

**Developing Novel Products that
Prevent Life-threatening Infections**

September 2020

Disclaimer

These presentation slides and the accompanying verbal presentation (the "Presentation Materials") do not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities in Destiny Pharma plc (the "Company") ("Company Securities") nor shall they or any part of them form the basis of or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment with respect to Company Securities. These Presentation Materials do not constitute a recommendation regarding any decision to sell or purchase Company Securities.

These Presentation Materials are for information purposes only and must not be used or relied upon for the purpose of making any investment decision or engaging in any investment activity. Whilst the information contained herein has been prepared in good faith, neither the Company nor any of its directors, officers, employees, agents or advisers makes any representation or warranty in respect of the accuracy or completeness of the contents of the Presentation Materials or otherwise in relation to the Company or its businesses, and responsibility and liability therefor (whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise) is expressly disclaimed, provided that nothing herein is intended to limit the liability of any such person for fraud. No duty of care or advisory obligation is owed the Company or any of its directors, officers, employees, agents or advisers to any recipient of the Presentation Materials. No reliance may be placed for any purpose whatsoever on the information contained in these Presentation Materials or the completeness or accuracy of such information. In particular, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information or opinions contained herein, which have not been independently verified and may be in draft form. The figures and projections included in these Presentation Materials are based on internal assumptions made by the directors and employees of the Company and have not been reviewed or verified as to their accuracy by any third party. The information contained in these Presentation Materials is provided as at the date of this presentation and is subject to updating, completion, revision, verification and further amendment without notice. However, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update these Presentation Materials or to correct any inaccuracies in, or omissions from these Presentation Materials which may become apparent.

The content of these Presentation Materials has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). Reliance on the Presentation Materials for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested. Any person who is in any doubt about the subject matter to which this presentation relates should consult a person duly authorised for the purposes of FSMA who specialises in the acquisition of shares and other securities.

These Presentation Materials do not constitute an offer of transferable securities to the public for the purposes of section 85 FSMA. These Presentation Materials are exempt from the general restriction set out in section 21 FSMA on the communication of financial promotions on the grounds that they are directed only at: (i) persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments or otherwise are "investment professionals" for the purposes of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) are persons who fall within Article 49(2)(a) to (d) of the Order; or (iii) otherwise fall within an applicable exemption with the Order (all such persons together being referred to as "Relevant Persons"). Persons of any other description, including those that do not have professional experience in matters relating to investment, should not rely or act upon the Presentation Materials. Any investment, investment activity or controlled activity to which the Presentation Materials may ultimately relate is available only to Relevant Persons and will be engaged in only with such Relevant Persons.

These Presentation Materials do not constitute an offer of securities for sale in the United States, Canada,

Australia, Japan or the Republic of South Africa or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement, nor must they be distributed to persons with addresses in the United States, Canada, Australia, Japan or the Republic of South Africa, or to any national or resident of the United States, Canada, Australia, Japan or the Republic of South Africa, or to any corporation, partnership, or other entity created or authorised under the laws thereof. Any such distribution could result in a violation of American, Canadian, Australian, Japanese or South African law. It is the responsibility of each recipient outside the United Kingdom to ensure compliance with the laws of and regulations of any relevant jurisdiction. These Presentation Materials are not for publication, release or distribution in, and may not be taken or transmitted into, the United States, Canada, Australia, Japan or the Republic of South Africa and may not be copied, forwarded, distributed or transmitted in or into the United States, Canada, Australia, Japan or the Republic of South Africa or any other jurisdiction where to do so would be unlawful. These Presentation Materials may not be provided to any person in Canada or to any person who may be subject to Canadian securities laws. The Company Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States and may not be offered and sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offering of Company Securities in the United States.

The Presentation Materials includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the anticipated future performance of the Company. Any such forward-looking statements in the Presentation Materials reflect the Company's current expectations and projections about future events but, by their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Save as required by law or regulation or the rules of any securities exchange, the Company undertakes no obligation to release the results of any revisions to any forward-looking statements in this Presentation that may occur due to any change in its expectations or to reflect events or circumstances after the date of the Presentation Materials. In particular, no representation or warranty is given by the Company as to the achievement of, and no reliance should be placed on, any projections, targets, estimates or forecasts and nothing in the Presentation Materials is or should be relied on as a promise or representation as to any future event.

The Presentation Materials are confidential and being supplied to you solely for your own information and may not be reproduced, further distributed, or the contents otherwise divulged, directly or indirectly, to any other person or published, in whole or in part, for any purpose whatsoever.

These Presentation Materials may contain inside information and accordingly you will not be able to deal in any securities of the Company before the information is made public in accordance with the insider dealing provisions of Part V of the Criminal Justice Act 1993. In addition, the Presentation Materials may constitute inside information for the purposes of article 7 of the Market Abuse Regulation ("MAR") and therefore you must not (i) engage or attempt to engage in (a) market manipulation or (b) insider dealing; (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing; or (iii) unlawfully disclose inside information (as such terms are defined in MAR). No individual within the Company (or within its associates) is by virtue of these Presentation Materials recommending, inducing or encouraging you to deal with the Company's securities.

Building World Leading Company Focused on Preventing Life Threatening Infections

COVID-19 has highlighted to the world the health and economic threat of untreatable infections

- Focus on novel hospital products with strong clinical benefits and commercial potential
- Develop potential blockbuster lead asset XF-73
- Continue to develop pipeline from XF drug platform
- In-licensing and M & A to expand clinical pipeline e.g. Spor-Cov microbiome asset
- Access to China market through partnership with CMS
- Strategic partnering in geographical regions and indications at key inflection points
- Secure additional grant support to help fund vibrant pipeline - £2.5 million awarded to date

Operational highlights

Phase 2b clinical trial: XF-73 nasal gel for prevention of post-surgical infections

- Protocol amendment agreed with FDA
- Phase 2b XF-73 nasal study recruitment planned to complete by end of 2020
- Protocol amendment agreed with FDA - No impact on quality of study and statistical quality of Phase 2b
- Positive interim safety analysis of Phase 2b trial
- Recruitment to complete end of 2020; Data expected Q1 2021

Financial highlights

- Strong cash position with cash and term deposits at 30 June 2020 of £5.6 million (30 June 2019: £9.1 million; 31 December 2019: £7.5 million)
- Expenditure on R&D in the period of £2.3 million (half-year 2019: £1.7 million; full year 2019: £3.8 million) reflecting the increased investment in clinical research
- Funded through to Q4 2021

SporeGen® COVID-19 collaboration

- Co-develop a novel, preventative product for COVID-19
- Majority to be funded by Innovate UK grant award of £800.000
- Expands novel pipeline targeted at preventing infections with novel biologics/microbiome



Financial Overview

for the 6 months ended 30 June 2020

Condensed statement of comprehensive income

for the 6 months ended 30 June 2020

Highlights:

- Loss before tax of £2.9M (H1 2019: £2.5M)

Key drivers:

- R&D spend of £2.3M (H1 2019: £1.7M)
 - lower than expected due to slowdown in nasal study caused by COVID-19
- Admin costs £0.6M (H1 2019: £0.8M)
 - reduction in activity due to COVID-19

	6 months ended 30 June 2020 Unaudited £	6 months ended 30 June 2019 Unaudited £	Year ended 31 December 2019 Audited £
Continuing operations			
Revenue	-	-	-
Administrative expenses	(2,912,801)	(2,556,773)	(5,687,003)
Other operating income	12,450	198,474	305,906
Share option charge	(58,668)	(109,454)	(203,655)
Operating loss	(2,959,019)	(2,467,753)	(5,584,752)
Finance income	13,470	40,316	63,478
Loss before tax	(2,945,549)	(2,427,437)	(5,521,274)
Taxation	515,378	332,413	813,250
Loss from continuing operations	(2,430,171)	(2,095,024)	(4,708,024)
Loss per share (basic and diluted) - pence	(5.5)p	(4.8)p	(10.7)p

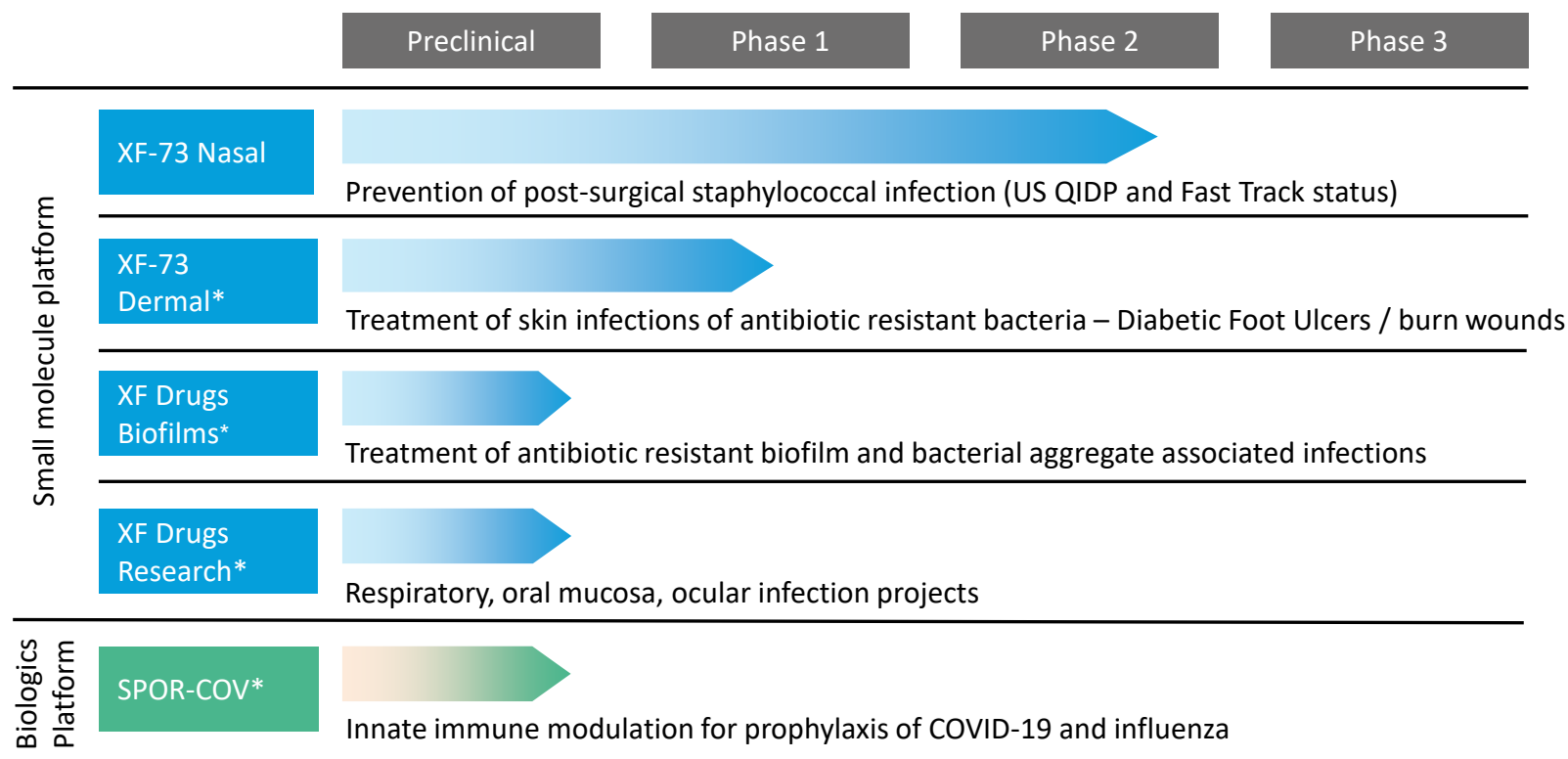
Condensed statement of financial position as at 30 June 2020

Highlights:

- Net cash outflow of £1.9M (H1 2019: £3.0M) resulting in net cash at 30 June of £5.6M
- 2019 R&D tax credit of £0.8M received during the period
- Company remains funded through to Q4 2021

	30 June 2020 Unaudited £	30 June 2019 Unaudited £	31 Dec 2019 Audited £
Assets			
Non-current assets: Property, plant and equipment	25,764	38,031	32,922
Current assets:			
Trade and other receivables	559,747	1,259,349	911,198
Prepayments and accrued income	48,192	186,157	133,702
Cash and cash equivalents	5,571,631	5,077,954	7,479,642
Other financial assets (term deposits 3 months+)	-	4,000,000	-
Total assets	6,205,334	10,561,491	8,557,464
Equity and liabilities			
Equity			
Called-up share capital	438,652	435,652	438,652
Share premium	17,296,337	17,292,337	17,296,337
Accumulated losses	(12,347,167)	(7,456,865)	(9,975,664)
Shareholders' equity	5,387,822	10,278,124	7,759,325
Liabilities			
Current liabilities	817,512	283,367	798,139
Total equity and liabilities	6,205,334	10,561,491	8,557,464

Pipeline of Novel Treatments to Prevent Infections



* Grant supported projects >£2m received. Working in partnership with specialised University groups and medical schools.

XF-73 - Lead Product with Blockbuster Potential



- XF-73 is uniquely differentiated from current antibiotics – highly novel mechanism, clinical profile is compelling, with a strong IP position protecting product franchise into 2030s.
 - QIDP status gives 10 years data exclusivity in the US
-



- Hospital only setting leverages its unique no/low resistance profile.
 - Targeted, topical delivery with acute use and no systemic absorption minimises potential tolerability/side effective profile
 - Reducing nasal *S. aureus* carriage reduces post-surgical infection by c.60%
-



- XF-73 has blockbuster potential – favourable pharmaco-economics support the pricing strategy and a strong cost benefit argument, particularly in US
 - Inclusion in total surgical cost for reimbursement
-



- Upcoming significant value inflection point from Phase 2b trial. Recruitment completing 2020, as FDA agreed to protocol amendment. 88 out of 125 now recruited.
 - Positive interim safety review.
-

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

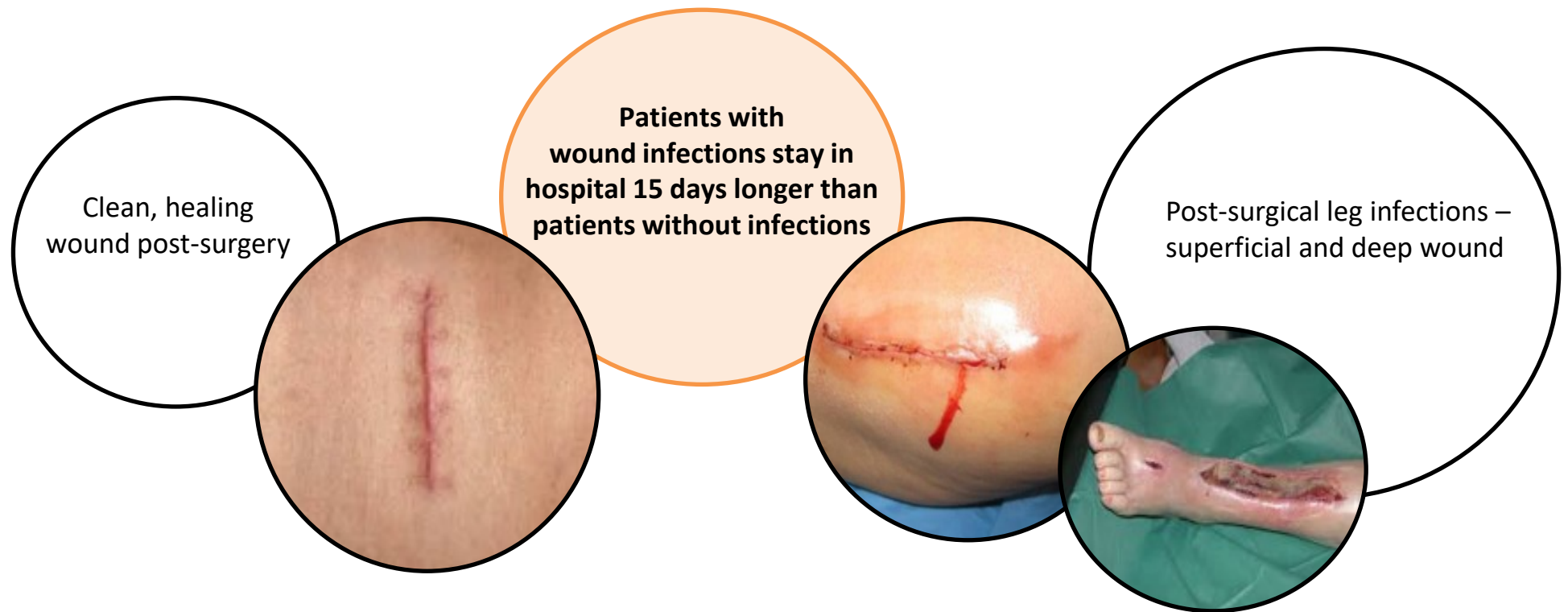
<\$10 billion

XF-73 target market a

\$1bn

peak sales opportunity

Post surgical infections delay recovery /
Increase treatment cost



“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)

XF-73 addresses pre-surgical nasal SA decolonisation - a significant, unmet clinical need

1

**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

2

Significant unmet medical need:

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

3

XF-73 addresses this unmet clinical need:

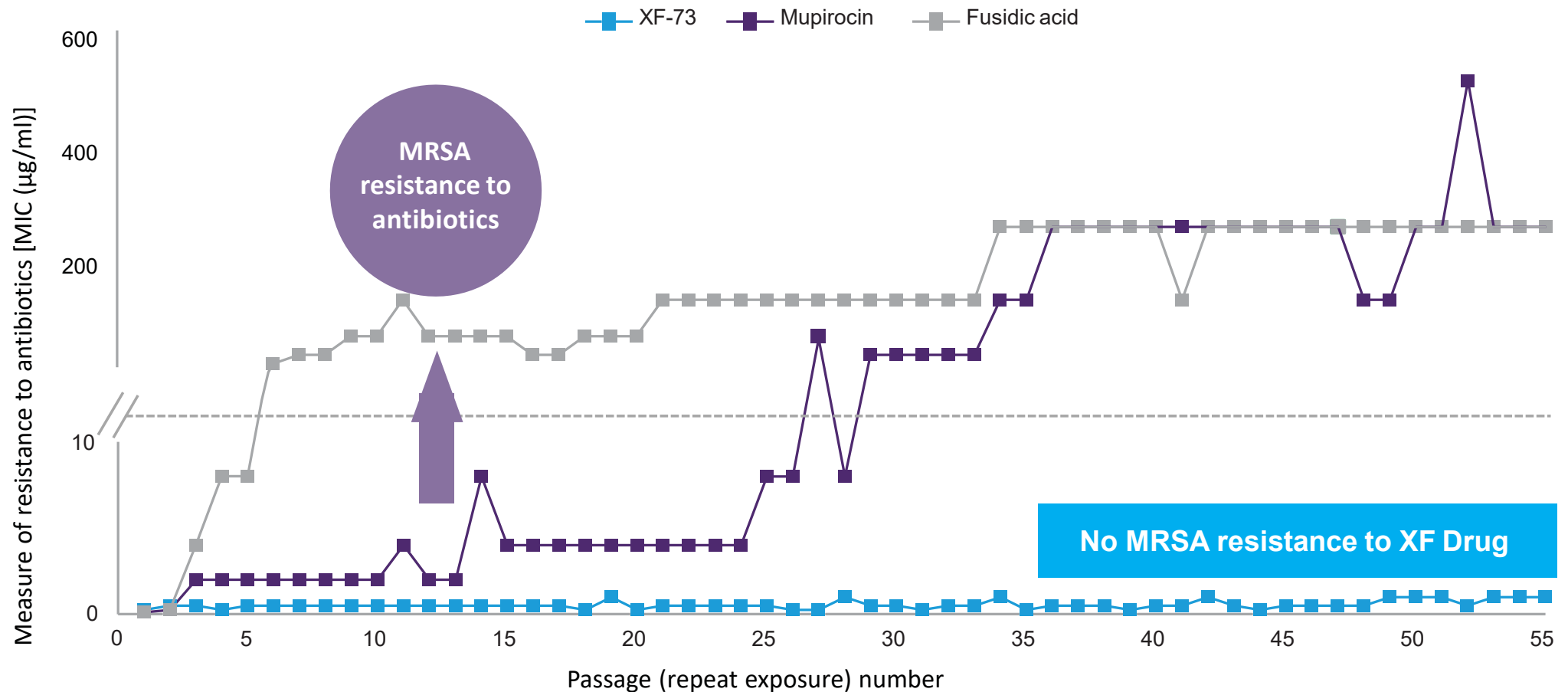
- ☐ Widespread and prolonged use of mupirocin leads to rapid emergence of *S. aureus* mupirocin resistance and some hospitals have halted mupirocin use

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

Medical Director, California hospital

XF-73 has a unique no / low resistance profile

Supported by 2020 Oxford University review in tackling AMR by R. Craig Maclean Trends in Microbiology DOI - <https://doi.org/10.1016/j.tim.2020.03.011>



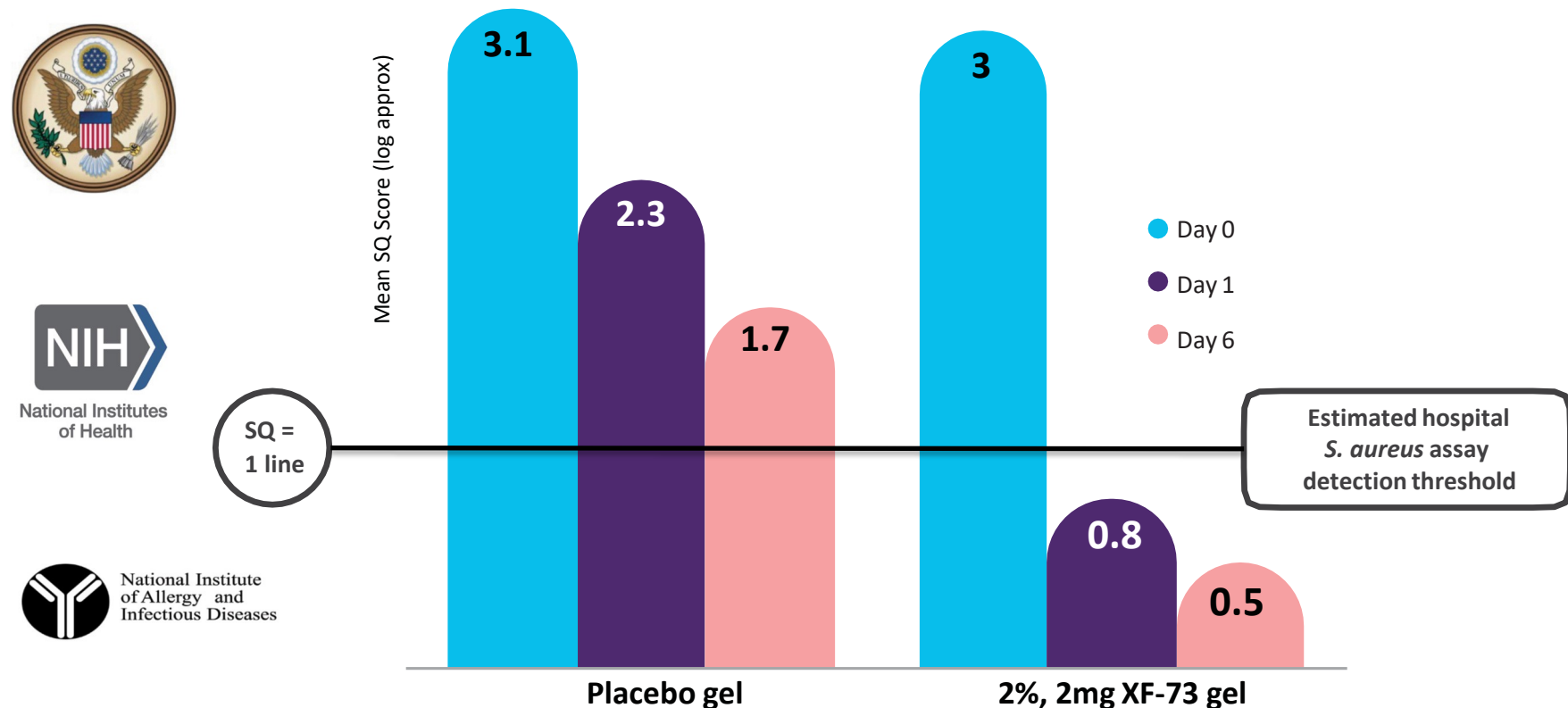
Farrell, *et al.*; Investigation of the potential for mutational resistance to XF-73, Retapamulin, Mupirocin, Fusidic acid, Daptomycin and Vancomycin in MRSA isolates during a 55-Passage study. Antimicrobial Agents & Chemotherapy (2011); 55; (3) 1177-1181

XF-73 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

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



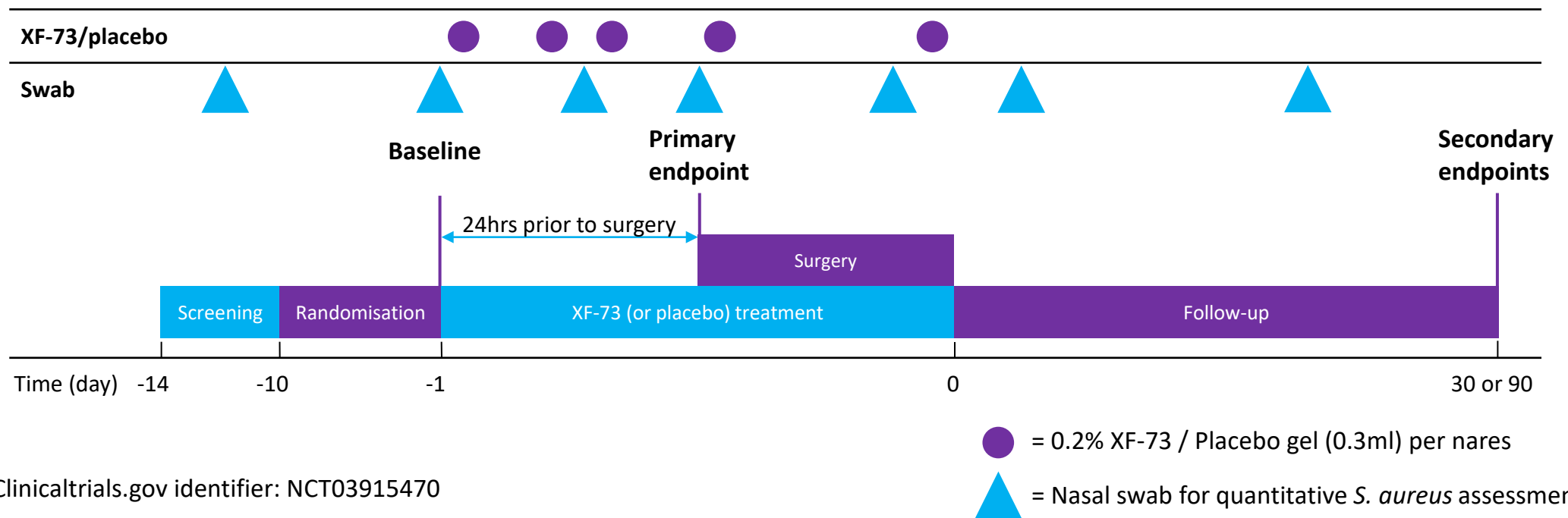
Inclusion criteria

125 heart surgery patients with confirmed nasal *S. aureus* carriage
(88 recruited, as of Sept 16, 2020)

Trial Design

Arm A: 5 doses XF-73 nasal gel
Arm B: 5 doses placebo nasal gel

Primary endpoint: Reduction in nasal *S. aureus* burden vs. placebo from baseline to immediately pre surgery



XF-73 Phase 2b recruitment completing Q4 2020

Molecule	XF-73
Indication	Post surgical <i>Staphylococcus aureus</i> infections
Phase	Phase 2b
# of patients	125
Inclusion criteria	Heart surgery patients with confirmed nasal <i>S. aureus</i> carriage
Primary endpoint	Reduction in nasal <i>S. aureus</i> burden vs. placebo from baseline to immediately pre surgery
Design	Double blind, randomized, placebo controlled • Arm A: 5 doses XF-73 nasal gel • Arm B: 5 doses placebo nasal gel
Status	• 88 out of 125 patients recruited September 2020 • Positive interim safety review August 2020 • Estimated recruitment completion end 2020
Topline data	Estimated Q1 2021. Phase 3 planning underway
Clinicaltrials.gov	NCT03915470

- Building a world class company focused on novel hospital products with strong clinical benefits and commercial potential
- Completing recruitment in Phase 2 clinical development of lead drug asset, XF-73 at end of 2020
- Data anticipated Q1 2020 – major inflection point
- Significant commercial opportunity \$1 billion opportunity in US alone
- Expanded pipeline with SPOR-COV - a novel preventative treatment for COVID-19 - supported by an £800.000 Innovate UK grant
- The significant healthcare and economic impact of COVID-19 has highlighted the global need for innovation that delivers fast, safe and affordable anti-infection treatments
- Well funded with cash runway that extends to Q4 2021 to execute business strategy and progress follow-on programmes



Meet The Team

Management Team



Neil Clark
FCA, CEO

Over 20 years in AIM listed biotech/life sciences leadership positions at CeNes and Ergomed



Dr. William 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

Independent research in 2019 supports XF-73 market positioning



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

- Dadashi *et al* 2019

- Prevalence has now increased to 7.6% and mupirocin-resistant MRSAs have significantly increased to 13.8%



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



New Asian guidelines recommend decolonisation

- Ling *et al*, 2019

- 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
- Plan to deliver Phase 2 ready package with grant supported work in China/UK/US
- XF-73 dermal target product profile tested, current best practice reviewed, and feasibility of clinical development pathway reviewed



Diabetic foot ulcer

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

~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://www.ncvh.org/pdf/2015%20NCVH/5-27-Wed/Podiatry/1330%20John%20Labovitz%20revised.pdf)

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

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

	Mupirocin	XF-73		
Pre-op dosing	5 Days	1 Day	✓	Reduces timeframe needed to treat prior to surgery
Efficacy	Not All Strains	All Strains	✓	Targets the entire SA spectrum
Resistance Build Up	Yes	No	✓	Expands target patient population
Administration	Nasal Ointment	Nasal Gel	~	Positive effect on compliance
Tolerability	Irritant	Non-irritant	✓	Well-tolerated – positive impact on compliance
MoA	Traditional	Innovative	✓	Superior efficacy and safety profile
Indication	Off Label	Licensed	✓	Increases potential for adoption onto hospital formulary

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

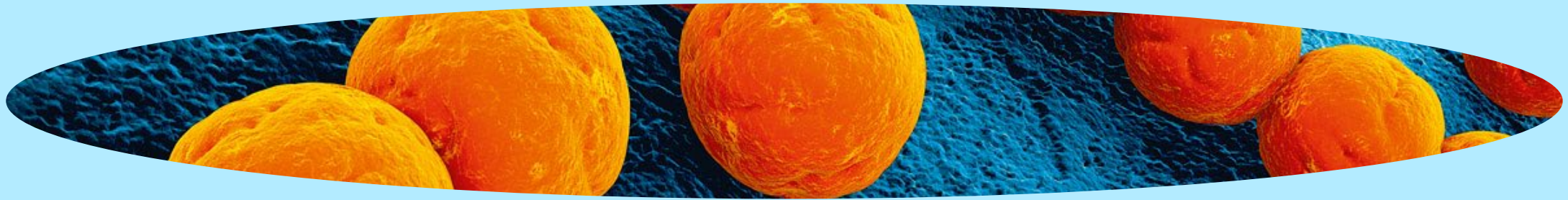
**Both studies placebo controlled & XF-73 applied as an intra-nasal gel achieved statistical difference for S. aureus reduction*

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, 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
- Latest microbiology test screens of XF-73 confirms efficacy against 70 of the latest *S. aureus* and MRSA strains





Destiny Pharma PLC Sussex Innovation Centre
Science Park Square, Falmer, Brighton,
BN1 9SB UK

www.destinypharma.com