Interim results for six months ended 30 June 2022

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Destiny Pharma plc
(**"Destiny Pharma"** or the **"Company"**)

Interim results for the six months ended 30 June 2022

Received positive feedback from EMA on Phase 3 plans for NTCD-M3

Received positive scientific advice from FDA and EMA on XF-73 Nasal Phase 3 plans

New XF research projects initiated in cystic fibrosis and oral mucositis

Strengthened leadership with appointment of Chief Medical Officer and two Non-Executive Directors

Raised gross proceeds of £6.45 million through Q1 fundraising extending cash runway through mid-2023

Brighton, United Kingdom - 08 September 2022 - Destiny Pharma (AIM: DEST), a clinical stage biotechnology company focused on the development of novel products to prevent life threatening infections, announces its unaudited interim financial results for the half-year ended 30 June 2022 and provides an update for the year to date.

Financial highlights

- Cash and short term deposits at 30 June 2022 of £8.4 million (30 June 2021: £7.1 million; 31 December 2021: £4.6 million).
- Net assets of £10.7 million at 30 June 2022 (30 June 2021: £10.2 million; 31 December 2021: £7.5 million).
- Expenditure on R&D in the period of £2.5 million (half-year 2021: £2.0 million; full year 2021: £3.7 million).
- Company funded through to mid-2023.

Operational highlights

NTCD-M3 for the prevention of C. difficile infection (CDI) recurrence

- Finalising preparations for the pivotal Phase 3 clinical trial of NTCD-M3 and good progress made on partner discussions to help co-fund studies and lead commercialisation.
- Positive scientific advice received from European Medicines Agency (EMA) on proposed Phase 3 study design.
- US and European market research confirms substantial market opportunity for NTCD-M3.
- Results from US research support the use of NTCD-M3 following all commonly used antibiotic treatments.
- Positive new data published on the absence of toxic gene transfer to NTCD-M3 in the peer-reviewed journal, Public Library of Science One (PLOS ONE).

XF-73 Nasal for the prevention of post-surgical infections

- US Food and Drug Administration (FDA) has clarified Phase 3 and US registration pathway for XF-73 Nasal gel for the prevention of post-surgical staphylococcal infections.

- EMA feedback on XF-73 Nasal gel Phase 3 programme identifies a clear route through European approval as a ground-breaking hospital infection prevention product.
- Global Phase 3 study design progressing following discussions with regulators and key opinion leaders.
- External European market research reports show that XF-73 Nasal gel is seen as a very promising alternative to the current standard of treatment, mupirocin, by both clinicians and payers. The study suggests XF-73 has the potential to replace the current standard of treatment as the preferred pre-surgical nasal decolonisation agent.

Earlier pipeline and research projects

- SPOR-COV, our collaboration with SporeGen to develop a novel nasal spray to prevent viral respiratory infections, including COVID-19 and influenza, is at an exciting stage having almost completed the grant funded work.
- Positive results in XF-73 Dermal safety study from ongoing agreement with US Government's NIAID.
- Destiny's China partner, China Medical System Holdings Ltd (CMS), is conducting pre-clinical work on their own XF-73 Dermal programme.
- XF-73 shown to enhance the activity of two antibacterial drugs with the potential to develop improved treatments for lethal lung infections and infected diabetic foot ulcers caused by antimicrobial resistant bacteria.
- Secured funding from the Cystic Fibrosis Foundation for new XF research project.
- Initiated new XF research project targeted at oral mucositis.

Neil Clark, Chief Executive Officer of Destiny Pharma, commented:

"Destiny Pharma has two exciting, late-stage clinical assets moving towards Phase 3 trials originating from two different technologies both targeting infection prevention.

I am pleased with the progress made in the first half of 2022 in moving our two lead clinical assets, NTCD-M3 and XF-73 Nasal, towards Phase 3 trials. We have progressed partnering discussions in relation to NTCD-M3 and have advanced our US and European regulatory plans for both programmes. Additionally, Destiny Pharma also has a strong pre-clinical pipeline. We remain convinced that our products, once commercialised, will reduce the number of infections and improve outcomes for patients, and help reduce significant healthcare costs while serving large global markets.

I am confident we will make further significant progress during the remainder of 2022 and beyond with our clear focus on infection prevention and delivering value to shareholders."

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About Destiny Pharma

Destiny Pharma is a clinical stage, innovative biotechnology company focused on the development of novel medicines that can prevent life-threatening infections. Its pipeline has novel microbiome-based biotherapeutics and XF drug clinical assets including NTCD-M3, a Phase 3 ready treatment for the prevention of C. difficile infection (CDI) recurrence which is the leading cause of hospital acquired infection in the US and also XF-73 nasal gel, which has recently completed a positive Phase 2b clinical trial targeting the prevention of post-surgical staphylococcal hospital infections including MRSA. It is also co-developing SPOR-COV, a novel, biotherapeutic product for the prevention of COVID-19 and other viral respiratory infections and has earlier grant funded XF drug research projects.

For further information on the company, please visit www.destinypharma.com

Forward looking statements

Certain information contained in this announcement, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks" "could" "targets" "assumes" "positioned" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, among other things, the Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group operates. The directors of the company believe that the expectations reflected in these statements are reasonable but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Forward looking statements are not guarantees of future performance. Even if the Group's actual results of operations, financial condition and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

Chief Executive Officer's Statement

Operational review summary

Operational review

Destiny Pharma is a clinical stage biotechnology company dedicated to the development of novel medicines with a focus on infection prevention. The Company is developing novel antimicrobial drugs from its proprietary XF platform and from two biotherapeutic products that harness beneficial components of the human microbiome. Destiny Pharma has two exciting late-stage Phase 3 ready clinical assets, targeting large global markets, which have both already reported strong Phase 2 data. The Company also has a portfolio of earlier research programmes.

NTCD-M3 - preventing the recurrence of CDI

NTCD-M3 is being developed by Destiny Pharma as a simple oral capsule for the prevention of recurring *Clostridioides difficile* gut infections (CDI). Destiny Pharma holds global rights following the licensing of NTCD-M3 in 2020 and has invested in the project to successfully reactivate the clinical and manufacturing programme. The Company is advancing partnering discussions to co-fund the planned Phase 3 clinical studies and to lead commercialisation.

C. difficile affects subjects across the world and is the leading cause of hospital acquired infection in the US where the current, relatively poor treatments lead to high levels of CDI recurrence. In the US, there are approximately 500,000 cases of CDI each year; 25% of these initial cases then recur leading to 29,000 deaths per year. It is estimated that CDIs result in an additional US$6 billion in healthcare costs per year, in the US alone. Current CDI treatment options are limited, with lower efficacy observed when patients are retreated with the same antibiotic for recurrence of CDI. Clinical data for NTCD-M3 appears superior to current treatments and drugs in development for the treatment of the recurrence of *C. difficile* infection. The Company estimates that there is a US$1 billion peak global sales opportunity for NTCD-M3.

NTCD-M3, is a naturally occurring non-toxigenic strain of *C. difficile* which lacks the genes that can express *C. difficile* toxins. It is an oral formulation of NTCD-M3 spores. Patients who have taken NTCD-M3 were found in trials to be well protected from CDI recurrence because NTCD-M3 acts as a safe "ground cover" preventing toxic strains of *C. difficile* proliferating in the colon after antibiotic treatment. NTCD-M3 temporarily colonises the human gut without causing any symptoms and the gut microbiome returns to normal a few weeks after treatment.

NTCD-M3 has already completed a randomised, double-blind, placebo-controlled Phase 2b clinical study in 173 patients, who were diagnosed as having CDI (first episode or first recurrence) and reported strong, statistically

significant data confirming efficacy. The rate of recurrence (RR) of CDI after treatment with the optimal dose of NTCD-M3 was only 5%, compared to 30% for patients receiving placebo (JAMA 2015;313:1719). The rapid colonisation onset of NTCD-M3 provides 95% protection from CDI recurrence during the post-treatment period, which makes it an ideal complement to all currently approved antibiotic treatments.

Destiny Pharma is currently finalising preparations for the pivotal Phase 3 clinical trial of NTCD-M3. In the period under review, the Company has been making good progress in scaling up manufacturing and regulatory discussions with both the FDA and EMA. The US FDA has previously agreed the outline Phase 3 design of a single, randomised, double-blind, placebo-controlled clinical study, with agreed endpoints, target CDI patient population and NTCD-M3 oral dosing regimen requiring 800 patients.

Further support for the NTCD-M3 Target Product Profile has been reported from two important research studies completed in 2022 at the US Department of Veterans Affairs at the VA Hines Laboratories in the US. The first study, carried out by Professor Dale Gerding and his team, examined *in vitro* the potential for the transfer of the gene responsible for toxin production from a toxigenic strain of *C. difficile* to NTCD-M3. Such a transfer would be undesirable as it is the toxins produced that are responsible for causing serious gut irritation and major life-threatening symptoms of this common hospital gut infection.

Importantly, the study demonstrated that attempted conjugations using a toxigenic *C. difficile* strain (630Δerm) as a gene donor, did not lead to toxic gene transfer NTCD-M3. This finding for NTCD-M3 demonstrates the inability for the transfer of the genes which encode for toxin production into our novel biotherapeutic product. This provides additional evidence that such transfer will not occur clinically and supports the Company's view that NTCD-M3 will deliver an effective and safe treatment.

In the Phase 2 clinical trial that tested NTCD-M3 in patients suffering CDI recurrence after the use of standard antibiotics to treat the initial infection, either vancomycin or metronidazole were the antibiotics used to treat the initial toxic *C. difficile* infection. Since the Phase 2 trial was completed, a new antibiotic, fidaxomicin, has been added to US clinical guidelines for treating CDI. It is known that fidaxomicin resides for a longer period within the gut potentially inhibiting the colonisation by bacteria such as NTCD-M3. The second NTCD-M3 research study reported in 2022 sought to address this question by monitoring the colonisation of NTCD-M3 in an established CDI model following administration of fidaxomicin.

In summary, this successful study clearly demonstrated that NTCD-M3 was able to effectively colonise the gut following fidaxomicin administration indicating that NTCD-M3 would be effective in patients receiving this antibiotic as well as older antibiotics such as vancomycin and metronidazole.

The relevance and impact of this study cannot be underestimated as it indicates that the clinical use of fidaxomicin to treat CDI is unlikely to affect the ability of NTCD-M3, to colonise the gut and prevent recurrence of CDI. This is important as fidaxomicin has recently been added to the recommended guidelines for treatment of CDI in the US, and the use of this new antibiotic is growing. We therefore remain confident that our ground-breaking NTCD-M3 live biotherapeutics product can be used alongside all currently recommended antibiotics in the treatment of this serious hospital infection.

North American and European market research has also been completed in 2022 to understand the commercial implications of the clinical and market access landscape in CDI for NTCD-M3. Interviews were conducted with High-Volume Prescribers (HVPs) and reimbursement experts across the US and Europe. The findings provide powerful external validation for Destiny Pharma's product NTCD-M3 from clinicians and payers in both the US and Europe.

Key findings from the market research included:

1. Physicians were very optimistic about NTCD-M3's potential given the very low recurrence rate of 5% seen in the Phase 2 study, its mechanism of action, and safety profile. NTCD-M3 has low cost of goods, long shelf life, and if it can replicate the 5% recurrence rate in a Phase 3 study, would be much more efficacious in preventing recurrence when compared to products in development and on the market. A simple administration profile of one capsule per day for 7 days to achieve colonisation was also seen as beneficial over the competitors.

2. There is significant interest in using the product to prevent recurrence after a primary episode (a first infection) and first recurrence patients (those who have had a first infection and then subsequently a

recurrence). These are patient groups with significant medical need and where it is necessary to disrupt the recurrence escalator early on before patients get into a terrible cycle of cure and recurrence which leads to increased morbidity and increased mortality.

3. Taking all the benefits together including cost and ease of use, the clinicians could see significant benefit of NTCD-M3's approach over FMT (Faecal Microbiota Transplant) or bacterial consortia products. Payers in both the US and EU anticipate strong reimbursement potential given NTCD-M3's profile and at a price to encourage uptake in the primary episode and first recurrence patients. They could see the benefit of using the product early to reduce the cycle of recurrence and in turn reduce the significant healthcare burden managing this infection places on hospitals and healthcare systems.

The growing research, clinical and market data set we are building for NTCD-M3 combined with our interactions with key opinion leaders underpins our strong belief that NTCD-M3 is a high-quality, late-stage clinical asset. We are progressing partnering discussions on NTCD-M3 with the aim of completing a deal to enable the Phase 3 clinical study to start in the second half of 2023, when clinical trial drug supply will be available.

XF-73 Nasal - preventing post-surgical infections

XF-73 Nasal is the Company's lead clinical asset from its proprietary XF platform, being developed for the prevention of post-surgical staphylococcal infections.

There is a global need for better treatments to reduce post-surgical infections such as Destiny Pharma's XF-73 Nasal gel, which has been awarded Qualifying Infectious Disease Product (QIDP) and Fast Track status by the FDA. One in three people are *S. aureus* carriers. Carriers have up to twelve times higher risk of post-surgical infection.

EMA and FDA feedback in 2022 has clarified the routes to approval for the programme and allowed progress to be made on the Phase 3 study design and costings. The Company is exploring the possibility of designing a global Phase 3 clinical programme, likely to consist of two studies, which meets the requirements of both the FDA and EMA.

Feedback from US Food and Drug Administration (FDA)

The key points of the FDA feedback were as follows:

1. The FDA agreed to the proposed Phase 3 design comparing XF-73 Nasal gel to placebo on top of standard of care for the prevention of post-surgical staphylococcal infections following certain breast surgery operations. This type of surgery is being proposed as patients can experience a relatively high infection rate following the current standard of care and there is a clear unmet medical need.
2. The FDA is open to the collection of microbiological data during the proposed Phase 3 study that could lead to the development of a surrogate marker for clinical efficacy in other types of surgery.
3. Based on the favourable safety profile from the clinical development programme so far, the FDA has confirmed that no specialised nasal examinations are needed in the Phase 3 study. In line with the above, the FDA has also removed the previous requirement to clinically evaluate skin sensitisation.
4. The regulatory feedback will enable Destiny Pharma to simplify the Phase 3 study design and is expected to shorten the overall clinical development programme in the US.

Feedback from European Medicines Agency (EMA)

The key highlights of the EMA feedback were as follows:

1. A simple, microbiological primary endpoint is acceptable for European approval of the XF-73 nasal gel. It will measure the percentage of patients demonstrating decolonisation to a level of eradication. This is consistent with the primary endpoint used in the very successful Phase 2b clinical study that reported outstanding results in 2021.
2. Agreement that the patient population to enroll in the Phase 3 trials will be those who are nasal carriers of *S. aureus* (approximately a third of all patients) undergoing surgeries that put them at risk of a post-surgical *S. aureus* or MRSA infection. This is consistent with the patient population enrolled in the successful Phase 2b study.
3. It has been agreed that in Europe XF-73 nasal gel would be compared to a "standard of care" mupirocin treatment in the Phase 3 programme; mupirocin is the old dermal antibiotic widely used across the world for nasal decolonisation.
4. Agreement with the proposed XF-73 nasal gel product pack approach for Phase 3 and its commercial suitability for the European market.

In the US, EU and worldwide, there are no approved nasal decolonisation drugs for the prevention of post-surgical staphylococcal infections. The generic antibiotic mupirocin has been used to treat patients who carry the bacteria

prior to surgery to reduce the risk of infection. However, the use of existing preventative treatments is severely limited by the existence, and fear of generating drug resistant bacteria. In contrast, XF-73 Nasal gel has been shown not to generate drug-resistant bacteria and thereby reduces the threat posed by Anti-Microbial Resistance (AMR). Furthermore, this superior bacterial resistance profile makes it ideally suited for widespread use in the prevention of post-surgical infections. The Company estimates that there is a US$1 billion peak sales opportunity in the US alone.

The Company is on track to clarify the Phase 3 clinical plan by year end and will then aim to find a partner(s) to help fund the Phase 3 trials and commercialise XF-73 Nasal gel with the Phase 3 studies starting in early 2024.

Pre-clinical pipeline update

While our main focus remains on our two lead clinical programmes, we have sought to advance our earlier research projects that are largely funded by external grants.

Destiny Pharma is working with the US National Institute of Allergy and Infectious Diseases (NIAID) to develop XF-73 Dermal, focused on treating serious infections associated with open wounds and broken skin including diabetic foot ulcers. In February, we announced positive results from the first of two preclinical safety studies. The study met its objectives and generated positive data, which clears the path for its progression into the second and final clinically-enabling regulatory safety study. Both studies are being conducted through NIAID's suite of preclinical services.

Destiny Pharma's China regional partner and investor, China Medical System Holdings (CMS), established a new dermal programme in 2021 with XF-73 targeting the prevention and treatment of superficial skin infections caused by bacteria. CMS is carrying out pre-clinical work which has produced encouraging data.

SPOR-COV is a prophylactic approach targeting the innate immune system with the potential to develop COVID-19 and influenza protection within a few days of treatment. We are working with our partner SporeGen to establish the next steps for this project and there is potential for SPOR-COV in the natural product sector as well as the drug development/prescribed pharmaceutical space.

In July 2022, Destiny Pharma announced it had received an award from the Cystic Fibrosis Foundation. The research project will establish the potential of XF-73 as a novel treatment for cystic fibrosis patients infected with methicillin-resistant Staphylococcus aureus (MRSA). The project will have access to clinical isolates collected from people with cystic fibrosis and the work will be carried out by experienced researchers associated with the Foundation.

Destiny Pharma started a new research project targeted at oral mucositis in 2022. We see potential in XF-73 as a preventive medicine to ease suffering from oral mucositis, an inflammation of the mouth that is a common side effect of chemotherapy and radiotherapy.

Outlook

Destiny Pharma is in the unique position of having two, high quality, late-stage clinical assets targeting infection prevention. They are both supported by strong Phase 2 clinical data and address clear clinical needs where there are also significant commercial opportunities, and the Board is committed to taking these late-stage programmes through their final Phase 3 clinical studies.

The Company's strategy is to remain a research and development specialist and is therefore seeking partners to lead the eventual commercialisation of these assets and help fund the Phase 3 clinical trials as well as exploring alternative funding options. We continue to make good progress in partnering discussions for NTCD-M3 and are looking to finalise arrangements as soon as possible.

There is increased international support for the development of novel anti-infective drugs that address the issue of anti-microbial resistance, Destiny Pharma's unique platform is very well-positioned to meet this global need. The significant healthcare and economic impact of COVID-19 has clearly highlighted the global need for innovation that delivers fast, safe and affordable anti-infection treatments. We remain committed to meeting this challenge, delivering new medicines and creating significant value for shareholders.

Neil Clark
Chief Executive Officer

08 September 2022

Condensed Statement of Comprehensive Income

For the 6 months ended 30 June 2022

	6 months ended 30 June 2022 Unaudited £	6 months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Continuing operations			
Administrative expenses	**(3,550,876)**	(2,898,724)	(6,016,128)
Other operating income	**12,967**	122,555	135,028
Share option charge	**(275,854)**	(210,549)	(405,851)
Operating loss	**(3,813,763)**	(2,986,718)	(6,286,951)
Finance income	**16,613**	8,905	15,520
Loss before tax	**(3,797,150)**	(2,977,813)	(6,271,431)
Income Tax	**608,848**	489,235	931,951
Loss and total comprehensive loss from continuing operations	**(3,188,302)**	(2,488,578)	(5,339,480)
Loss per share (Note 5)			
Basic and diluted	**(4.8)p**	(4.2)p	(8.9)p

Condensed Statement of Financial Position

For the 6 months ended 30 June 2022

	As at 30 June 2022 Unaudited £	As at 30 June 2021 Unaudited £	As at 31 December 2021 Audited £
ASSETS			
Non-current assets			
Property, plant and equipment (Note 6)	**29,521**	39,886	35,882
Intangible assets (Note 7)	**2,261,435**	2,261,435	2,261,435
Non-current assets	**2,290,956**	2,301,321	2,297,317
Current assets			
Trade and other receivables	**720,673**	546,768	991,913
Prepayments and accrued income	**119,974**	607,870	347,950
Cash and cash equivalents	**8,371,047**	7,058,284	4,645,562
Current assets	**9,211,694**	8,212,922	5,985,425
TOTAL ASSETS	**11,502,650**	10,514,243	8,282,742
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	**819,337**	349,437	773,436
Current liabilities	**819,337**	349,437	773,436
Shareholders' equity			
Issued share capital (Note 8)	**733,071**	598,619	598,719
Share premium	**33,043,569**	27,091,466	27,091,466
Accumulated losses	**(23,093,327)**	(17,525,279)	(20,180,879)

Total shareholders' equity	**10,683,313**	10,164,806	7,509,306
TOTAL EQUITY AND LIABILITIES	**11,502,650**	10,514,243	8,282,742

Condensed Statement of Changes in Equity

For the 6 months ended 30 June 2022

	Issued share capital	Share premium	Accumulated losses	Total
	£	£	£	£
As at 1 January 2022	598,719	27,091,466	(20,180,879)	7,509,306
Loss and total comprehensive loss for the period	-	-	(3,188,302)	(3,188,302)
Issue of share capital	134,352	6,332,565	-	6,466,917
Costs of share issue	-	(380,462)	-	(380,462)
Share based payment expense	-	-	275,854	275,854
As at 30 June 2022	733,071	33,043,569	(23,093,327)	10,683,313

	Issued share capital	Share premium	Accumulated losses	Total
	£	£	£	£
As at 1 January 2021	598,169	27,085,506	(15,247,250)	12,436,425
Total comprehensive loss and loss for the period	-	-	(2,488,578)	(2,488,578)
Issue of share capital	450	5,960	-	6,410
Share based payment expense	-	-	210,549	210,549
As at 30 June 2021	598,619	27,091,466	(17,525,279)	10,164,806

	Issued share capital	Share premium	Accumulated losses	Total
	£	£	£	£
As at 1 January 2021	598,169	27,085,506	(15,247,250)	12,436,425
Total comprehensive loss and loss for the period	-	-	(5,339,480)	(5,339,480)
Issue of share capital	550	5,960	-	6,510
Share based payment expense	-	-	405,851	405,851
As at 31 December 2021	598,719	27,091,466	(20,180,879)	7,509,306

Condensed Statement of Cash Flows

For the 6 months ended 30 June 2022

	6 months ended 30 June 2022 Unaudited	6 months ended 30 June 2021 Unaudited	Year ended 31 December 2021 Audited
	£	£	£
Cash flows from operating activities			
Loss before income tax	**(3,797,150)**	(2,977,813)	(6,271,431)
Depreciation charges	**6,361**	5,996	12,518
Share based payment expense	**275,854**	210,549	405,851
Finance income	**(16,613)**	(8,905)	(15,520)
Decrease/(increase) in trade and other receivables and prepayments	**180,808**	(54,461)	198,336
Increase/(decrease) in trade and other payables	**45,901**	(918,696)	(494,698)

Tax received	**927,256**	1,069,824	1,074,519
Net cash used in operating activities	**(2,377,583)**	(2,673,506)	(5,090,425)
Cash flows from investing activities			
Purchase of tangible fixed assets	**-**	(27,742)	(30,260)
Interest received	**16,613**	8,905	15,520
Net cash flow from investing activities	**16,613**	(18,837)	(14,740)
Cash flows from financing activities			
New shares issued net of issue costs	**6,086,455**	6,410	6,510
Net cash inflow from financing activities	**6,086,455**	6,410	6,510
Net increase in cash and cash equivalents	**3,725,485**	(2,685,933)	(5,098,655)
Cash and cash equivalents at the beginning of the period	**4,645,562**	9,744,217	9,744,217
Cash and cash equivalents at the end of the period	**8,371,047**	7,058,284	4,645,562

Notes to the Condensed Financial Statements

1. General Information

Destiny Pharma plc ("Destiny" or the "Company") was incorporated and domiciled in the UK on 4 March 1996 with registration number 03167025. Destiny's registered office is located at Unit 36 Sussex Innovation Centre Science Park Square, Falmer, Brighton, BN1 9SB.

Destiny is engaged in the discovery, development and commercialisation of new antimicrobials that have unique properties to improve outcomes for patients and the delivery of medical care into the future.

2. Basis of Preparation

These interim unaudited financial statements have been prepared in accordance with AIM Rule 18, '*Half yearly reports and accounts'*. The financial information contained in these interim financial statements have been prepared under the historical cost convention and on a going concern basis.

The interim financial information for the six months ended 30 June 2022, six months ended 30 June 2021 and the year ended 31 December 2021 contained within this interim report do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2021 is based on the statutory accounts for the year ended 31 December 2021. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

In the opinion of the Directors, the interim financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative amounts for the six months ended 30 June 2021 are also unaudited.

The interim financial statements for the six months ended 30 June 2022 were approved by the Board on 07 September 2022.

3. Accounting Policies

The unaudited interim financial statements for the period have been prepared on the basis of the accounting policies adopted in the audited report and accounts of the Company for the year ended 31 December 2021 and expected to be adopted in the financial year ending 31 December 2022.

4. Segmental Information

The chief operating decision-maker is considered to be the Board of Directors of Destiny Pharma. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level.

The chief operating decision maker has determined that Destiny Pharma has one operating segment, the discovery, development and commercialisation of pharmaceutical formulations.

Geographical Segments

The Company's only geographical segment during the period was the UK.

5. Loss Per Share

The calculation for loss per ordinary share (basic and diluted) for the relevant period is based on the earnings after income tax attributable to equity shareholders for the period. As the Company made losses during the period, there are no dilutive potential ordinary shares in issue, and therefore basic and diluted loss per share are identical. The calculation is as follows:

	6 months ended 30 June 2022 Unaudited £	**6 months ended 30 June 2021 Unaudited £**	Year ended 31 December 2021 Audited £
Loss for the period from continuing operations	**(3,188,302)**	(2,488,578)	(5,339,480)
Weighted average number of shares	**66,600,552**	59,840,623	59,851,442
Loss per share - pence			
Basic and diluted	**(4.8)p**	(4.2)p	(8.9)p

6. Property, plant and equipment

	Plant and machinery £
Cost	
At 1 January 2022	150,448
Additions	-
At 30 June 2022	**150,448**
Depreciation	
At 1 January 2022	114,566
Charge for the period	6,361
At 30 June 2022	**120,927**
Net book value at 30 June 2022	**29,521**

	Plant and machinery £

Cost	
At 1 January 2021	120,188
Additions	27,742
At 30 June 2021	**147,930**
Depreciation	
At 1 January 2021	102,048
Charge for the period	5,996
At 30 June 2021	**108,044**
Net book value at 30 June 2021	**39,886**

Property, plant and equipment (contd.)

	Plant and machinery £
Cost	
At 1 January 2021	120,188
Additions	30,260
At 31 December 2021	**150,448**
Depreciation	
At 1 January 2021	102,048
Charge for the year	12,518
At 31 December 2021	**114,566**
Net book value at 31 December 2021	**35,882**

7. Intangible assets

	Acquired development programmes £
Cost	
At 1 January 2022	2,261,435
Additions	-
Cost and Net book value at 30 June 2022	**2,261,435**
Cost	
At 1 January 2021	2,261,435
Additions	-
Cost and Net book value at 30 June 2021	**2,261,435**
Cost	
At 1 January 2021	-
Additions	2,261,435
Cost and Net book value at 31 December 2021	**2,261,435**

8. Share capital

On 29 March 2022, 12,909,007 new Ordinary shares were issued following a fundraise comprised of a placing, subscription and open offer. The Company raised gross proceeds of £6.45m from the fundraise to continue progress towards Phase 3 trials in its two lead, clinical assets, NTCD-M3 and XF-73 Nasal, and finalise regulatory plans, whilst also strengthening the balance sheet as the Company progresses partnering discussions in relation to NTCD-M3.

526,177 new Ordinary shares were issued in the half-year ended 30 June 2022 following the exercise of share options: On 04 February 2022, 466,177 new shares were issued, on 07 February 2022, 30,000 new shares were issued and on 28 March, 30,000 new shares were issued.
On 24 January 2022, 54,282 Employee LTIP 2020 Options were granted to the following employees: William Love 11,501, Shaun Claydon 11,725, Neil Clark 16,914 and Stephanie Bewick 14,142. These options have been granted at an exercise price of £0.01 per ordinary share and will vest on the second anniversary of the date of grant.

On 08 June 2022, 190,000 options were granted under the Destiny Pharma plc 2020 Long Term Incentive Plan to Yuri Martina. The options have been granted at an exercise price of £0.46 and will vest on the third anniversary of the date of grant.

9. Events after the end of the reporting period

There are no events subsequent to the reporting period that require adjustment or disclosure.

10. Copies of the interim financial statements

Copies of these interim unaudited financial statements are available on the Company's website at www.destinypharma.com and from the Company's registered office, Unit 36 Sussex Innovation Centre Science Park Square, Falmer, Brighton, BN1 9SB.

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