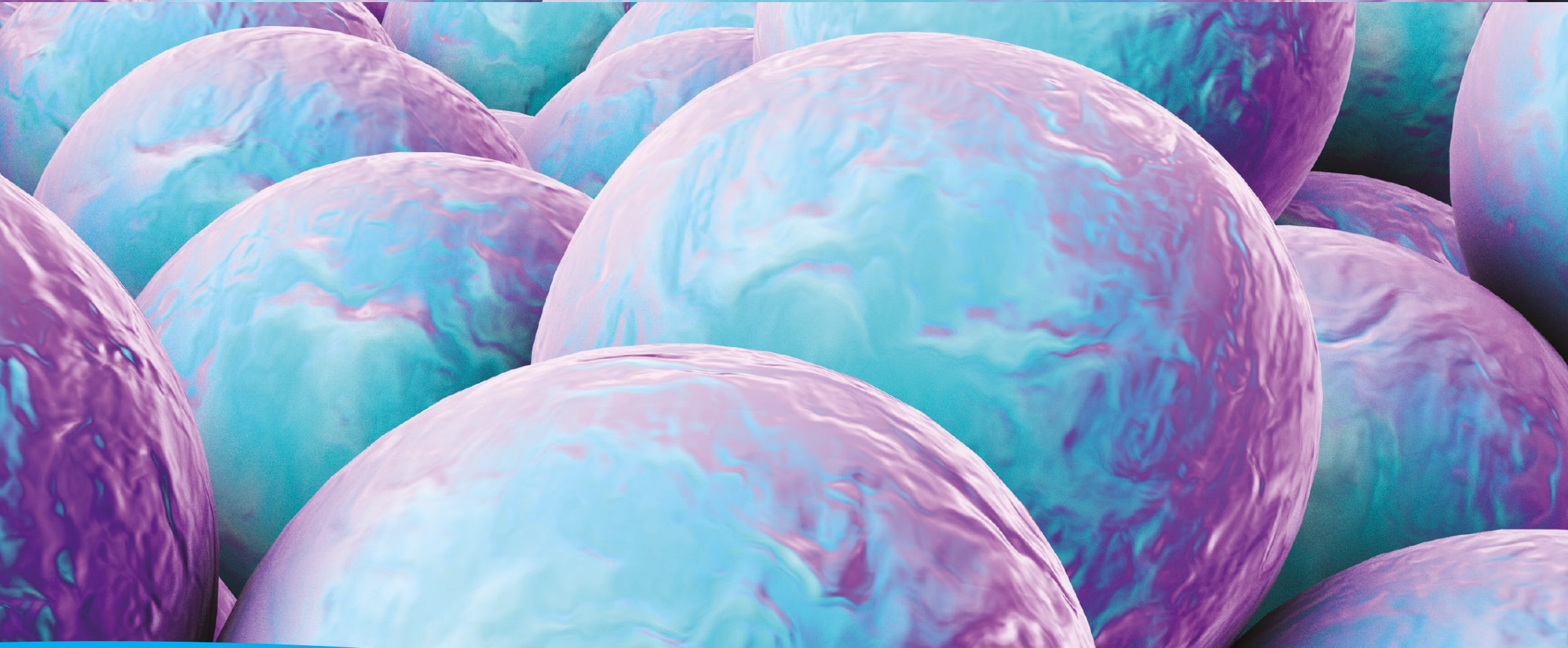

Novel products to prevent and treat serious infections

Preliminary Results 2019 Presentation

April 2020

Destiny Pharma

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Prevention is better than cure

- Upcoming significant value inflection point from Phase 2b trial. Targeting completion as soon as possible subject to COVID-19
- XF-73 is uniquely differentiated from current antibiotics – potential clinical profile is compelling, with a strong IP position protecting product franchise into 2030s
- XF-73 has blockbuster potential – favourable pharmaco-economics support the pricing strategy and strong cost benefit argument, particularly in US
- Strong pipeline potential – opportunities for line extensions for XF-73 and other XF drugs from proprietary platform, including COVID-19 related infections
- Destiny Pharma is funded to Q4 2021– cash extends past XF-73 Phase 2b trial read out

Operational highlights 2019

XF-73 for prevention of post-surgical infections

- Phase 2b commenced in April 2019, with 68 patients currently recruited out of a target of 200
    - Study currently paused due to impact of COVID-19
    - 18 sites open in two countries out of 24 (US/Georgia). Serbia awaiting regulatory clearance before opening sites post-COVID-19
- Publication of positive Phase 1 results from an independent study in the Journal of Global Antimicrobial Resistance concluded:
    - Application of a nasal gel formulation of XF-73 in healthy volunteers was safe, well-tolerated and generated minimal side effects
    - Treatment with XF-73 was also associated with a rapid reduction in nasal Staphylococcus aureus in all subjects
- "Non-irritant" classification awarded to XF-73 nasal gel following positive results from a Phase 1 safety clinical study examining the drug's potential to cause irritation when administered topically
- Prototype XF-73 nasal gel pack for the final marketed product being developed to deliver an easy-to-use, single dose, nasal gel tube to enable precise delivery and reduce wastage

Operational highlights 2019

Earlier pipeline and research projects

- MedPharm collaboration signed in 2019 to develop new XF drug formulations as treatments for dermal and ocular infections has developed new XF formulations designed to treat dermal and ocular infections

- Research projects with Cardiff, Southampton and Aston Universities making good progress examining XF Drugs in established infection models for dermal, respiratory, ocular and biofilm related indications

- Award of fourth research grant in collaboration with Sheffield University in September 2019 examining selected XF drugs in bacterial and fungal ocular infection models

COVID-19 – impact and opportunities

- The COVID-19 pandemic has slowed recruitment in our lead Phase 2b clinical trial with XF-73 for the prevention of post-surgical infections
- Some slowdown in grant funded research projects as staff and facilities follow government guidance although the current business impact here is low
- Destiny Pharma operates a virtual model so has transitioned smoothly to the current movement restrictions
- Increased interest in anti-infective sector – driven by virus but crossover into treatment of bacterial infections and issue of AMR
- Company looking at several new grant funded projects related to COVID-19 and prevention/treatment of associated bacterial infections

Financial highlights

Statement of comprehensive income

for the year ended 31 December 2019

	2019 £	2018 £
Continuing operations		
Other operating income	**305,906**	—
Administrative expenses	**(5,687,003)**	(5,346,170)
Share based payment expense	**(203,655)**	(737,687)
Loss from operations	**(5,584,752)**	(6,083,857)
Finance income	**63,478**	75,999
Loss before tax	**(5,521,274)**	(6,007,858)
Taxation	**813,250**	841,144
Loss and total comprehensive loss for the year from continuing operations	**(4,708,024)**	(5,166,174)
Loss per share – pence		
Basic	**(10.7)p**	(11.9)p
Diluted	**(10.7)p**	(11.9)p

Highlights:

- Loss before tax decreased £0.5M to £5.5M (2018: £6.0M)

Key drivers

- Grant income received of £0.3M (2017:£nil)
- £0.3M increase in R&D costs to £3.8M (2018:£3.5M)
- £0.5M decrease in SBP expense to £0.2M (2018:£0.7M)

Financial highlights

Statement of financial position

	2019 £	2018 £
Assets		
Non-current assets	**30,421**	30,421
Current assets		
Receivables and prepayments	**1,044,900**	967,165
Cash & other financial assets	**7,479,642**	12,060,821
	8,524,542	13,027,986
Total assets	**8,557,464**	13,058,407
Equity & liabilities		
Equity		
Share capital and premium	**17,734,989**	17,727,910
Accumulated losses	**(9,975,664)**	(5,471,295)
	7,759,325	12,256,615
Current liabilities		
Trade and other payables	**798,139**	801,792
Total equity and liabilities	**8,557,464**	13,058,470

Highlights:

- £7.5 million year end cash provides runway through to Q4 2021
- R&D tax credit of £0.84M (2018:£0.81M) receivable in Q2 2020
- Net cash outflow in 2020 of £4.6M (2018:£4.7M)

XF drug product pipeline: targeting unmet clinical needs

Destiny Pharma

	Discovery	Preclinical	Phase 1	Phase 2
XF-73 Nasal				Prevention of post-surgical staphylococcal infection, (US QIDP & Fast Track status)
XF-73 Dermal				Treatment of skin infections of antibiotic resistant bacteria – diabetic foot ulcers / burn wounds
XF-70 Respiratory				Ventilator Associated Pneumonia / Cystic Fibrosis / Bronchiectasis
DPD-207 Ocular				Eye infections caused by bacteria & fungi
XF Drugs Biofilms				Treatment of antibiotic resistant biofilm and bacterial aggregate associated infections

MedPharm

University of Southampton

Tianjin University

The University Of Sheffield.

MedPharm

University of Southampton

Aston University Birmingham UK

Cardiff University Prifysgol Caerdydd

MedPharm

CMS

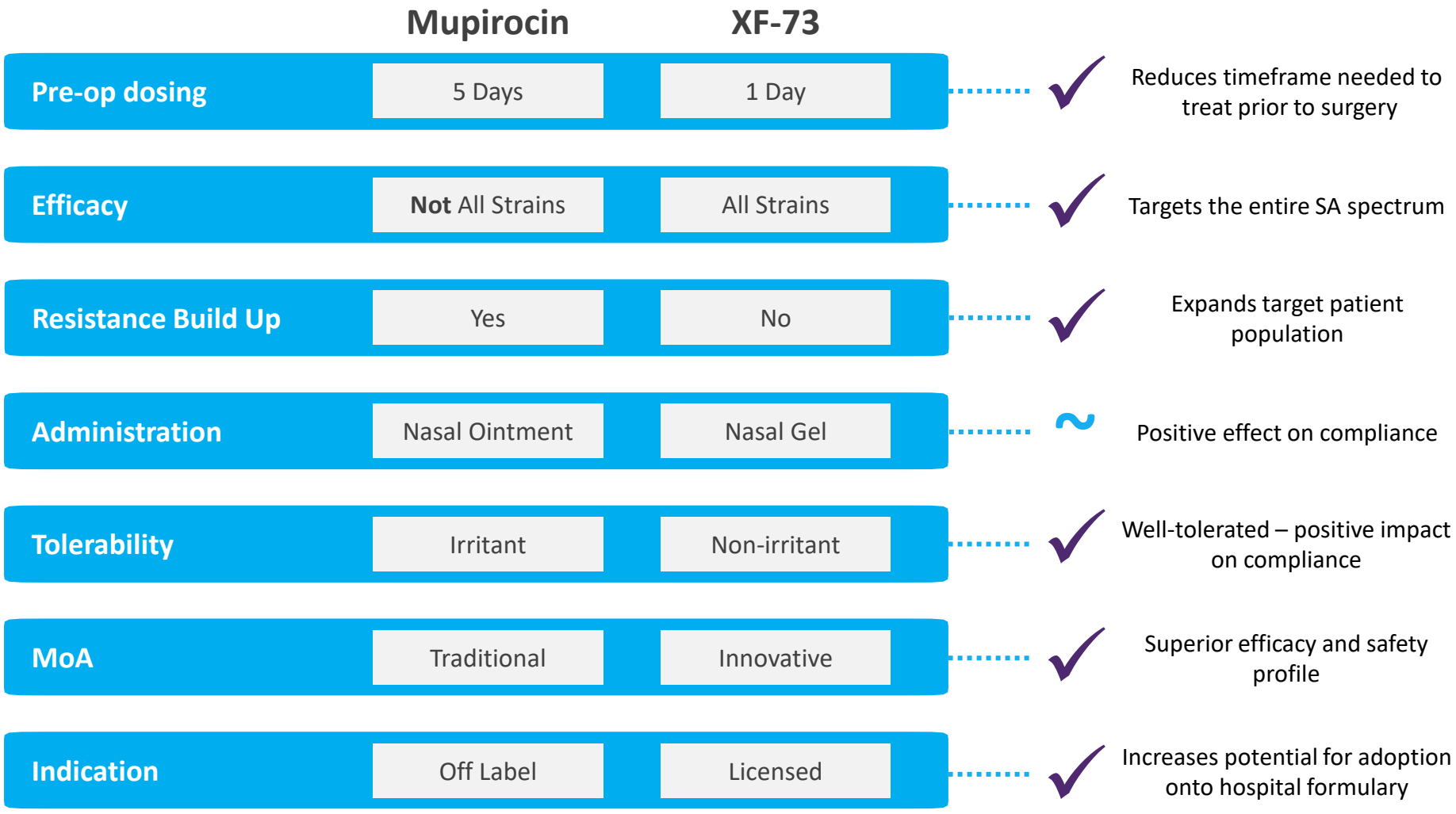
Partnered with China Medical Systems in China region

Lead asset XF-73 breaks through the antibiotic paradox

Antibiotic Challenges	XF-73 Advantages
No new mechanisms for decades	**Highly novel mechanism** with strong IP • Awarded QIDP* status by FDA • Novel application as an anti-infective
Widespread, community use increases fear of resistance and positions new antibiotics as '**drugs of last resort**	**Hospital only** • Controlled, hospital setting for XF-73 leverages its **unique no/low resistance profile**
Systemic use / exposure leads to toxicology and **safety concerns**	**No systemic absorption** • Targeted, topical delivery with acute use and no systemic absorption **minimises potential tolerability/side effect profile** • Reducing nasal *S. aureus* carriage reduces post surgical infection by c.**60%**
Pricing pressure from generics and current payment models **restrict return on investment**	**Strong pharmaco-economics** • US market research supports current planned pricing range for XF-73 • Inclusion in total surgical cost for reimbursement

*: QIDP is Qualifying Infectious Disease Product

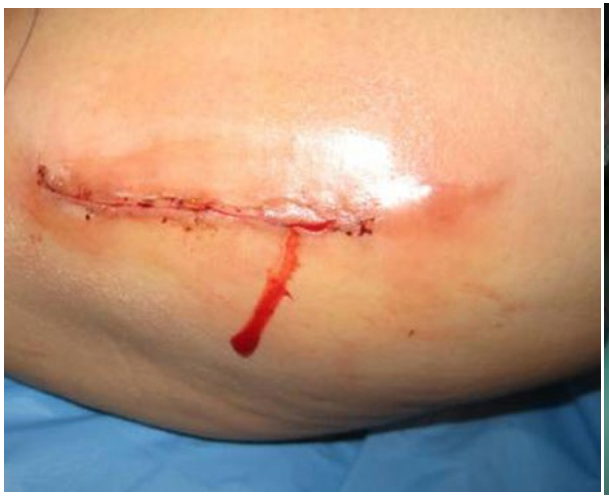
XF-73 offers clear advantages over current standard-of-care

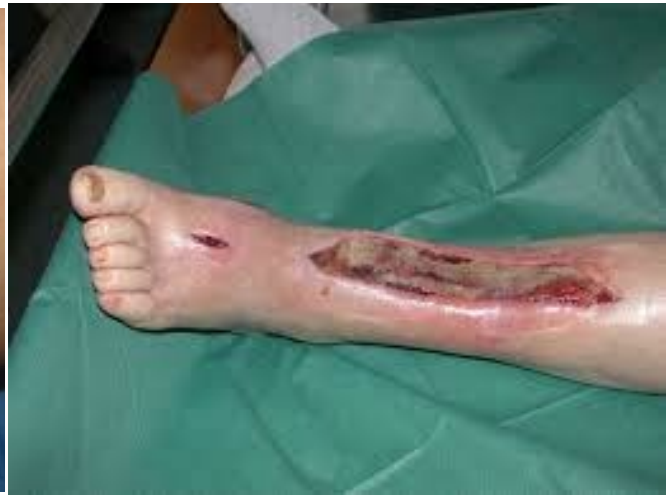


Post surgical infections delay recovery & increase treatment costs

Clean, healing wound post-surgery

Post-surgical leg infections – superficial and deep wound





Patients with wound infections stay in hospital 15 days longer than patients without infections

"The hospital has the biggest financial incentive to reduce post-operative surgical infections and can absorb the [XF-73] cost in the DRG payment"

- Quote from independent hospital (US market research 2018)

Independent research in 2019 supports XF-73 market positioning

Destiny Pharma

Mupirocin Resistance in *Staphylococcus aureus*: A Systematic Review and Meta-Analysis

- Dadashi *et al* 2019

- Global mupirocin-resistant *Staphylococcus aureus* prevalence has now increased to 7.6% and that mupirocin-resistant MRSAs have significantly increased to 13.8%
- The authors conclude that monitoring of mupirocin-resistance development remains critical.

JAMA The Journal of the American Medical Association

Guidelines for Perioperative Care in Cardiac Surgery: Enhanced Recovery After Surgery Society Recommendations

- Engelman *et al*, 2019

- Article instructs US surgeons to, "Perform topical intranasal decolonization prior to surgery", with the highest IA recommendation
- Enhanced Recovery After Surgery recommended that topical therapy be applied universally to all cardiac surgical patients, not only *Staphylococcus aureus* carriers.

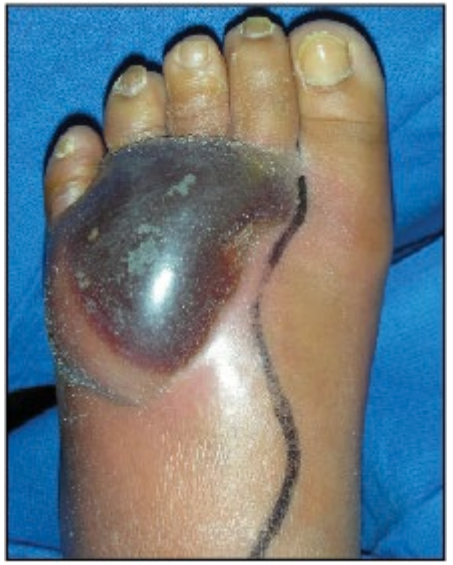
New Asian guidelines recommend decolonisation

- Ling *et al*, 2019

- Guidelines warn of issue of antibiotic resistance highlighting the need for new approaches
- Recommend decolonisation of *Staphylococcus aureus* in surgical patients to prevent surgical site infections
- The APSIC guidelines also support Destiny Pharma's strategic approach in China where it has a regional collaboration with China Medical Systems

XF-73 dermal clinical program

- XF-73 dermal targeting infections associated with diabetic foot ulcers (DFUs) and burns
- Builds on existing XF-73 nasal data
- Phase 1 safety study completed in abraded skin supports dermal potential
- New formulations developed with Medpharm. Dermal toxicology being planned
- Target is to be ready for clinical studies in 2021



Diabetic foot ulcer

Annual cost of DFU care in US is over **$10 billon**

~20% of diabetes patients experience DFU

infections **>350,000** in US alone

XF-73 dermal targeting

$0.5bn

peak sales opportunity

https://www.ncvh.org/pdf/2015%20NCVH/5-27-Wed/Podiatry/1330_John%20Labovitz_revised.pdf

https://diabeticfootonline.com/diabetic-foot-facts-and-figures/

XF pre-clinical and discovery programmes

Research collaborations/grant funding validate XF platform potential

- Grant funded biofilm research projects signed with Aston, Southampton and Sheffield Universities targeting dermal, ocular and respiratory infections
  - Biofilms are a key component in serious infections associated with cystic fibrosis, medical devices, implants and catheters
- Awarded up to £1.6m under UK-China AMR fund
  - Research projects addressing infections (including ocular) and AMR in collaboration with Cardiff University, Tianjin University and Chinese partners
- Seeking to enter further collaborations/grants to extend XF drug platform projects
- Latest microbiology test screens of XF-73 confirms efficacy against 70 of the latest *S. aureus* and MRSA strains

Aston University BIRMINGHAM UK

UNIVERSITY OF Southampton

CARDIFF UNIVERSITY PRIFYSGOL CAERDYDD

The University Of Sheffield.

天津大学 Tianjin University

Prevention is better than cure

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Destiny Pharma

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www.destinypharma.com

Experienced management team and strong Board

Management Team

Neil Clark
FCA, CEO

Over 20 years in AIM listed biotech/life sciences leadership positions

Dr. Bill Love
PhD, CSO

Founder and co-inventor of the XF Drug Platform and recognised thought leader in tackling AMR

Shaun Claydon
FCA, CFO

Experienced life science CFO and investment banker/corporate financier

Dr. Jesus Gonzalez
MD, CMO

Expert in the design and execution of clinical trials for anti-infective drug candidates. FDA, biotech and pharma experience

Non-Executive Board Members

Nick Rodgers
Chairman

Investment banker/corporate financier with extensive broad experience in life science in private and public companies. Ex-Chair of Oxford Biomedica

Peter Morgan
Director

Pharma industry consultant including AIM companies. Background in product and general management in Ciba Geigy /Novartis

Dr Huaizheng Peng MD
Director

GM and International Director of China Medical Systems. Background in City fund management and investment banking. Medical doctor by training

Dr Debra Barker MD
Director

Ex-Roche, GSK and, most recently, at Polyphor. Held several senior roles at Novartis. On the board of Hutman Diagnostics and BerGenBio

XF-73 nasal targeting established hospital risk with a blockbuster opportunity

1 in 3
people carry
S. aureus

Carriers have **10x**
higher risk of post-surgical infection

40 million US surgical patients at risk of post-surgical infection

Annual cost of complications in US due to post surgical infections
<$10 billion

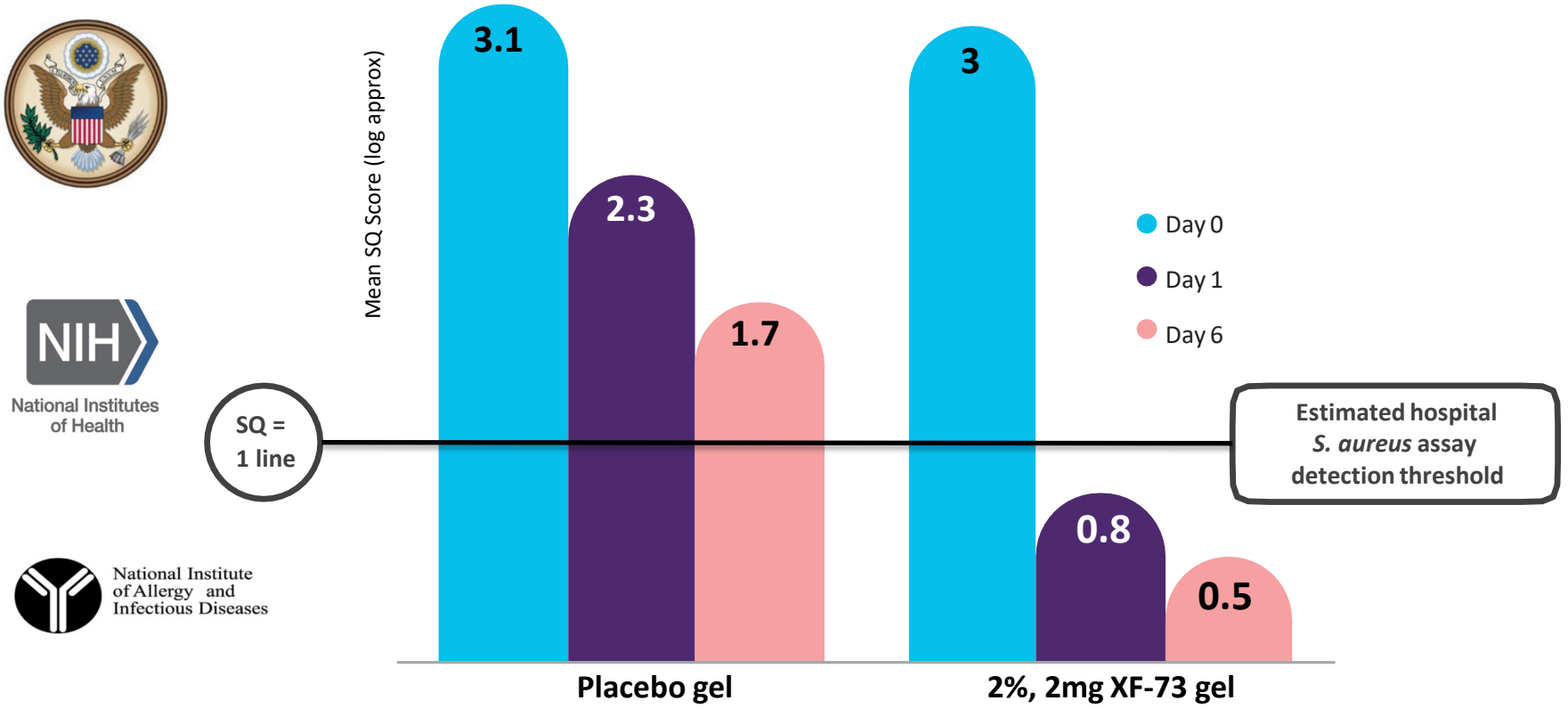
XF-73 target market a **$1bn** peak sales opportunity

XF-73 delivers rapid & sustained clinical *S. aureus* nasal reduction

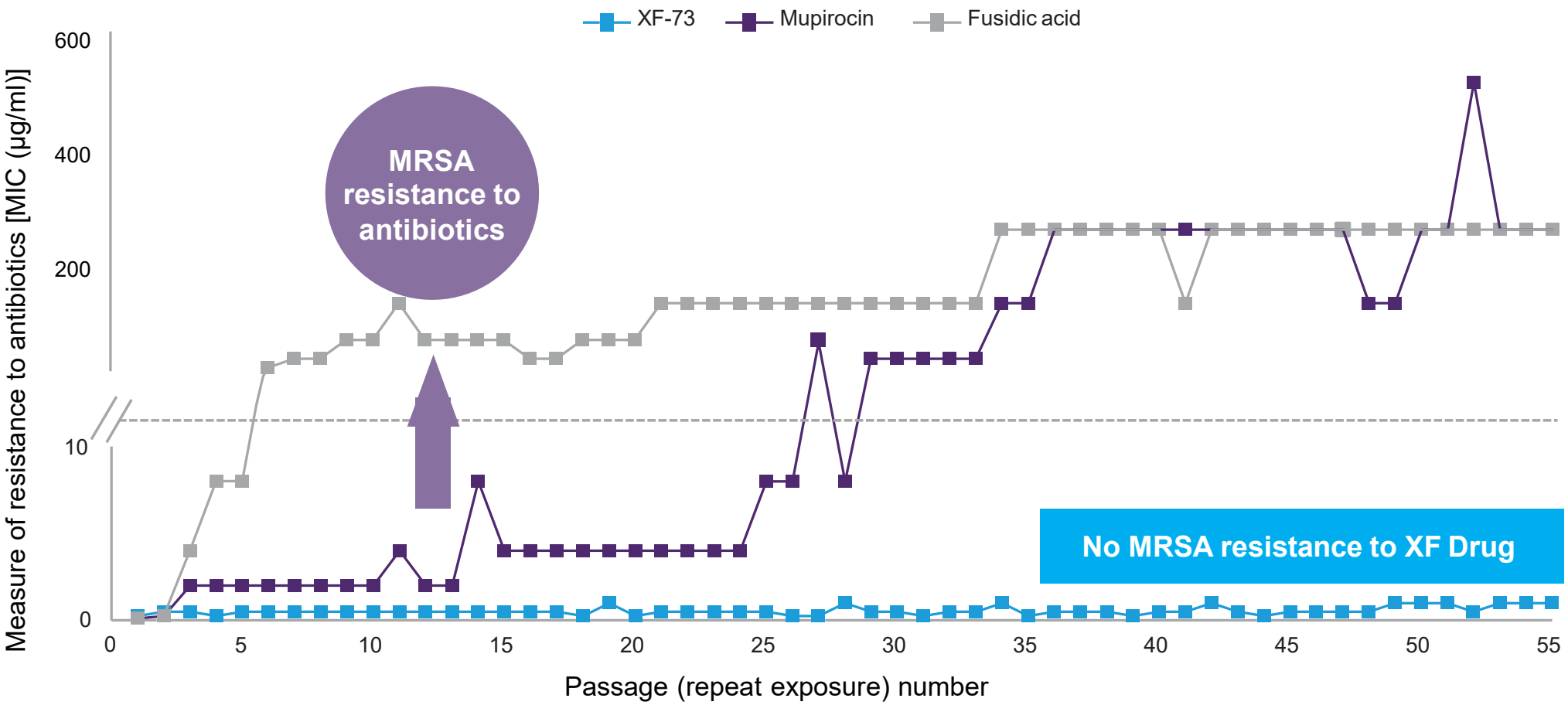
Reduction of bacterial burden reduces bacterial infection rate (Datta et al 2014)

Data from US government funded trial in 2016 supports XF-73 as a potential effective preventative agent. Published in November 2019 in Journal of Global Antimicrobial Resistance.

S. aureus load after 0, 1 & 5 days dosing. 48 subjects



XF-73 – unique no/low resistance profile



Farrell, *et al*.; Investigation of the potential for mutational resistance to XF-73, Retapamulin, Mupirocin, Fusidic acid, Daptomycin and Vancomycin in MRSA isolates during a 55-Passage study. Antimicrobial Agents & Chemotherapy (2011); 55; (3) 1177-1181

XF-73 is significantly de-risked

7 Phase 1 trials completed in 278 subjects

Study Title	Sponsor	# of Subjects	Design & Results
XF-73A01	Destiny Pharma	23	1st in man, low dose (.075mg/g), 5 days dosing, **safe**
XF-73B01	Destiny Pharma	45	Higher dose (.5mg/g), anti-S. aureus effect, 5 days dosing, **dose response, safe**
XF-73B02	Destiny Pharma	32	Higher dose (2.0mg/g), **enhanced anti-S. aureus effect**, 5 days dosing, **safe**
XF-73B03*	Destiny Pharma	60	2 day dosing, lower viscosity gel, hospital-like procedure, **rapid anti-S. aureus nasal effect, safe**
DMID-11-0007*	US Government Funded	48	5 day dosing, lower viscosity gel, hospital-like procedure, **rapid anti-S. aureus nasal effect, safe**
XF-73B05	Destiny Pharma	35	5 day dosing, high concentrations, **lack of systemic absorption, non-irritant,**
XF-73B06	Destiny Pharma	35	21 day dosing, low viscosity gel, **no adverse events, safe, well-tolerated**

**Both studies placebo controlled & XF-73 applied as an intra-nasal gel achieved statistical difference for S. aureus reduction*

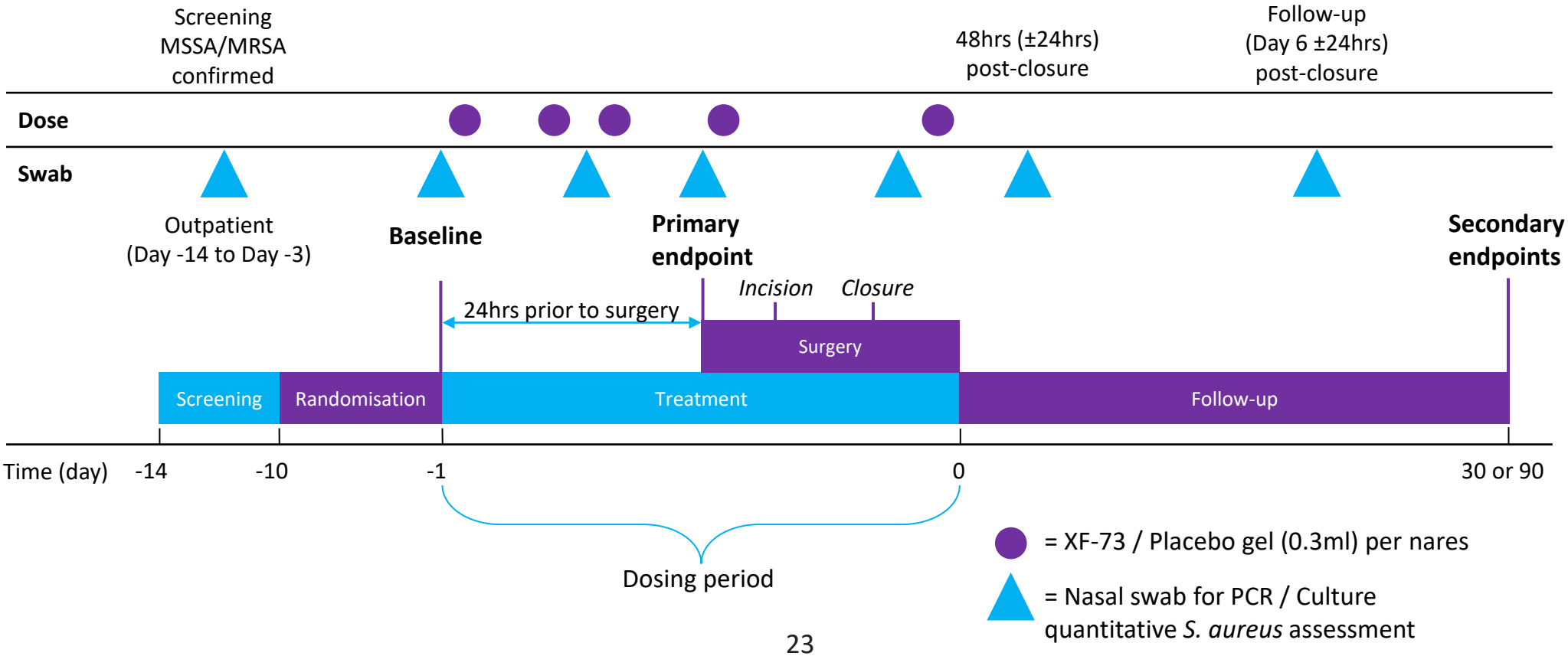
Upcoming value inflection point

XF-73 Phase 2b clinical trial recruitment completing mid-2020

200 surgical patients
Across 22 sites and 2 countries

- 5 doses (0.3ml) over a 24 hour treatment period
- 7 swabs for *S. aureus* assessment

Primary endpoint: To demonstrate the efficacy of a 0.2% XF-73 nasal gel in reducing the microbiological burden of nasal *S. aureus* verses placebo



XF 73 nasal US clinical development plan

Stage	Status
• Phase 2b, 200 patient, microbiological efficacy trial in US/Europe	• Recruitment ongoing
• Easy to use single dose applicator for Phase 3 study (photos below)	• Ongoing development with Swiss contractor
• Phase 3 study	• Discuss design with FDA in 2020/21 • US / EU / International sites included
• US registration	• Submission possible in 2023/24
• EMA marketing authorisation application	• Options to be discussed with regulators
• China FDA registration	• Strategy led by partner CMS

Un-dispensed

Dispensed

XF-73 nasal gel product applicator:

- Easy use for self or nurse administration
- Dispenses single clinical nasal dose
- Convenient & encourages compliance
- Efficient and accurate dosing
- Minimises product wastage

XF-73 addresses pre-surgical nasal eradication

A significant, unmet clinical need

No approved drug in US market – current practice:

- Either, no treatment (despite "best practice" recommending decolonisation)
- Or, pre-surgical use of the old GSK nasal antibiotic, mupirocin, as unapproved drug

Significant unmet medical need:

- Widespread and prolonged use of mupirocin leads to rapid emergence of *S. aureus* mupirocin resistance and some hospitals have halted mupirocin use

XF-73 addresses this unmet clinical need

- Hospitals incentivised to prevent post-surgical infections & reimbursement simplified

"The use of an effective agent, should be the incentive since it would lower [the cost of] post-operative infections"

- Medical Director, California hospital

CMS partnership highlights rest of world strategy

Signed China regional deal with China Medical Systems

- CMS – specialty pharma company based in China, focused on marketing, promotion and sales of prescription drugs and other medicinal products to hospitals nation-wide; 2018 sales of >$800m
- CMS have regional rights to all XF platform drugs and potential for Destiny Pharma to receive manufacturing margin and sales related milestones
- CMS fund China-related research and development

EU/US/RoW strategy to capitalise on commercial opportunities, including partnering and licensing

- XF-73 nasal
  - US priority – clinical studies most advanced under IND
  - Post-surgical infection is a global issue
- XF platform
  - Opportunity for earlier XF projects to be partnered as data packages develop