

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

Interim Results for the 6 months ended 30 June 2017

Well funded to advance a pipeline focused on addressing the growing and global issue of anti-microbial resistance

Brighton, United Kingdom – 27 September 2017 – Destiny Pharma (AIM: DEST), a clinical stage biotechnology company focused on the development of novel anti-microbial drugs, which address the global problem of anti-microbial resistance (AMR), is pleased to announce its maiden interim results for the six month period to 30 June 2017. On 4 September 2017, the Company's shares were admitted to trading on AIM.

Key highlights

Financial highlights

- Loss for period of £920,044 (H1 2016 loss of £456,745)
- Cash and cash equivalents at 30 June 2017 £871,966 (30 June 2016 £636,191)
- IPO and successful fund raising of £15.3 million (gross) announced September 2017

Operational highlights

- Greater China regional framework collaboration agreement with China Medical System Holdings Ltd announced September 2017
- Patent portfolio strengthened with the grant of the South Korean XF-biofilm patent in June 2017
- Finalisation of manufacturing, regulatory and clinical plans for US clinical studies with lead asset XF-73
- Executive and management teams strengthened

Neil Clark, CEO of Destiny Pharma, commented, "*Destiny Pharma has completed a successful placing and admission to AIM, and is now a well-funded drug development company. The Company is focused fully on delivering its Phase IIb clinical study with its lead asset, XF-73, and progressing its earlier pipeline over the next two years.*"

There is a growing need for new drugs with novel mechanisms of action that can effectively treat and/or prevent infections and address the global issue of Anti-Microbial Resistance. These are potentially billion dollar markets and the team at Destiny Pharma is committed to developing its wholly owned, novel pipeline that has the potential to meet these medical needs.

We are excited about the opportunities ahead and the potential to generate significant value from the Company's pipeline."

For further information, please contact:

Destiny Pharma

Neil Clark, CEO
Simon Sacerdoti, CFO
pressoffice@destinypharma.com
+44 (0)1273 704 440

FTI Consulting

Simon Conway / Victoria Foster Mitchell / Hanna Skeppner
destinypharma@fticonsulting.com
+44 (0) 20 3727 1000

Cantor Fitzgerald Europe (Nominated Adviser and Broker)

Philip Davies / Will Goode, Corporate Finance
pdavies@cantor.co.uk
+44 (0)20 7894 8337

About Destiny Pharma

Destiny Pharma is an established, clinical stage, innovative biotechnology company focused on the development of novel medicines that represent a new approach to the treatment of infectious disease. These potential new medicines are being developed to address the need for new drugs for the prevention and treatment of life-threatening infections caused by antibiotic-resistant bacteria, often referred to as “superbugs”. Tackling anti-microbial resistance has become a global imperative recognised by the WHO and the United Nations, as well as the G7 and the G20 countries. For further information, please visit <https://www.destinypharma.com>

Chief Executive Officer's Review

Business Overview

The first six months of the year were focused on preparing and delivering the successful placing and admission to trading on AIM in September 2017. The Company raised gross proceeds of £15.3 million through a placing with existing and new institutional and other investors of 9,733,770 ordinary shares at a price of 157 pence per share. Destiny is now well funded to deliver on its strategy through to 2020.

Destiny also announced in September a binding framework agreement detailing a collaboration with a wholly-owned subsidiary of China Medical System Holdings Ltd to enable the development and commercialisation of the Company's assets in China and certain other Asian countries, excluding Japan.

As well as completing these important corporate objectives, Destiny has also strengthened its patent estate, with the granting of the XF biofilm patent in South Korea on 15 June 2017, bringing the total number of XF platform granted patents to 94. Destiny has also continued the development planning of its clinical plans for its lead asset, XF-73, for the prevention of post-surgical infections such as MRSA. Now that the funding for the next phase is secured, Destiny is finalising contracts for the manufacturing, regulatory and clinical work that will enable the completion of the planned US clinical studies.

The Company has also added to the management team in 2017 and has been able to attract senior executives with extensive experience of drug manufacturing and clinical trials. Further updates on the progress of the studies with XF-73 will be made later in 2017 and in 2018.

Destiny is also looking to accelerate work on its earlier programmes and is in active discussions with potential collaborators to progress these assets in 2018.

A number of national and international reviews and initiatives have taken place in the period under review in support of tackling the global issue of antibiotic resistance. These have included discussion at G7, G20 and United Nations meetings, as well as the World Health Organisation's GARDP, and DRIVE-AB, an EU/industry partnership. Mechanisms explored include additional "push" grant incentives as well as "pull" market entry rewards.

Financial Position

As at 30 June 2017, the Company held £871,966 of cash (30 June 2016: £636,191). Following the period under review, the Company completed a placing which raised £15.3 million, and its shares were admitted to trading on AIM on 4 September 2017.

Outlook

Destiny is well placed to deliver in its strategic aims, as set out in its Admission Document published in September 2017, to:

- Advance XF-73 to complete a Phase IIb clinical trial and supporting studies;
- Develop two other pipeline projects through formulation and pre-clinical studies;
- Conduct further research on the earlier assets in the XF drug platform; and
- Explore other opportunities to generate shareholder value from the XF and DPD drug platforms, possibly in fields other than human healthcare.

The Company has a strong balance sheet with its highest ever cash reserves and a clear strategy. The Board remains confident on the outlook for Destiny.

Neil Clark
27 September 2017

Condensed Statement of Comprehensive Income

For the 6 months ended 30 June 2017

	6 months ended 30 June 2017 Unaudited £	6 months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Continuing operations			
Revenue	-	-	-
Administrative expenses	(697,296)	(464,258)	(1,249,035)
Other operating income	-	-	89
Share option charge	(305,234)	(71,435)	(200,857)
Operating loss	(1,002,530)	(535,693)	(1,449,803)
Finance income	59	200	397
Loss before tax	(1,002,471)	(535,493)	(1,449,406)
Income Tax	82,427	78,748	191,578
Loss for the period	(920,044)	(456,745)	(1,257,828)
Other comprehensive income	-	-	-
Total comprehensive loss for the period from continuing operations	(920,044)	(456,745)	(1,257,828)
 Loss per share (Note 4)			
Basic and diluted	(0.03)	(0.01)	(0.04)

Condensed Statement of Financial Position
For the 6 months ended 30 June 2017

	Note	As at 30 June 2017 Unaudited £	As at 30 June 2016 Unaudited £	As at 31 December 2016 Audited £
ASSETS				
Non-current assets				
Property, plant and equipment	5	1,410	1,759	1,161
Current assets				
Trade and other receivables		150,183	289,838	216,520
Prepayments		-	27,508	-
Cash and cash equivalents		871,966	636,191	1,481,493
Current assets		1,022,149	953,537	1,698,013
TOTAL ASSETS		1,023,559	955,296	1,699,174
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables		93,934	89,786	154,739
Current liabilities		93,934	89,786	154,739
Shareholders' equity				
Issued share capital		319,180	620	638
Share premium		-	16,984,524	18,335,092
Accumulated losses		610,445	(16,119,634)	(16,791,295)
Total shareholders' equity		929,625	865,510	1,544,435
TOTAL EQUITY AND LIABILITIES		1,023,559	955,296	1,699,174

Condensed Statement of Changes in Equity

For the 6 months ended 30 June 2017

	Issued share capital £	Share premium £	Accumulated losses £	Total £
As at 1 January 2017	638	18,335,092	(16,791,295)	1,544,435
Loss and total comprehensive loss for the period	-	-	(920,044)	(920,044)
Share option charge	-	-	305,234	305,234
Bonus issue of shares (Note 7)	318,542	(318,542)	-	-
Reduction of capital (Note 7)	-	(18,016,550)	18,016,550	-
Shareholders' equity at 30 June 2017	319,180	-	610,445	929,625

	Issued share capital £	Share premium £	Accumulated losses £	Total £
As at 1 January 2016	620	16,984,524	(15,734,324)	1,250,820
Loss and total comprehensive loss for the period	-	-	(456,745)	(456,745)
Share option charge	-	-	71,435	71,435
Shareholders' equity at 30 June 2016	620	16,984,524	(16,119,634)	865,510

	Issued share capital £	Share premium £	Accumulated losses £	Total £
As at 1 January 2016	620	16,984,524	(15,734,324)	1,250,820
Loss and total comprehensive loss for the period	-	-	(1,257,828)	(1,257,828)
Share option charge	-	-	200,857	200,857
New shares issued net of issue costs	18	1,350,568	-	1,350,586
Shareholders' equity at 31 December 2016	638	18,335,092	(16,791,295)	1,544,435

Condensed Statement of Cash Flows

For the 6 months ended 30 June 2017

	Note	6 months ended 30 June 2017 Unaudited £	6 months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Operating activities				
Loss before tax from continuing operations		(1,002,471)	(535,493)	(1,449,406)
Finance costs		-	-	-
Finance income		(59)	(200)	(397)
Depreciation	5	750	741	1,339
Share option charge		305,234	71,435	200,857
Working capital adjustments				
(Increase)/decrease in trade and other receivables		66,337	(93,257)	7,587
Increase/(decrease) in trade and other payables		(60,805)	(4,556)	60,397
Cash utilised in operations		(691,014)	(561,330)	(1,179,623)
Finance costs		-	-	-
Taxation received		82,427	78,748	191,578
Net cash outflow from operating activities		(608,587)	(482,582)	(988,045)
Investing activities				
Finance income		59	199	396
Purchase of fixed assets	5	(999)	-	-
Net cash outflow from investing activities		(940)	199	396
Financing activities				
Cash flow from issue of ordinary share capital		-	-	1,350,568
Net cash inflow from financing activities		-	-	1,350,568
Net increase/(decrease) in cash and cash equivalents		(609,527)	(482,383)	362,919
Cash and cash equivalents at the beginning of the period		1,481,493	1,118,574	1,118,574
Cash and cash equivalents at the end of the period		871,966	636,191	1,481,493

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

As permitted by the AIM Rules, the Company Interim Financial Information for the period ended 30 June 2017 has not been prepared in accordance with IAS 34 “*Interim Financial Reporting*”. The results for the period ended 30 June 2017 are unaudited.

The Company Interim Financial Information has been prepared on a basis consistent with, and on the basis of, the accounting policies set out in the Company Financial Information set out in Part IV(B) “*Historical Financial Information of the Company*” of the admission document. The Company Interim Financial Information has been prepared on the basis of the accounting policies, presentation, methods of computation and estimation techniques expected to be adopted in the financial information by the Company in preparing its next annual report.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the European Union.

The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the Company in future periods.

The interim accounts for the six months ended 30 June 2017 were approved by the Board on 26 September 2017.

The directors do not propose an interim dividend.

3. Segmental Information

The chief operating decision-maker is considered to be the Board of Directors of Destiny. 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 has one operating segment, the development and commercialisation of pharmaceutical formulations.

Geographical Segments

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

4. Loss Per Share

The calculation of loss per share is based on the following loss and number of shares:

	6 months ended 30 June 2017 Unaudited	6 months ended 30 June 2016 Unaudited	Year ended 31 December 2016 Audited
Loss for the period from continuing operations (£)	(920,044)	(456,745)	(1,257,828)
Weighted average number of shares	31,918,000	61,976	62,426
Bonus issue of shares in January 2017	-	31,854,164	31,854,164
Total	31,918,000	31,916,140	31,916,590

Loss per share:

Basic and diluted (£)	(0.03)	(0.01)	(0.04)
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Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Company by the weighted average number of ordinary shares in issue during the period, adjusted, in the case of the 6 months ended 30 June 2016 and the year ended 31 December 2016, for the bonus issue of shares that took place in January 2017.

Potential ordinary shares resulting from the exercise of share options and warrants have an anti-dilutive effect due to the Company being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share.

5. Property, plant and equipment

	Plant and machinery £
Cost	
Opening balance – 1 January 2017	56,147
Additions	999
Closing balance – 30 June 2017	57,146
Depreciation	
Opening balance – 1 January 2017	54,986
Depreciation charge for the year	750
Closing balance – 30 June 2017	55,736
Net book value at 30 June 2017	1,410

	Plant and machinery £
Cost	
At 1 January 2016 and 30 June 2016	56,147
Depreciation	
Opening balance – 1 January 2016	53,647
Depreciation charge for the period	741
Closing balance – 30 June 2016	54,388
Net book value at 30 June 2016	1,759

	Plant and machinery £
Cost	
At 1 January 2016 and 31 December 2016	56,147
Depreciation	
Opening balance – 1 January 2016	53,647
Depreciation charge for the year	1,339
Closing balance – 31 December 2016	54,986
Net book value at 31 December 2016	1,161

6. Related Party Transactions

The Cadmus Organisation Ltd (“Cadmus”)

During the period, £16,112 (year ended 31 December 2016: £32,847, 6 month period ended 30 June 2016: £16,484) was paid to Cadmus for the services of G H Matthews as director. The amount due to Cadmus at 30 June 2017 was £3,198 (31 December 2016: £3,324, 30 June 2016: £3,198).

Sacerdoti Consulting Limited (“Sacerdoti Consulting”)

During the period, £63,707 (year ended 31 December: £56,429, 6 month period ended 30 June 2016: £15,429) was paid to Sacerdoti Consulting for the services of S Sacerdoti as director of the company. The amount due to Sacerdoti Consulting Limited at 30 June 2017 was £14,522 (31 December 2016: £9,600, 30 June 2016: £6,000).

7. Share capital

On 24 January 2017, the Company undertook a bonus issue of shares whereby, in respect of each Ordinary Share in issue, 499 Ordinary Shares were issued, fully paid, resulting in a transfer of £318,542 from share premium to called up share capital.

On 26 January 2017, the Company effected a reduction of share capital whereby the outstanding balance on the share premium account, amounting to £18,015,550, was transferred to the profit and loss reserve.

8. Events After the End of the Reporting Period

On 22 August 2017, the Company re-registered as a public limited company.

On 1 September 2017 and 4 September 2017, the Company undertook a placing whereby it issued a total of 9,733,770 ordinary shares of 1p each, at a price of £1.57 each, to raise £15.3 million in total. On 4 September 2017, the entire share capital of the Company was admitted to trading on AIM.

9. Copies of the Interim Accounts

Copies of the interim accounts 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.