set forth therein. We also issued unregistered warrants to the Placement Agent (the 2019 Placement Agent Warrants) to purchase an aggregate of 177,629 ADS on the same terms as the 2019 Investor Warrants, except that the 2019 Placement Agent Warrants are exercisable at \$2.85 per ADS and expire on June 28, 2024. Both the 2019 Investor Warrants and the 2019 Placement Agent Warrants (together the “2019 Paulson Warrants”) may be exercised on a cashless basis if nine 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 us equal to the nominal value of an ADS (i.e., £1) per warrant ADS actually to be issued pursuant to the cashless exercise. The total amount of warrants issued in connection with this registered direct offering amounted to warrants to purchase 1,361,842 ADSs. As of the date of the issuance of this Report on Form 6-K, all 1,361,842 of such warrants were outstanding.

February 2020 Private Placements

On February 13, 2020, February 19, 2020, February 20, 2020 and February 28, 2020, we entered into securities purchase agreements with certain accredited and institutional investors, led by some of our existing investors, including Dr. Ray Prudo, our Chairman, providing for the issuance of an aggregate of 5,620,296 ADSs in a private placement at \$1.70 per ADS for aggregate gross proceeds of approximately \$9.5 million. In addition, we issued to the investors unregistered warrants (the February 2020 Investor Warrants) to purchase an aggregate of 2,810,136 ADSs in a private placement. The February 2020 Investor Warrants are immediately exercisable and will expire five years from issuance at an exercise price of \$2.20 per ADS, subject to adjustment as set forth therein. We also issued unregistered warrants to the Placement Agent (the February 2020 Placement Agent Warrants) to purchase an aggregate of 449,623 ADS on the same terms as the February 2020 Investor Warrants, except that the February 2020 Placement Agent Warrants are exercisable at \$2.55 per ADS. Both the February 2020 Investor Warrants and the February 2020 Placement Agent Warrants may be exercised on a cashless basis if nine 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 us equal to the nominal value of an ADS (i.e., £1) per warrant ADS actually to be issued pursuant to the cashless exercise. The total amount of warrants issued in connection with this registered direct offering amounted to warrants to purchase 3,259,759 ADSs. As of the date of the issuance of this Report on Form 6-K, 3,247,259 of such warrants were outstanding.

Cash Flows

Net cash used in operating activities was approximately \$12,717,000 during the nine months ended September 30, 2020 compared to \$9,454,000 during the nine months ended September 30, 2019. Net cash flow used in operating activities was primarily attributed to our ongoing research activities to develop nomacopan, including manufacturing, clinical trial and preclinical activities as well as to our general and administrative activities. During the nine months ended September 30, 2019, we received research and development tax credits in the amount of approximately \$3,372,000 compared to research and development tax credits of approximately \$7,776,000 during the nine months ended September 30, 2019. Additionally, during the nine months ended September 30, 2020, we made higher upfront payments for insurance premiums of \$908,000 during the first nine months ended September 30, 2020.

There were no investing activities during the nine months ended September 30, 2020 and September 30, 2019.

Net cash provided by financing activities, after related expenses, was approximately \$19,081,000 during the nine months ended September 30, 2020. This was from net proceeds from our February 2020 Private Placements in the approximate amount of \$8,711,000, issuance of shares to Aspire Capital under the Purchase Agreement in the approximate amount of \$10,343,000 and exercise of warrants issued in our February 2020 Private Placements resulting in proceeds of approximately \$27,000 during the nine months ended September 30, 2020.

Net cash provided by financing activities, after related expenses, was approximately \$9,872,000 during the nine months ended September 30, 2019. This was from proceeds from issuance of shares to Aspire Capital under the 2019 Purchase Agreement in the approximate net amount of \$6,072,000 as well as to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, our Chairman, in a registered direct offering in the approximate net amount of \$3,800,000.

Research and Development Expenditures, Patents and Licenses

Our research and development (income) expenses were approximately (\$1,593,000), \$4,160,000, \$1,763,000 and \$3,038,000 for the three and nine months ended September 30, 2020 and 2019, respectively. Most of such research and development expenditures were in the form of payments to third parties and consultants to carry out our manufacturing, pre-clinical and clinical research activities.

We incurred the following research and development (income) expenses for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30, (in \$000's)		Nine Months Ended September 30, (in \$000's)	
	2020	2019	2020	2019
Direct Expenses:				
Nomacopan	\$ 512	\$ 1,406	\$ 1,879	\$ 2,624
Clinical trials	553	1,872	3,053	4,465
Other	129	527	545	1,019
Total direct expenses	1,194	3,805	5,477	8,108
Indirect Expenses:				
Staffing	485	647	1,628	1,845
Other indirect	100	214	427	859
Total indirect expenses	585	861	2,055	2,704
Tax credits	(3,372)	(2,903)	(3,372)	(7,776)
Total Research and Development	\$ (1,593)	\$ 1,763	\$ 4,160	\$ 3,038

Trend Information

We are a clinical-stage drug development company and it is not possible for us to predict with any degree of accuracy the outcome of our research, development or commercialization efforts. As such, it is not possible for us to predict with any degree of accuracy any significant trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause financial information to not necessarily be indicative of future operating results or financial condition.

Off-balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

Contractual Obligations

We do not have any significant contractual obligations as of September 30, 2020.

We lease office space in London, UK and New York, NY on a short-term basis.

**Akari Therapeutics Reports Third Quarter 2020 Financial Results
and Highlights Recent Clinical Progress**

- *Pivotal Phase III study in patients with severe dermatological condition bullous pemphigoid (BP) planned to start H1 2021 following successful U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) meetings earlier in the year.*
- *Phase III study in severe pediatric hematopoietic stem cell transplant-related thrombotic microangiopathy (HSCT-TMA) is currently opening for enrollment in Europe and is expected to open in the U.S. in Q1 2021.*
- *Recent publication in American Journal of Pathology highlighting potential of nomacopan’s inhibition of C5 and LTB4 in treatment of uveitis and other back of the eye diseases such as age-related macular degeneration (AMD).*
- *Lung program being expanded to include additional inflammatory lung conditions with major exacerbations, in addition to COVID-19 pneumonia.*
- *New data from 19 PNH patients treated for over 30 cumulative patient-years show that self-administered nomacopan is well-tolerated and substantially reduces transfusion dependence.*

NEW YORK and LONDON, December 11, 2020 - Akari Therapeutics, Plc (Nasdaq: AKTX), a late-stage biopharmaceutical company focused on innovative therapeutics to treat orphan autoimmune and inflammatory diseases where complement (C5) and/or leukotriene (LTB4) systems are implicated, today announced financial results for the third quarter ended September 30, 2020, as well as recent clinical progress.

“With the imminent opening of our Phase III trial in pediatric patients with HSCT-TMA in Europe and a clear regulatory path in the U.S. and Europe for our Phase III study in patients with BP, we are now in the exciting position of progressing two Phase III programs in orphan diseases in which there are no approved treatments,” said Clive Richardson, Chief Executive Officer of Akari Therapeutics.

Third Quarter 2020 and Recent Clinical Highlights

Akari’s two lead programs – in BP and HSCT-TMA – are in Phase III development. The Company also has programs addressing lung and ophthalmology diseases.

Phase III clinical trial in patients with BP

- § Akari expects to initiate a pivotal Phase III program for the treatment of BP in the first half of 2021, subject to the ongoing impact of COVID-19 related restrictions. Following positive FDA and EMA meetings the pivotal trial design is in two parts, with Part A and Part B having the same structure, duration, endpoints and target population of moderate and severe BP patients. This follows earlier positive data from Akari’s Phase II study of nomacopan in BP patients.
- § The EMA and the FDA have granted orphan drug designation for nomacopan for the treatment of BP.

Phase III clinical trial in pediatric patients with HSCT-TMA

- § Phase III study in pediatric HSCT-TMA is now opening for enrollment in Europe and we plan to open in the U.S. in the first quarter of 2021, subject to the ongoing impact of COVID-19 related restrictions.
- § Akari has both FDA fast track for pediatric HSCT-TMA patients and orphan drug designation status for this program.

Ophthalmology program

- § Interim data from the first-in-eye Phase I/II study in atopic keratoconjunctivitis (AKC), a surface of the eye inflammatory disease, showed that nomacopan was comfortable and well tolerated. Further, as previously disclosed, enrollment into Part B of this study was impacted by the COVID-19 pandemic. Akari has opened an investigational new drug application (IND) and is looking to expand its program into the broader surface of the eye market.
- § The Company's back of the eye pre-clinical program is looking to build on the recent *American Journal of Pathology* publication on uveitis. This result has potential implications for use of nomacopan in other back of the eye diseases such as AMD with the differentiating feature that nomacopan can potentially treat dry AMD which is associated with complement dysregulation while minimizing the risk of wet AMD due to nomacopan's VEGF inhibitory effect of LTB4.
- § Given the specialist nature of the ophthalmology market, Akari is exploring opportunities to collaborate with potential partners to accelerate the development of these ophthalmology programs.

Lung program

- § In the UK, recruitment into the COVID-19 observational study is complete and an initial review of the study, which has been expanded from 50 to over 100 participants, is now expected early 2021. This observational study will provide data on complement and cytokine activity and the potential to optimize treatment with nomacopan by focusing on particular patient subgroups or time points in the disease.
- § In the U.S., the FDA has approved a randomized multi-center randomized study in patients hospitalized with COVID-19 pneumonia. Initiation of this study is expected in the first quarter of 2021. The clinical study in Brazil has been paused to optimize dosing due to a subset of patients whose complement levels did not remain fully ablated, indicating an unexpectedly high complement drive as recently reported by others (Prendecki et al 2020).
- § Akari is exploring opportunities to expand its lung program to include other inflammatory diseases with exacerbations, limited treatment options and where both complement and leukotriene pathways are implicated. In this context an investigator led severe asthma study is being considered in the US.

PNH - long term data

- § A separate press release issued today highlights new data from 19 PNH patients treated for over 30 cumulative patient-years showing that self-administered nomacopan is a well-tolerated and substantially reduces transfusion dependence.
- § Transfusion independence (defined as at least 6 months without transfusion) of 79% reported for 14 PNH patients treated with nomacopan for at least six months, who were transfusion dependent prior to treatment.
- § The long-term PNH data supports nomacopan's therapeutic potential in other diseases where complement dysregulation plays a role, including Akari's Phase III trials in BP and HSCT-TMA where both complement (C5) and leukotriene (LTB4) are implicated.

Third Quarter 2020 Financial Results

- § As of September 30, 2020, the Company had cash of approximately \$12.3 million, compared to cash of \$5.7 million as of December 31, 2019.
- § On June 30, 2020, the Company entered into a securities purchase agreement with Aspire Capital Fund, LLC (Aspire Capital) which provides that Aspire Capital is committed to purchase up to an aggregate of \$30.0 million of the Company's ADSs, with each ADS representing one hundred ordinary shares, during a 30-month term of the purchase agreement. As of September 30, 2020, the initial amount of \$30.0 million remained available under the facility. Subsequent to the end of the third quarter in October 2020, the Company sold to Aspire Capital approximately \$6.0 million of ordinary shares, which leaves \$24 million of the original purchase commitment available under the facility.
- § Research and development (R&D) income in the third quarter of 2020 was approximately \$1.6 million due to the receipt of \$3.4 million in R&D tax credits. This compares to R&D expense of approximately \$1.8 million in the same quarter the prior year.
- § General and administrative (G&A) expenses in the third quarter of 2020 were approximately \$1.8 million, as compared to approximately \$1.4 million in the same quarter last year. This increase was primarily due to higher expenses for legal fees and insurance.
- § Total other income for the third quarter of 2020 was approximately \$1.7 million, as compared to total other income of \$0.6 million in the same period the prior year. This change of \$1.1 million was primarily due to approximately \$1.0 million of gain related to the change in the fair value of the options and warrants liabilities in the third quarter of 2020 compared to the same period in 2019.
- § Net income for the third quarter of 2020 was approximately \$1.4 million, compared to a net loss of approximately \$2.6 million for the same period in 2019. The increase in net income was primarily due to higher total other income combined with R&D tax credits in 2020.

COVID-19 Corporate Update

Akari's clinical trial sites are based in areas currently affected by the global outbreak of the COVID-19 pandemic, and public health epidemics such as this can adversely impact the Company's business as a result of disruptions, such as travel bans, quarantines, and interruptions to access the trial sites and supply chains, which could result in material delays and complications with respect to research and development programs and clinical trials. Moreover, as a result of the pandemic, there is a general unease of conducting unnecessary activities in medical centers. As a consequence, the Company's ongoing trials have been halted or disrupted. For example, the Phase I/II clinical trial in patients with AKC study has been halted and recruitment in the Phase III clinical trial in pediatric patients with HSCT-TMA has been and may continue to be delayed. It is too early to assess the full impact of the coronavirus outbreak on trials for nomacopan, but coronavirus is expected to affect Akari's ability to complete recruitment in the original timeframes. The extent to which the COVID-19 pandemic impacts operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and continued severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, the continued spread of COVID-19 globally, could adversely impact the Company's operations and workforce, including research and clinical trials and the ability to raise capital, could affect the operations of key governmental agencies, such as the FDA, which may delay the development of the Company's product candidates and could result in the inability of suppliers to deliver components or raw materials on a timely basis or at all, each of which in turn could have an adverse impact on the Company's business, financial condition and results of operation.

About Akari Therapeutics

Akari is a biopharmaceutical company focused on developing inhibitors of acute and chronic inflammation, specifically for the treatment of rare and orphan diseases, in particular those where the complement (C5) or leukotriene (LTB4) systems, or both complement and leukotrienes together, play a primary role in disease progression. Akari's lead drug candidate, nomacopan (formerly known as Coversin), is a C5 complement inhibitor that also independently and specifically inhibits leukotriene B4 (LTB4) activity.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this press release constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You should not place undue reliance upon the Company’s forward looking statements. Except as required by law, the Company undertakes no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this press release. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control. Such risks and uncertainties for our company include, but are not limited to: needs for additional capital to fund our operations, our ability to continue as a going concern; uncertainties of cash flows and inability to meet working capital needs; an inability or delay in obtaining required regulatory approvals for nomacopan and any other product candidates, which may result in unexpected cost expenditures; our ability to obtain orphan drug designation in additional indications; risks inherent in drug development in general; uncertainties in obtaining successful clinical results for nomacopan and any other product candidates and unexpected costs that may result therefrom; difficulties enrolling patients in our clinical trials; our ability to enter into collaborative, licensing, and other commercial relationships and on terms commercially reasonable to us; failure to realize any value of nomacopan and any other product candidates developed and being developed in light of inherent risks and difficulties involved in successfully bringing product candidates to market; inability to develop new product candidates and support existing product candidates; the approval by the FDA and EMA and any other similar foreign regulatory authorities of other competing or superior products brought to market; risks resulting from unforeseen side effects; risk that the market for nomacopan may not be as large as expected; risks associated with the impact of the COVID-19 pandemic; risks associated with the SEC investigation; inability to obtain, maintain and enforce patents and other intellectual property rights or the unexpected costs associated with such enforcement or litigation; inability to obtain and maintain commercial manufacturing arrangements with third party manufacturers or establish commercial scale manufacturing capabilities; the inability to timely source adequate supply of our active pharmaceutical ingredients from third party manufacturers on whom the company depends; unexpected cost increases and pricing pressures and risks and other risk factors detailed in our public filings with the U.S. Securities and Exchange Commission, including our most recently filed Annual Report on Form 20-F filed with the SEC. Except as otherwise noted, these forward-looking statements speak only as of the date of this press release and we undertake no obligation to update or revise any of these statements to reflect events or circumstances occurring after this press release. We caution investors not to place considerable reliance on the forward-looking statements contained in this press release.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED BALANCE SHEETS

As of September 30, 2020 and December 31, 2019

(in U.S. Dollars, except share data)

	<u>September 30, 2020</u> <u>(Unaudited)</u>	<u>December 31, 2019</u>
Assets		
Current Assets:		
Cash	\$ 12,317,798	\$ 5,731,691
Prepaid expenses and other current assets	1,349,244	712,975
Deferred financing costs	-	321,956
Total Current Assets	<u>13,667,042</u>	<u>6,766,622</u>
Property and equipment, net	-	5,013
Patent acquisition costs, net	26,674	30,163
Total Assets	<u>\$ 13,693,716</u>	<u>\$ 6,801,798</u>
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	\$ 2,410,530	\$ 1,228,772
Accrued expenses	975,893	4,228,604
Liabilities related to options and warrants	5,448,995	3,116,880
Total Liabilities	<u>8,835,418</u>	<u>8,574,256</u>
Commitments and Contingencies		
Shareholders' Equity (Deficit):		
Share capital of £0.01 par value Authorized: 10,000,000,000 ordinary shares; issued and outstanding: 3,386,573,113 and 2,245,865,913 at September 30, 2020 and December 31, 2019, respectively	46,578,543	31,987,016
Additional paid-in capital	113,070,248	110,498,824
Accumulated other comprehensive loss	(621,298)	(348,860)
Accumulated deficit	(154,169,195)	(143,909,438)
Total Shareholders' Equity (Deficit)	<u>4,858,298</u>	<u>(1,772,458)</u>
Total Liabilities and Shareholders' Equity (Deficit)	<u>\$ 13,693,716</u>	<u>\$ 6,801,798</u>

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED
For the Three and Nine Months Ended September 30, 2020 and September 30, 2019
(in U.S. Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Operating (Income) Expenses:				
Research and development (income) expenses	\$ (1,592,531)	\$ 1,763,057	\$ 4,160,066	\$ 3,038,038
General and administrative expenses	1,839,414	1,354,263	6,925,400	6,098,767
Total Operating Expenses	246,883	3,117,320	11,085,466	9,136,805
Loss from Operations	(246,883)	(3,117,320)	(11,085,466)	(9,136,805)
Other Income (Expenses):				
Interest income	6,132	2,057	8,294	3,792
Changes in fair value of option/warrant liabilities – gain (loss)	1,532,027	515,489	409,379	(12,594)
Foreign currency exchange gains (losses)	156,360	37,209	417,756	(71,989)
Other expenses	(5,676)	(2,788)	(9,720)	(10,124)
Total Other Income (Expenses)	1,688,843	551,967	825,709	(90,915)
Net Income (Loss)	1,441,960	(2,565,353)	(10,259,757)	(9,227,720)
Other Comprehensive (Loss) Income:				
Foreign Currency Translation Adjustment	(3,676)	3,281	(272,438)	(49,667)
Comprehensive Income (Loss)	\$ 1,438,284	\$ (2,562,072)	\$ (10,532,195)	\$ (9,277,387)
Income (Loss) per ordinary share (basic and diluted)	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average ordinary shares (basic and diluted)	3,386,573,113	1,971,025,222	3,336,002,895	1,721,098,272

For more information

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