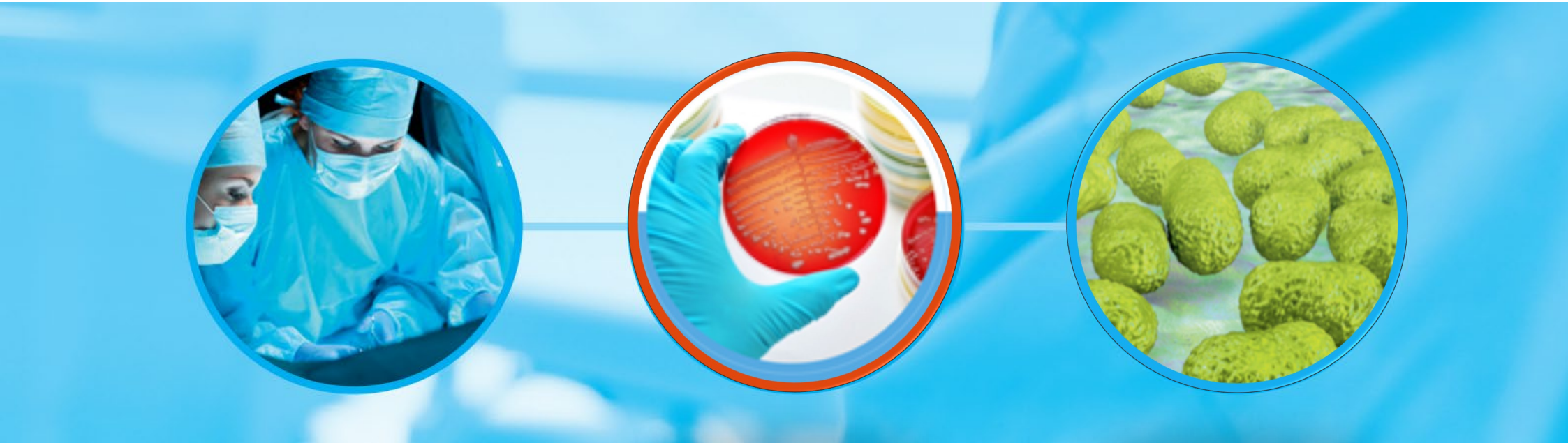
Developing Novel Medicines that Prevent Serious Infections

2020 Preliminary Financial Results

April 2021

Destiny Pharma plc



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Destiny Pharma's 5 Year Plan

Destiny Pharma's goal is to become a world leading infection prevention biotech with late-stage clinical assets targeting areas of high unmet need

- ***Build*** a world leading infection prevention company
- ***Focus*** on novel, preventative medicines for hospital/care home markets
- ***Develop*** existing microbiome and XF clinical and research programs
- ***Expand*** pipeline by in-licensing and M&A
- ***Maximise potential of portfolio*** through out licensing at key inflection points
- ***Collaborations/grants/out-licensing*** help fund a vibrant pipeline

"Prevention is better than cure"

Recent healthcare crises support our focus on infectious disease

- COVID-19 has highlighted to the world the health and economic threat of untreatable infections
- A significant % of COVID-19 deaths are associated with serious bacterial infections
- These bacterial infections are often poorly treated by old antibiotics that have the potential to generate resistant bugs

"Antibiotic resistance is a slow-motion pandemic – whose speed will increase because of COVID-19. A concentrated global effort is now needed to ensure it is addressed with the same urgency that's likely to bring us a COVID-19 vaccine in the months ahead..."

http://bsac.org.uk/antibiotic-resistance-the-other-pandemic-lurking-behind-covid-19/

- UK government has established a pioneering initiative to support the purchasing by hospitals of selected novel anti-infective drugs in recognition of the clinical need. Similar PASTEUR Act drafted in US in 2020.
- Several large pharma companies have combined forces and announced an AMR Action Fund of $1 billion starting 2021. Investing in clinical phase, novel anti-infective programmes
- Ineos also recently donated £100m to Oxford University for AMR research

"This looming global AMR crisis has the potential to be as large, or even larger than COVID-19 in terms of deaths and economic costs."

https://www.amractionfund.com/

At a glance: **Two clinical assets heading to Phase 3**

Two late-stage clinical assets addressing areas of high unmet need:

- XF-73 to prevent post-surgical infections (Fast Track and QIDP)
- NTCD-M3 to prevent *C. difficile* recurrence

Assets targeting large markets with clear differentiation from competition:

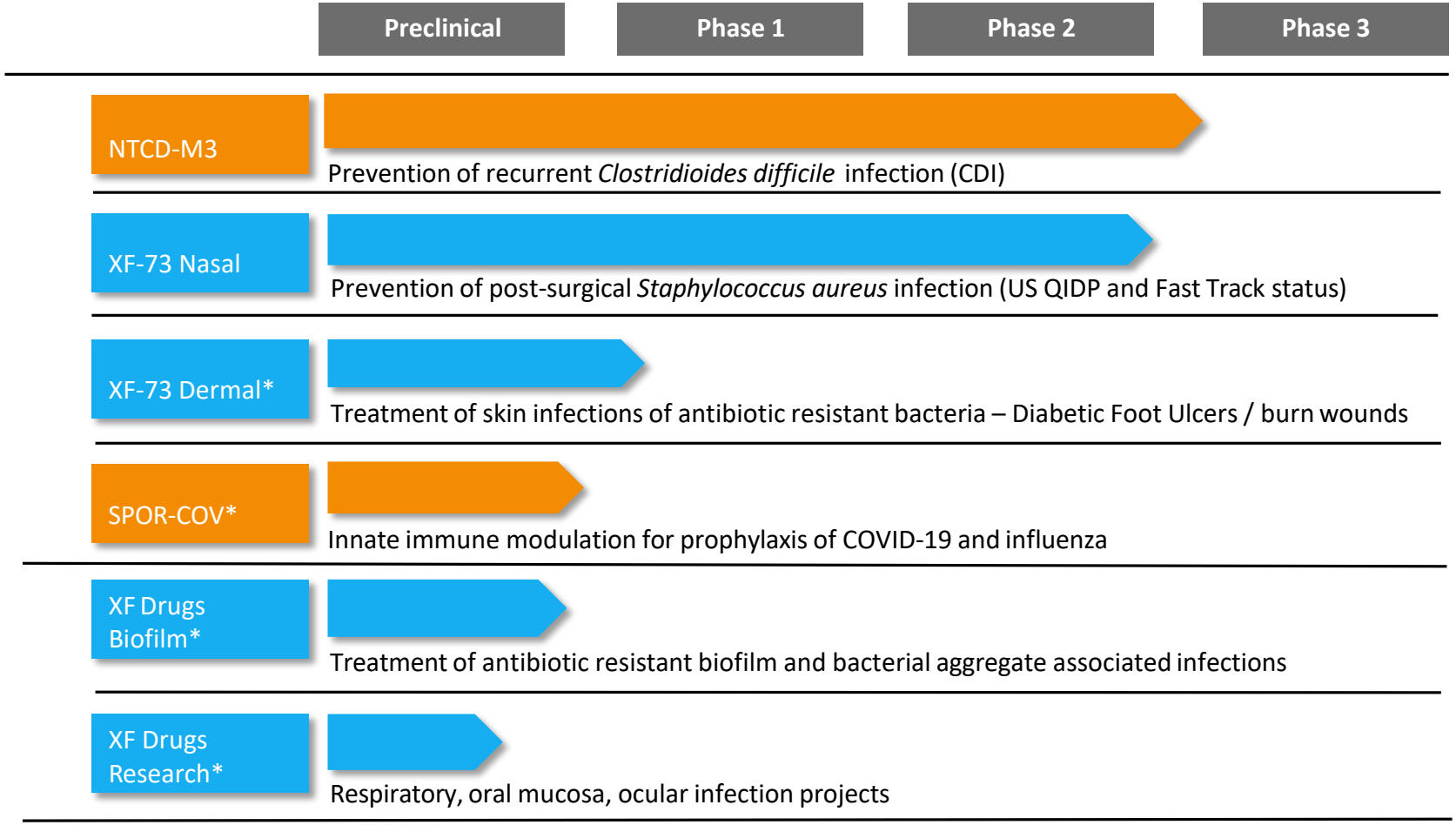
- XF-73 label would be first approved product in indication
- NTCD-M3 shown 95% prevention of CDI recurrence in Phase 2

Earlier Pipeline, well funded by grants, focused on:

- COVID-19 prevention
- XF drug products to treat/prevent MDR bacterial infections

Cash runway to Q4 2022 after fund-raise of £10.4 million in Q4 2020

Pipeline of novel medicines to prevent infections



SPOR-COV is collaboration with SporeGen Ltd
NTCD-M3 in-licensed in 2020
China regional rights to the XF platform licensed to China Medical Systems
* Grant supported projects >£2.5m received. Working in partnership with University groups and medical schools.

Small molecule XF projects
Microbiome/Biotherapeutic projects

Financial highlights

Statement of comprehensive income

Destiny Pharma

For the year ended 31 December 2020

	2020 £	2019 £
Continuing operations		
Other operating income	**12,450**	305,906
Administrative expenses	**(6,425,471)**	(5,687,003)
Share based payment expense	**(139,491)**	(203,655)
Loss from operations	**(6,552,512)**	(5,584,752)
Finance income	**71,611**	63,478
Loss before tax	**(6,480,901)**	(5,521,274)
Taxation	**1,069,824**	813,250
Loss and total comprehensive loss for the year from continuing operations	**(5,411,077)**	(4,708,024)
Loss per share – pence		
Basic	**(12.0)p**	(10.7)p
Diluted	**(12.0)p**	(10.7)p

Highlights:

Loss before tax increased £1.0m to £6.5m (2019: £5.5m)

Key drivers

£0.7m increase in R&D costs to £4.5m (2019:£3.8m)

Other Admin expenses remained flat at £1.9m (2019: £1.9m))

Financial highlights

Statement of financial position

	2020 £	2019 £
Assets		
Non-current assets	**2,279,576**	32,922
Current assets		
Receivables and prepayments	**1,223,326**	1,044,900
Cash & other financial assets	**9,744,217**	7,479,642
	11,424,983	8,542,542
Total assets	**13,704,559**	8,557,464
Equity & liabilities		
Equity		
Share capital and premium	**27,683,675**	17,734,989
Accumulated losses	**(15,247,250)**	(9,975,664)
	12,436,425	7,759,325
Current liabilities		
Trade and other payables	**1,268,134**	798,139
Total equity and liabilities	**13,704,559**	8,557,464

Highlights:

£2.3m intangible asset recognised on acquisition of NTCD-M3

£9.7m year end cash provides runway through to Q4 2022

R&D tax credit of £1.1m (2019:£0.8m) receivable in Q2 2020

Net operating cash outflows in 2020 of £5.5m (2019: £4.6m)

Placing/Open Offer in Nov 2020 raised £9.9m (net of issue costs)

XF-73 – nasal *S. aureus* decolonisation to prevent post-surgical Infection

High economic burden of post-surgical infections

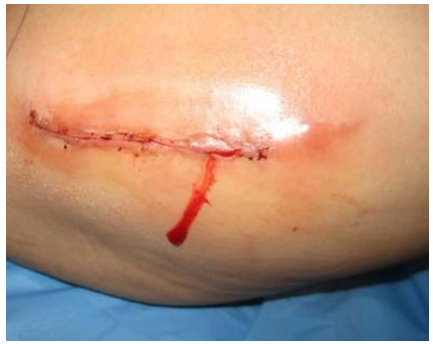
1 in 3 people are S. aureus carriers

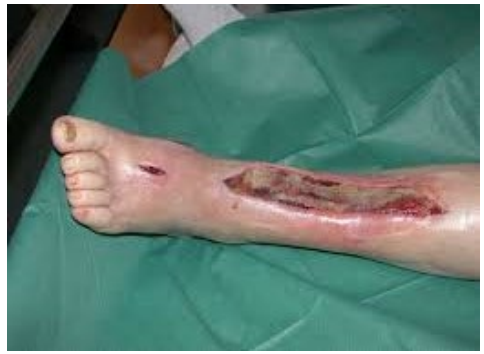
Carriers have 10x higher risk of post-surgical infection

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

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

Target market for prevention of post-surgical infections $1 billion (US)





Hospital stay increases by **15 days** for patients with wound 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" US KOL (independent research)

Summary of XF-73 nasal: Targeting a significant market opportunity with no approved products in US

Destiny Pharma

XF-73 (exeporfinium chloride) is a dicationic porphyrin derivative small molecule with intrinsic antibacterial properties – highly novel mechanism, compelling clinical profile

XF-73 exhibits potent intrinsic anti-microbial activity against S. aureus that is rapidly bactericidal, and due to this, S. aureus/ MRSA appears unable to generate resistance to XF-73

Targeted, topical delivery for nasal decolonization of S. aureus – acute use, minimal systemic absorption limits side effect potential

Phase 2b trial completed – positive results announced 29th March 2021
Phase 3 plan – FDA meeting scheduled to discuss plan Q2 2021
XF-73 has Fast Track status and QIDP

XF-73 and the XF platform – strong patent estate and QIDP status provides anticipated market exclusivity to late 2030s

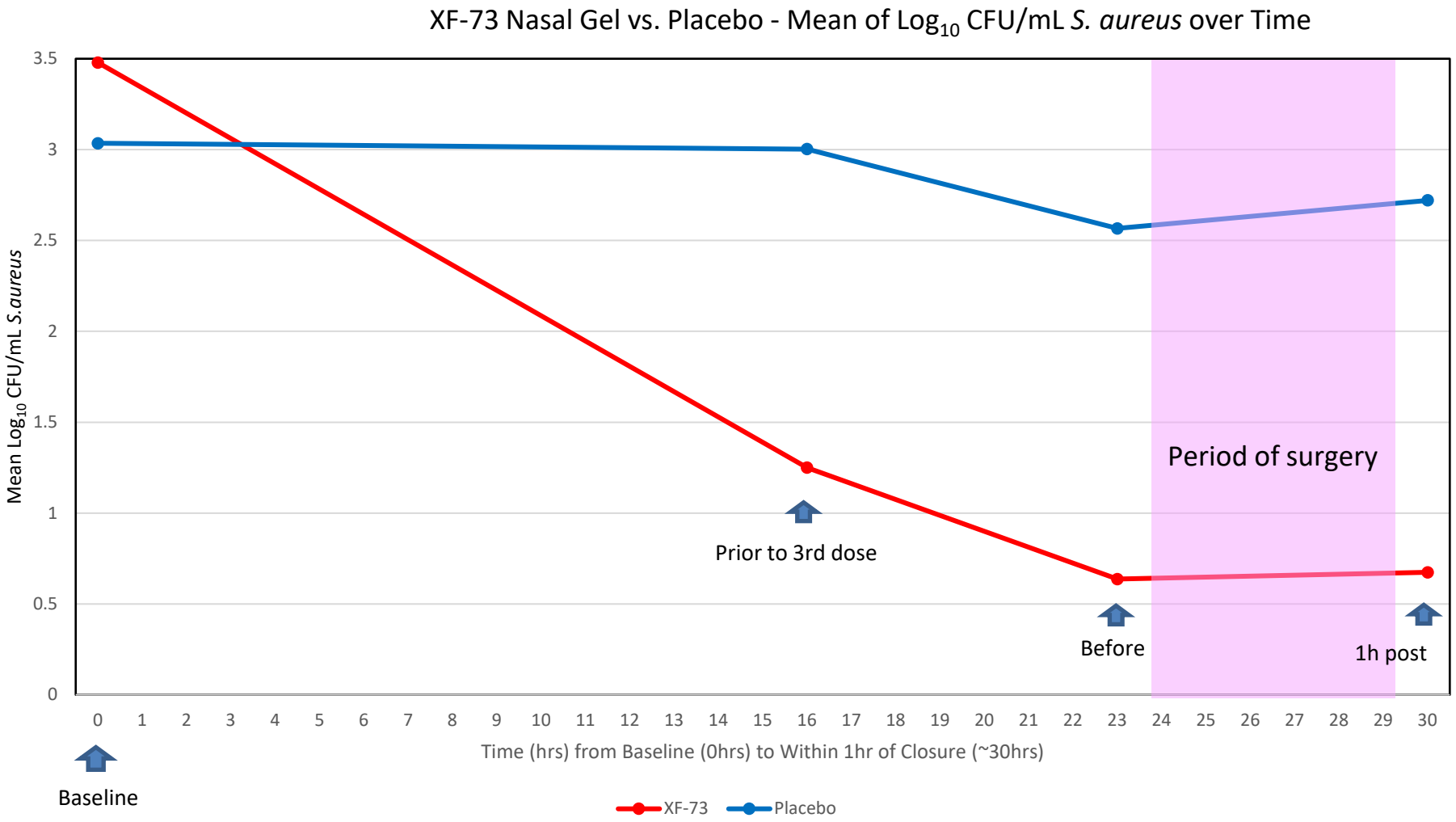
Efficacy: Primary endpoint met

Analysis of Change in nasal *S. aureus* log10 (CFU/mL) from Baseline to 1 hour Pre-Surgery (Microbiological Intent-to-Treat Analysis Set)

STATISTIC	XF-73 (N=43)	PLACEBO (N=40)
n	43	40
Adjusted Mean Change from Baseline	-2.5	-0.4
SE	0.35	0.37
Difference in Mean (XF-73 Nasal-Placebo)	**- 2.1**	
95% CI	**-2.7; -1.5**	
p-value	<0.0001	

Primary endpoint of study met with high statistical significance.

Efficacy: Primary data summary



XF-73 significantly decreased the burden of nasal *S. aureus* in the 24 hours before surgery (99.2% reduction over placebo) and kept the patients at minimum nasal *S. aureus* during surgery.

Next steps for XF-73 clinical development

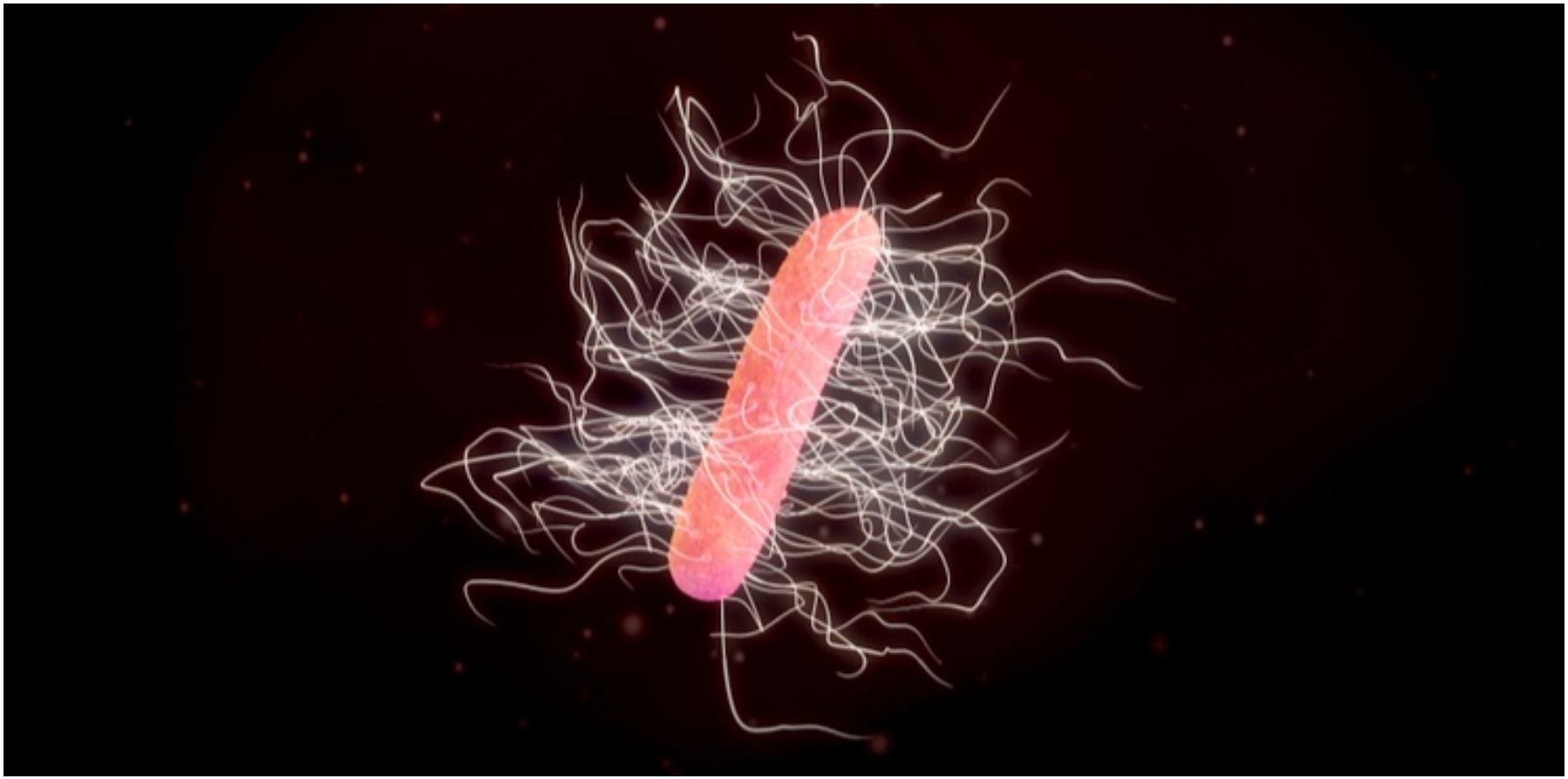
- Destiny Pharma will meet with regulators including FDA to discuss Phase 3 study design
- Target H2 2022 to start Phase 3 study
- Share the Phase 2b positive data with existing and new potential partners
- Publish data in peer reviewed journal
- Positive result adds to background efficacy and safety data for other XF programmes

XF-73 on track to deliver compelling Target Product Profile

Ideal nasal S. aureus product attributes	XF-73 TPP claims	Evidence	
Easy to apply, safe gel	Specifically designed for nose. Non- irritant, no side effects. Good compliance.	Seven clinical studies including P1 dermal sensitivity/irritancy. Plus latest P2 safety data	✓
Fast acting targeting all *S. aureus* strains and killing for period of risk.	All antibiotic strains of *S.aureus* including MRSA/biofilms. Sub-15 minute kill. Novel MOA.	Extensive microbiology updated on regular basis. Several published papers. Phase 2b shows high efficacy after 3 doses in 24 hours.	✓
Easy to use in hospital environment.	Fits into existing protocols with high patient/medical staff compliance	Phase 2b trial data and feedback. Market research studies.	✓
Stable, low cost product	Stable gel stored at room temperature. Mature production process.	Multi-kg process established. Pricing tested by market research. Low COGS forecast.	✓
Addresses AMR threat	Does not create resistance/superbugs. S. aureus/MRSA not resistant to XF-73	Published "passage" studies supported by peer reviews and testing of clinical samples	✓

NTCD-M3 – Phase 2 Completed. Phase 3 planned to start 2022

Biotherapeutic treatment for the prevention of recurrence of *Clostridioides difficile* gut infections



NTCD-M3 is a Phase 3 Ready Asset Targeting a Large Market

- Destiny Pharma owns global rights to this Phase 3 ready asset for prevention of *Clostridioides difficile* infection ("CDI") recurrence
- Positive Phase 1 and 2 clinical data for prevention of recurrence of *C. difficile* infection
- Targeting $1.7bn* market - peak sales estimate $500m ($200m US), plus additional indications
- Phase 3 clinical and manufacturing plans discussed with US FDA in July 2020

* Estimated CDI market size in 2026

NTCD-M3 Mechanism of Action Harnesses the Human Microbiome

- NTCD-M3 is a naturally occurring bacterial spore
- Oral formulation of spores of a non- toxigenic strain of *C. difficile* (REA type M3) originally isolated from an asymptomatic patient by world leading expert, Professor Dale Gerding MD
- NTCD-M3 acts as a safe "ground cover" preventing toxic strains of *C. difficile* proliferating in the colon after antibiotic treatment
- NTCD-M3 lacks the genes that can express *C. difficile* toxins
- Patients colonized with NTCD-M3 were found to be protected from CDI.
- Temporarily colonizes the human gut without causing any symptoms

See Gerding DN *et al* JAMA 2015;313:1719, May 5,2015

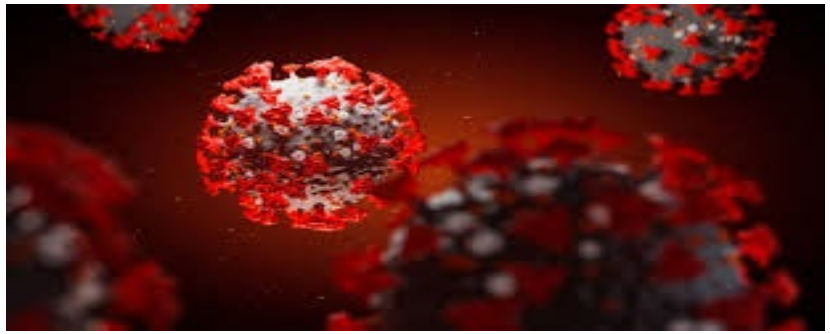
NTCD-M3 Phase 3 Design – Discussed With FDA July 2020

- One randomized, double-blind, placebo-controlled Phase 3 trial
  - 800 patients in 2:1 randomization (550 active 250 placebo)
- Primary endpoint: Rate of recurrence of CDI at 6 weeks post-treatment
- Population: Adult patients treated with antibiotics for a first episode or first recurrence of CDI
- Regimen: NTCD-M3 dose of 10^7 spores (or placebo) oral capsule once daily for 7 days starting after last antibiotic course
- Sampling to:
  - Confirm NTCD-M3 colonization
  - Assess changes in faecal microbiome during treatment with NTCD-M3
  - Document recurrence of CDI
- Timeline: Complete manufacturing tech transfer and set up 2021. Start Phase 3 recruitment 2022 and finish 2024

NTCD-M3 is a Potential **Breakthrough** in Prevention of CDI Recurrence

- Clinical data appears superior to all current treatments and drugs in development
- Can be used as an adjunct to any standard of care CDI antimicrobial/antibiotic therapy
- Strong safety profile, simple to administer as a solid capsule once daily and rapidly effective
- First line therapy - not limited for use by FDA to treat CDI “not responding to standard therapies“ as is the case for Faecal Matter Transplants (“FMT”) and their derivatives
- Avoids concern about the long-term safety of permanently altering the microbiota of patients who receive FMT since NTCD-M3 has a maximum detection period in the stool of 22 weeks, an indication that the patient’s own microbiota has recovered
- Low cost of goods - long shelf life - lower treatment costs

SPOR-COV™ Research Collaboration for COVID-19/Influenza Prevention



- SPOR-COV™ is a novel formulation of the bacteria *Bacillus*
- Easy to use nasal product with potential rapid protective action against COVID-19 and influenza
- SPOR-COV™ *in vivo* studies support its Innate Immunity Boosting property:
  - Nasal dosing of SPOR-COV™ 100% protection against flu viral infection in mice
  - SPOR-COV™ potentially stimulates various components of immune system pathway
  - To be tested under grant funded preclinical work in influenza and COVI
- In partnership with SporeGen Ltd - leading *Bacillus* experts
- UK COVID-19 government grant of £800,000 awarded September 2020
- Aims to deliver clinical ready COVID-19 prevention product early 2022

XF Earlier Stage Programmes
Grant funding validates XF platform potential

- Grant funded biofilm research projects signed with Aston, Southampton and Sheffield Universities targeting dermal, ocular, oral and respiratory infections
  - Biofilms are a key component in serious infections associated with cystic fibrosis, medical devices, oral conditions, 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

Licensing Strategy: Major Partnering Deal for China in place

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

- XF-73 nasal and NTCD-M3
  - US priority – clinical studies most advanced under IND
  - Additional EU and ROW opportunities

China regional deal with China Medical Systems signed in 2017

- CMS – specialty pharma company based in China, focused on marketing, promotion and sales of prescription drugs and other medicinal products to hospitals nation-wide; 2019 sales of >$800m

- CMS has regional rights to all XF platform drugs and potential for Destiny Pharma to receive manufacturing margin and sales related milestones

- CMS funds China-related research and development

Expected News Flow 2021 Onwards

Year	News
2021	Q1 – Reported positive results from XF-73
	Finalise plans for Phase 3 for XF-73 with FDA
	Progress CMC and Phase 3 planning for NTCD-M3
	Close partnering deals for XF-73/NTCD-M3
2022	Commence Phase 3 for NTCD-M3
	Commence Phase 3 for XF-73
	Start Phase 1 with SPOR-COV/COVID-19
	Start Phase 2 for XF dermal clinical study
2023/24	Complete Phase 3s for XF-73 and NTCD-M3
	Complete SPOR-COV and XF dermal studies
2024/25	File NDA for XF-73 and NTCD-M3

- Partnering for XF-73 and NTCD-M3 Phase 3 targeted in 2021
- Grant aid financing possible across all portfolio

Summary: Investment Rationale

- Destiny Pharma's goal is to become a world leading **infection prevention** company
- Currently developing two late-stage clinical assets focused on US market with additional global opportunities
  - NTCD-M3 risk reduced due to quality of Phase 2 data and recent FDA review of Phase 3 plans
  - **XF-73 Phase 2b reported positive data Q1 2021**
- Pipeline diversity with small molecule and biotherapeutic/microbiome programs
- Funded through to Q4 2022

"Prevention is better than cure"

Destiny Pharma

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