Destiny Pharma

Audited results for year ended 31 December 2022

Released : April 13, 2023

RNS Number : 0386W
Destiny Pharma PLC
13 April 2023

Destiny Pharma plc

("Destiny Pharma" or "the Company")

Audited results for the year ended 31 December 2022

Exclusive North American partnering deal worth up to $570m plus royalties secured for NTCD

Phase 3 development plans finalised for XF-73 nasal following scientific advice from FDA and

XF-73 dermal commenced clinically enabling safety study sponsored by US Government's N

New XF research projects initiated in cystic fibrosis and oral mucositis

Leadership strengthened with appointment of Chief Medical Officer and two Non-Executive Dir

Balance sheet strengthened through £7.3 million fundraise post period end

Brighton, United Kingdom - 13 April 2023 - Destiny Pharma plc (AIM: DEST), a clinical stage innova biotechnology company focused on the development of novel medicines that can prevent life-threaten infections, announces its audited financial results for the year ended 31 December 2022.

Financial highlights

- Loss before tax of £7.7 million (2021: £6.3 million)
- R&D expenditure of £4.9 million (2021: £3.7 million)
- Other operating expenses (excluding share based payment charge) of £2.5 million (2021:
- £6.5 million gross proceeds from Q1 2022 equity fundraise
- Year-end cash and cash equivalents of £4.9 million (2021: £4.6 million)
- Post period equity fundraise of £7.3 million (gross)
- Cash runway extended to H2 2024

Operational highlights

NTCD-M3 for prevention of C. difficile infection recurrence

- Continued progress made on preparations for the Phase 3 clinical trial of NTCD-M3, inclu manufacturing scale up and regulatory clarity on Phase 3 clinical development plans.
- Positive scientific advice received from European Medicines Agency ("EMA") on propose study design.
- US and European market research confirms substantial market opportunity for NTCD-M3 potential also validated by Sebela partnering deal announced in March 2023.
- Results from US research support the use of NTCD-M3 following all commonly used antib treatments.
- Positive new data published on the absence of toxic gene transfer to NTCD-M3 in the pee journal, Public Library of Science One ("PLOS ONE").

XF-73 nasal gel for prevention of post-surgical infections

- US Food and Drug Administration (FDA) has clarified Phase 3 and US registration pathwa 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 Eu approval as a novel hospital infection prevention product.
- Global Phase 3 study design finalised following discussions with regulators and key opini
- External European market research reports show that XF-73 nasal gel is seen as a very p alternative to mupirocin, the current standard of treatment, by both clinicians and payers. suggests XF-73 has the potential to replace the current standard of treatment as the prefe surgical nasal decolonisation agent.
- Destiny's own market analysis, supported by independent, specialist market research, inc the global peak sales for XF-73 nasal in the US and Europe could be over $1billion.
- Active partnering programme initiated and early discussions with potential partners comm

Earlier pipeline and research projects

- SPOR-COV™, our collaboration with SporeGen to develop a novel nasal spray to prever respiratory infections, including COVID-19 and influenza, has completed grant funded res with next steps being discussed and publications planned.
- Positive results in XF-73 dermal safety study from ongoing agreement with US Governme
- Destiny's China partner, China Medical System Holdings Limited ("CMS"), is conducting p work on their own XF-73 dermal programme.
- XF-73 shown to enhance the activity of two antibacterial drugs with the potential to develo treatments for lethal lung infections and infected diabetic foot ulcers caused by antimicrob bacteria.
- Secured funding from the Cystic Fibrosis Foundation for new XF research project.
- Initiated new XF research project targeted at oral mucositis.

Post period highlights

- Exclusive collaboration and co-development agreement for North American (US, Canada rights to NTCD-M3 signed with Sebela Pharmaceuticals® worth up to $570 million plus ro partnership with Sebela will finance the future clinical development and commercialisation NTCD-M3 in North America whilst the Company retains majority rights for Europe and Re Initial collaboration work has commenced and is progressing well.

- Successful equity fund raise of £7.3 million (gross) to enable closing of Sebela partnering strengthen balance sheet and continue to progress NTCD-M3 and XF-73 nasal toward Ph clinical studies.

- Peer reviewed paper published in Microbiology Spectrum concludes that NTCD-M3 is abl effectively and fully colonise the gut following fidaxomicin administration, indicating that N would be effective in patients receiving this antibiotic, as well as older antibiotics, such as and metronidazole.

- Landmark XF-73 nasal Phase 2b clinical data published in the leading US peer reviewed Infection Control & Hospital Epidemiology.

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

"Destiny Pharma has made good progress in 2022 and in the first quarter of 2023. We recently comp major out-licensing deal for NTCD-M3 and successfully strengthened our balance sheet through a £7.3 million (gross) in March 2023 which was supported by new and existing investors. This has cash runway to H2 2024 and removed the significant overhang of Phase 3 clinical development cos M3, whilst providing for potential milestone payments, as NTCD-M3 is commercialised, of up to $570 royalties. Our priority now is to continue seeking additional partners for our two late stage clinical a bring forward the earlier stage research projects. There is an urgent global need for new, innova prevention medicines and Destiny Pharma believes that our targeted and diversified pipeline meet need and has substantial commercial potential that will drive value generation in the future."

Webcast

Destiny Pharma will host a webcast presentation followed by a live Q&A session at 10:30 am accessible via the Investor Meet Company platform.

The presentation is open to analysts and all existing and potential new shareholders.

Investors can sign up to Investor Meet Company for free, and add to meet **Destiny Pharma plc** via: https://www.investormeetcompany.com/destiny-pharma-plc/register-investor. Investors who already f Pharma plc on the Investor Meet Company platform will automatically be invited.

This announcement has been released by Shaun Claydon, Chief Financial Officer (CFO), on b Company.

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About Destiny Pharma
Destiny Pharma is a clinical stage, innovative biotechnology company focused on the developm medicines that can prevent life-threatening infections. Its pipeline has novel microbiome-based bi and XF drug clinical assets including NTCD-M3, a Phase 3 ready treatment for the preve *difficile* infection (CDI) recurrence which is the leading cause of hospital acquired infection in the XF-73 nasal gel, which has completed a positive Phase 2 clinical trial targeting the prevention of staphylococcal hospital infections including MRSA. It is also co-developing SPOR-COV™, a novel, b product for the prevention of COVID-19 and other viral respiratory infections and has earlier grant fur 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 strat future financial or operating performance, constitutes "forward-looking statements". These for statements may be identified by the use of forward-looking terminology, including the terms "believes" "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks" "co "assumes" "positioned" or "should" or, in each case, their negative or other variations or comparable or by discussions of strategy, plans, objectives, goals, future events or intentions. These fo statements include all matters that are not historical facts. They appear in a number of places th announcement and include statements regarding the intentions, beliefs or current expectations of concerning, among other things, the Group's results of operations, financial condition, prospe strategies and the industries in which the Group operates. The directors of the Company beli expectations reflected in these statements are reasonable but may be affected by a number of va could cause actual results or trends to differ materially. Each forward-looking statement speaks only a of the particular statement. By their nature, forward-looking statements involve risks and uncertain they relate to events and depend on circumstances that may or may not occur in the future or are Group's control. Forward looking statements are not guarantees of future performance. Even if the G results of operations, financial condition and the development of the industries in which the Group consistent with the forward-looking statements contained in this document, those results or developm be indicative of results or developments in subsequent periods.

Chief Executive Officer's Statement

Operational and strategic review
We have maintained our focus on infection prevention and all our pipeline projects have made goo the period under review. The late stage of our lead clinical assets and the diversification in our pipeline risk in our approach to drug development.

The company's lead drug candidate, NTCD-M3 for the prevention of CDI, is focused on infection prev very well positioned as a targeted, naturally occurring bacterial therapy for this serious gut infection

M3 programme also brings the company into the exciting area of the human microbiome and bioth fast-developing area of medical science and investigation for new therapies. We are very plea announced in March 2023 our partnering deal for North American (US, Canada and Mexico) rights Pharmaceuticals.

We believe that XF-73 nasal, our other late-stage programme and the lead drug candidate from our has a target product profile that is very attractive to hospital infection experts. There are many millior operations in the US alone where a new drug is needed to help prevent post-surgical infections. The been several independent papers published in recent years from experts in the US, Europe and Asia the clinical need for XF-73 nasal and the market potential of such a preventative approach

Our biotherapeutic programmes and the human microbiome
The microbiome represents a paradigm shift that affects every aspect of biomedicine: our gut ba health, disease and drug responses throughout the body, and can themselves be a novel type of m microbiome therefore has the potential to be a major new therapeutic modality. We are very ex potential of NTCD-M3 and SPOR-COV™ as our biotherapeutic assets.

NTCD-M3 *Clostridioides difficile* programme
NTCD-M3 was developed by GI infection physician Professor Dale Gerding, who is a world-leading sp *difficile*, with more than 400 peer-reviewed journal publications, book chapters and review articles NTCD-M3 has successfully completed Phase 1 and Phase 2b trials. The Phase 2b study demonstra safety/toxicology profile and 95% prevention of CDI recurrence.

NTCD-M3 has also been awarded Fast Track status by the FDA. Destiny Pharma acquired global NTCD-M3 programme in November 2020 and it has also recently been out-licensed by the compa Pharmaceuticals who will carry out the required clinical development including Phase 3 studi commercialisation in North America.

NTCD-M3 mechanism of action harnesses the human microbiome
NTCD-M3 is a naturally occurring non-toxigenic strain of *C. difficile* bacteria, which lacks the ge express *C. difficile* toxins. It is an oral formulation of NTCD-M3 spores and patients who have take were found to be protected from *C. difficile* infections. NTCD-M3 acts as a safe "ground cover" pre strains of *C. difficile* proliferating in the colon after antibiotic treatment. NTCD-M3 temporarily colonise gut without causing any symptoms and the gut microbiome returns to normal a few weeks after treatm

The Phase 2 data from a completed study with NTCD-M3 were very promising. The study was a double-blind, placebo-controlled trial, among 173 patients aged >18 years, who were diagnosed as (either a first episode or first recurrence). The results were a strong, statistically significant data set s onset of colonisation which provided protection during the early post-treatment period, making complement to a vaccine and other antibiotic treatments. The rate of recurrence ("RR") of CDI after tr the best dose of NTCD-M3 was only 5%, (placebo 30%) $p<0.01$. The company believes this is compe compared with clinical trial data from other approaches.

The company has held discussions with the FDA as part of Type C meetings and this clarified the wor prepare for Phase 3 clinical trials including the Phase 3 design and certain manufacturing scale-up a FDA and EMA meetings confirmed that a single Phase 3 study is required as a randomised, double-bl controlled trial.

It requires about 700 patients in 2:1 randomisation of active to placebo and the primary endpoint woul of recurrence of CDI at eight weeks post-treatment in adult patients treated with antibiotics for a firs first recurrence of CDI.

The company has undertaken market research to assess the US market size for prevention c indication. The only approved drug is Merck's Zinplava, which is expensive and reimbursed at c.$ inhibits its uptake. It is expected that NTCD-M3 could be priced at $1,500, delivering estimated peak c.$200 million.

The market for Europe and the rest of the world is estimated by Destiny Pharma to be a similar si sales per annum of c.$0.5 billion could be achieved. There is also the potential for additiona (prevention/multiple recurrence) that could double the global peak sales to c.$1 billion per annum.

The extra costs of care in the US per CDI patient range from $10,000 to $20,000 and the CDI-attributable cost in the US alone was estimated in 2016 at $6.3 billion.

Total annual CDI hospital management required nearly 2.4 million days of inpatient stay. This is burden on the US healthcare system.

SPOR-COV™ COVID-19/influenza programme
The SPOR-COV™ prophylactic approach targets the innate immune system with the potentia

COVID-19 protection within a few days of treatment. The product consists of a proprietary formulatic bacteria that will be administered nasally as a spray. SPOR-COV™ has already been shown by provide complete (100%) protection in pre-clinical models of influenza.

SPOR-COV™ is different to vaccines in that it utilises the innate immune system with the aim c COVID-19 protection within a few days after dosing. As an "easy to use" first line of defence, it has th reduce COVID-19 infection rates and transmission significantly. The final SPOR-COV™ product is p straightforward to produce at both high volumes and at low cost.

Additional attributes are that it can be stockpiled almost indefinitely without the need for cold chain re it is a very stable product. It could be made available globally as a cost-effective measure in the COVID-19 as well as new COVID strains and other respiratory viral infections.

In 2020, Destiny Pharma announced that Innovate UK ("IUK") awarded a grant of £800,000 to fund th the £1 million cost of the initial SPOR-COV™ programme. The pre-clinical efficacy work was perf University of Liverpool using their expertise in respiratory infection models and host immunity to in manufacturing and formulation development work has been carried out by HURO, an experienced ma bacterial product formulations based in Vietnam and part of PAN Group.

The plan was to complete the required pre-clinical safety and efficacy studies and also develop the m process by mid-2022 and be ready to commence the first human clinical studies thereafter. This was a the partners are looking at next steps including seeking partners to help co-fund further work, announcements will be made later in 2023.

Our XF platform
The XF platform has demonstrated that it is delivering several exciting research and clinical programı on infection prevention with the potential to deliver clear cost savings to healthcare systems acro whilst delivering safe, effective anti-infective treatments that also address the issue of AMR. The lead from the XF platform is XF-73 nasal.

Clinical data underpinning the XF-73 nasal programme is strong
The positive Phase 2b results announced in 2021 confirmed the potential of XF-73 nasal gel. XF-73 (chloride) was awarded Qualified Infectious Disease Product ("QIDP") status by the FDA in 2015. Wit award, the FDA also confirmed a new US disease indication for XF-73 nasal; namely the "p post-surgical staphylococcal infections", including MRSA. This represents a new US market for whic product is approved.

Destiny Pharma has now completed seven successful clinical trials in over 300 subjects with XF-7 which included measures of its efficacy in reducing nasal colonisation by *Staphylococcus aureus*.

The Phase 2b study was a multi-centre, randomised, placebo-controlled study of multiple applicatior concentration of XF-73 nasal gel to assess the antimicrobial effect of XF-73 nasal gel on *Staphylococcus aureus* nasal carriage in patients scheduled for cardiac surgical procedures. The were excellent and confirmed that XF-73 nasal delivers effective decolonisation of the nose before su Phase 2 results were published in March 2023 in the US journal Infection Control & Hospital Epidemic

Destiny Pharma's experience in carrying out this clinical study has confirmed the increasing comp hospitals with best practice, whereby patients are screened, and carriers of *Staphylococcus* decolonised prior to surgery. This is very supportive of the potential sales in the initial market for XF-7 the large US hospital surgery market.

The medical need to combat surgical infections is significant
Patient carriage of *Staphylococcus aureus* strains, including MRSA, is recognised as a growing prol testing of patients entering hospital for surgery is widespread in many countries, including the US.

Landmark outcome studies (Bode *et al* 2010) have demonstrated that reduction of all strains of *Sta aureus* can significantly reduce the post-surgical infection rate by 60% and reduce mortality.

In response to these and other findings, the US Surgical Infection Society ("SIS"), the Society Epidemiologists of America ("SHEA"), the Infectious Disease Society of America ("IDSA") and t Society of Hospital Pharmacists ("ASHP") published guidelines recommending that in the US all *Sta aureus* (including MRSA) carriers should be decolonised in all cardiovascular and most orthopaedic su

AHRQ/IDSA/SHEA recommended an even more aggressive treatment strategy, Universal Decoloni of all Intensive Care Unit ("ICU") patients without screening, awarding a Grade I (highest) level of evi US hospital groups, including the Hospital Corporation of America, are now implementing UD fo entering the ICU.

In 2020, the Journal of the American Medical Association ("JAMA") published updated guidelines tha surgeons to perform topical intranasal decolonisation prior to surgery with the highest recommendation.

This publication advocates improving recovery after surgery and the recommendation was clea therapy be applied universally to all cardiac surgical patients, not only *Staphylococcus aureus* carriers

This is clear support for the approach proposed by Destiny Pharma with XF-73 nasal gel.

In Europe, similar guidelines exist recommending decolonisation of *Staphylococcus aureus* positive to certain surgeries.

The antibiotic mupirocin is often used off-label in the US for these applications, although it l disadvantages in that it is slow acting, requiring five days of dosing, and staphylococcal resistance can develop rapidly and become widespread. Consequently, many guidelines are accompanied with warning related to mupirocin use. In 2020, another new review concluded that global mupir *Staphylococcus aureus* prevalence had increased to 7.6% and that mupirocin-resistant MRSAs have 13.8% and consequently the monitoring of mupirocin use remains critical.

The company has finalised the Phase 3 study designs for XF-73 nasal at the end of 2022 after seek advice from the key regulators in the US and Europe. Destiny Pharma is now able to establish the si of the Phase 3 studies and has started a targeted partnering campaign with the aim of finding partners in 2023 if possible.

The agreed plan is to carry out two Phase 3 randomised, double-blind, placebo-controlled clinical tria undergoing two different surgical procedures. The planned studies could deliver a data set that woul preferred, broad label for XF-73 nasal gel, supporting its use in all major surgeries as a novel treatme fast, effective nasal decolonisation. This is also a very large commercial opportunity. In summary, the studies are:

Study 1: Adult patients undergoing mastectomy with immediate reconstruction or use of tissue expanc post-surgical staphylococcal infections who have screened positive for S. aureus carriage.

Study 2: Adult patients undergoing emergency or expedited hip Hemiarthroplasty ("HA") surgery to fractures at risk of post-surgical staphylococcal infections who have screened positive for *S. aureus* ca

Studies could commence in 2024 with potential approval in 2027. Partners are being sought help fun studies and lead commercialisation.

The commercial opportunity for XF-73 nasal is over $1 billion dollars
There is a significant market for a new drug that can assist in the "prevention of post-surgical st infections", particularly in the US. There are approximately 41 million surgeries per year in the US which expose patients to the risk of post-surgical infections.

The market analysis undertaken by Destiny Pharma and its specialist consultants supports the vie nasal could achieve annual peak sales in the US alone of over $1 billion and peak sales in Europe a the world could be $500 million for the initial indication of "prevention of post-surgical staphylococcal i

The most recent independent market reviews carried out in 2019 and 2022 updated the company's u of current US and EU clinical practice, the competitor environment for the proposed XF-73 nasal ge pricing sensitivities and the payers' assessment of the target product profile ("TPP") of XF-73 nasal.

XF research programmes
During the period under review the company has continued to work on several university collaboratio the activity of the XF platform in selected infection models including the activity of XF compounds aga and fungi embedded in biofilms. The company also entered new research projects testing XF c models of oral mucositis and cystic fibrosis, the latter research project being supported by a funding the Cystic Fibrosis Foundation. The continuing research work adds to the understanding of the XF pla mode of action and helps identify potential new opportunities to develop targeted research projects t to new clinical development opportunities for the XF platform. The company will continue to seek gra non-dilutive funding support for these earlier stage research projects as it has done with some approximately £3.5 million in grant funding secured since the IPO in 2017.

Outlook for Destiny Pharma
The recently announced partnering deal for NTCD-M3 demonstrates that management are deliv company's strategy. The Board and management are now focused on delivering further deals in 202 with regards to XF-73 nasal. The strengthened balance sheet following the March 2023 fundraise pro Pharma with working capital through to H2 2024, enabling us to complete our obligations r

manufacturing of NTCD-M3 clinical material for the clinical development work that will be carried o partner Sebela Pharmaceuticals. Following the positive XF-73 Phase 3 design discussions held with 2022, the company now has clarity on the Phase 3 programme for the US and Europe that adds to strong data package. We in a good position to find partners for XF-73 nasal and that is a key corpor 2023.

Our cash resources are also being used to develop new dermal infection clinical candidates from th XF pipeline, contribute to progressing our COVID-19 SPOR-COV™ collaboration and to capitalise on opportunities including additional grant funding, partnering, and licensing deals. Whilst the short-t clearly on our two highly valuable lead assets, Destiny Pharma will continue to establish research through existing and new collaborations and, where possible, seek additional non-dilutive funding sup done successfully in the period under review.

Destiny Pharma has a great opportunity as a focused UK biotechnology company with two high-quali clinical assets targeted at infection prevention. Both are backed up by strong Phase 2 clinical data ar commercial positioning. The Board and employees are excited about the next stage in the development and delivering on our strategy to build a world-leading infection prevention pipeline a very valuable company for our shareholders.

Neil Clark
Chief Executive Officer
13 April 2023

Chief Financial Officer's Statement

Financial Review

During 2022, we successfully clarified the US and EU Phase 3 clinical development plan for XF-7 commenced an active partnering campaign to secure a commercialisation partner for the XF-73 nasa in 2023. We also continued to invest in the important manufacturing scale-up process for ou programme, required for Phase 3 clinical studies and product commercialisation. This scale-up proce delivery of clinical study material, is targeted to complete by the end of 2023. Further progress was our earlier programmes with two active dermal infection projects running in the US and China, com SPOR-COV™ COVID-19 grant-funded collaboration, initiation of a new XF research project ta mucositis and an award from the Cystic Fibrosis Foundation to investigate the potential of XF-73 treatment for cystic fibrosis patients infected with MRSA.

We took the opportunity to strengthen our balance sheet in the first quarter of the year, raising £6.5 proceeds from investors, enabling us to maintain momentum in our programmes whilst seeking partners. We slightly increased headcount and welcomed a new Chief Medical Officer during the year.

Following the year end, in February 2023, we announced an exclusive collaboration and co-agreement for North American rights for NTCD-M3 with Sebela Pharmaceuticals, a key milestone company. A condition of the Sebela transaction was the strengthening of the company's balance s announced a fundraise of up to £8 million via a £7 million Placing and £1 million Open Offer at the sa fundraise was successfully approved by shareholders on 16 March 2023, the final gross proceeds £7.3 million. Proceeds will be utilised in advancing our key programmes and strengthening the compa sheet as we intensify partnering activities, particularly for XF-73 nasal. The fundraise was achieve backdrop of challenging market conditions and we are very pleased to have received support from and new investors.

Revenue

Destiny Pharma is a clinical stage research and development company and is yet to commercialise sales from its current programmes. The company received grant income of £0.2 million (2021: £0.1 n the period.

Operating expenses

Operating expenses, which exclude the share-based payment charge of £0.5 million (2021: £0.4 millic period, amounted to £7.4 million (2021: £6.0 million). Included within this total are R&D costs totallin (2021: £3.7 million) which were £1.2 million higher than prior year. This was largely due to increased NTCD-M3 programme as we progressed the manufacturing scale-up process and clinical and regul preparation for commencement of Phase 3 clinical studies.

Other operating costs increased 6% to £2.5 million (2021: £2.3 million). Other operating costs are general overheads, which remained flat at £1.1 million (2021: £1.1 million) and employee costs, whi by £0.2 million to £1.4 million (2021: £1.2 million).

Loss on ordinary activities before tax
Loss before tax for the year was £7.7 million (2021: £6.3 million).

Taxation
The company received a repayment of £0.9 million in respect of the R&D tax credit claimed during th 31 December 2021. The R&D tax credit receivable in the balance sheet of £1.2 million is an estimat repayment the company expects to qualify for in respect of activities during the year ended 31 Dec However, as at the date of this report, these amounts have not yet been agreed with HMRC.

Loss per share
Basic and diluted loss per share for the year was 9.3 pence (2021: 8.9 pence).

Cash flow
Net cash outflow from operating activities in 2022 was £5.9 million (2021: £5.1 million) against an ope £7.8 million (2021: £6.3 million), with the major reconciling items being the non-cash charge for payments of £0.5 million, the R&D credit received of £0.9 million, grant income of £0.1 million a movements in working capital of £0.4 million.

Net cash from financing activities during the year of £6.1 million represents the net proceeds fundraise in March 2022 (2021: £nil). The net increase in cash and cash equivalents during the per million (2021: decrease of £5.1 million).

Balance sheet
Total assets increased to £8.8 million (2021: £8.3 million) largely due to a higher R&D tax credit cl higher balance of cash and cash equivalents compared to prior year.

Intangible assets solely comprise the initial acquisition cost of NTCD-M3, acquired in Novembe receivables, and prepayments increased to £1.6 million (2021: £1.3 million) which was primarily du R&D tax credit compared to prior year.

Year-end cash and cash equivalents totalled £4.9 million (2021: £4.6 million). This figure does no proceeds of the fundraise nor the upfront receipt under the NTCD-M3 partnering deal, both of whic post year end.

Total liabilities increased to £1.2 million (2021: £0.8 million) primarily due to accrued development co to the NTCD-M3 programme.

Outlook
During the next financial year, the company will focus on completing the manufacturing scale-up to d trial material for the NTCD-M3 clinical programme being run by our partner Sebela, continue to pro nasal toward commencement of Phase 3 clinical studies and develop its early stage pipeline. The remain focused on maintaining a disciplined cost base, seeking to minimise spend on non-core R The successful partnering of NTCD-M3 and fundraise in March 2023 provides the company with a st sheet as it continues to progress its pipeline and actively secure a partner to co-fund required Phase lead commercialisation of XF-73 nasal.

Shaun Claydon
Chief Financial Officer
13 April 2023

Statement of comprehensive income
For the year ended 31 December 2022

	Notes	**Year ended 31 December 2022 £**	Ye 31 D
Continuing operations			
Other operating income	7	**154,499**	

Administrative expenses		**(7,397,014)**	(6,
Share-based payment expense		**(533,829)**	(
Loss from operations		**(7,776,344)**	(6,
Finance income	5	**64,800**	
Loss before tax		**(7,711,544)**	(6,
Taxation	6	**1,207,975**	
Loss and total comprehensive loss for the year from continuing operations		**(6,503,569)**	(5,
Loss per share - pence			
Basic	8	**(9.3)p**	
Diluted	8	**(9.3)p**	

Statement of financial position
As at 31 December 2022

	Notes	**As at 31 December 2022 £**	31 D
Assets			
Non-current assets			
Property, plant and equipment		**24,621**	
Intangible assets	9	**2,261,435**	2
Non-current assets		**2,286,056**	2
Current assets			
Other receivables	10	**1,410,452**	
Prepayments		**195,814**	
Cash and cash equivalents	11	**4,903,461**	4
Current assets		**6,509,727**	5
Total assets		**8,795,783**	8
Equity and liabilities			
Equity			
Share capital	12	**733,071**	
Share premium		**33,043,569**	27
Accumulated losses		**(26,150,619)**	(20,
Shareholders' equity		**7,626,021**	7

Current liabilities			
Trade and other payables	13	**1,169,762**	
Current liabilities		**1,169,762**	
Total equity and liabilities		**8,795,783**	8

Statement of changes in equity
For the year ended 31 December 2022

	Share capital £	Share premium £	Accumulated losses £	
1 January 2021	598,169	27,085,506	(15,247,250)	12
Comprehensive loss for the year				
Total comprehensive loss	-	-	(5,339,480)	(5,
Total comprehensive loss for the year	-	-	(5,339,480)	(5,
Contributions by and distributions to owners				
Issue of share capital	550	5,960	-	
Share-based payment expense	-	-	405,851	
Total contributions by and distributions to owners	550	5,960	405,851	
31 December 2021	598,719	27,091,466	(20,180,879)	7
Comprehensive loss for the year				
Total comprehensive loss	**-**	**-**	**(6,503,569)**	**(6,**
Total comprehensive loss for the year	**-**	**-**	**(6,503,569)**	**(6,**
Contributions by and distributions to owners				
Issue of share capital	**134,352**	**6,332,565**	**-**	**6**
Costs of share issue	**-**	**(380,462)**	**-**	**(**
Share-based payment expense	**-**	**-**	**533,829**	
Total contributions by and distributions to owners	**134,352**	**5,952,103**	**533,829**	**6**
31 December 2022	**733,071**	**33,043,569**	**(26,150,619)**	**7**

Statement of cash flows
For the year ended 31 December 2022

	Year ended 31 December 2022 £	Year e 31 Dece
Cash flows from operating activities		
Loss before income tax	**(7,711,544)**	(6,271
Depreciation of property, plant and equipment	**12,328**	12
Share-based payment expense	**533,829**	405
Finance income	**(64,800)**	(15
	(7,230,187)	(5,868
Decrease in other receivables and prepayments	**14,316**	198
Increase/(decrease) in trade and other payables	**396,326**	(494
Cash used in operations	**(6,819,545)**	(6,164
Tax received	**927,256**	1,074
Net cash used in operating activities	**(5,892,289)**	(5,090
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,067)**	(30
Interest received	**64,800**	15
Net cash inflow/(outflow) from investing activities	**63,733**	(14
Cash flows from financing activities		
New shares issued net of issue costs	**6,086,455**	6
Net cash inflow from financing activities	**6,086,455**	6
Net increase/(decrease) in cash and cash equivalents	**257,899**	(5,098
Cash and cash equivalents at the beginning of the year	**4,645,562**	9,744
Cash and cash equivalents at the end of the year	**4,903,461**	4,645

Notes to the financial statements

1. Corporate information

Destiny Pharma plc (the "company") was incorporated and domiciled in the UK on 4 March 1996 with registration number 0316 company's registered office is located at Unit 36, Sussex Innovation Centre, Science Park Square, Falmer, Brighton BN1 9SB.

The company is engaged in the discovery, development and commercialisation of novel medicines that prevent serious infectio

2. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The financia have been prepared under the historical cost convention except where stated otherwise within the accounting policies.

The company's financial statements have been presented in pounds sterling ("GBP"), being the functional and presentation cur company.

3. Standards and interpretations issued

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 repo and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

4. Segment reporting

The chief operating decision-maker is considered to be the Board of Directors of the company. The chief operating decision-ma resources and assesses performance of the business and other activities at the operating segment level.
The chief operating decision-maker has determined that the company has one operating segment, the development and com pharmaceutical formulations. All activities take place in the United Kingdom.

5. Net finance income

	31 December 2022 £	31 D
Finance income		
Deposit account interest	**64,800**	

6. Income tax

	31 December 2022 £	31 D
Research and development tax credits based on costs in the financial year	**(1,207,975)**	(
Utilisation of previously unrecognised tax credit	**-**	
	(1,207,975)	(

7. Other operating income

	31 December 2022 £	31 D
Government grants received during the year	**22,864**	
Government grants accrued at 31 December	**131,635**	

	154,499	
Included in other receivables (note 10)	**131,635**	

8. Loss per ordinary share

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

	31 December 2022 £	31 D
Loss for the year attributable to shareholders	**(6,503,569)**	(5,
Weighted average number of shares[1]	**70,182,231**	59
Loss per share - pence		
- Basic and diluted	**(9.3)p**	

(1) In March 2023, the company raised gross proceeds of £7.3 million through an equity fundraise, in which a total of 20,961,95 were issued and allotted. This transaction could have significantly changed the weighted average loss per share if it had oc the end of the reported period.

9. Intangible assets

	dev prog
Cost	
At 1 January 2021	2
Additions	
At 31 December 2021	2
Additions	
At 31 December 2022	**2**

In 2020, the company acquired NTCD-M3, a development stage programme for preventing toxic strains of *C. difficile* proliferatir after antibiotic treatment. The asset has not been amortised as the programme has not yet generated products available for cor

The programme has been assessed for impairment. The company considers the future development costs, the probability of su progressing to product approval and the likely commercial returns, among other factors. The result of this assessment did not ir impairment in the year.

The key sensitivity for all development programmes is the probability of successful completion of clinical trials in order to obtain approval for sale. Should trials be unsuccessful, the programme will be fully impaired.

10. Other receivables

	31 December 2022 £	31 D

Other receivables	**202,477**	
Research and development tax repayment	**1,207,975**	
	1,410,452	

11. Cash and cash equivalents

	31 December 2022 £	31 D
Cash and bank balances	**1,903,461**	2
Call deposits	**3,000,000**	2
Cash and cash equivalents	**4,903,461**	4

12. Share capital

Ordinary shares of £0.01 each	**31 December 2022 Number**	31 D
Authorised[1]	**n/a**	
Allotted and fully paid		
At 1 January	**59,871,921**	59
Issued for cash during the year	**13,435,184**	
At 31 December	**73,307,105**	59

(1) During the year ended 31 December 2017 the company adopted new Articles of Association, which do not require the comp to have authorised share capital.

	31 December 2022 £	31 D
Authorised	**n/a**	
Allotted and fully paid	**733,071**	

	31 December 2022 £	31 D
Share premium account	**33,043,569**	27

13,435,184 ordinary shares were issued during the year at a premium of £6,332,565. Costs of share issue charged to share pre the year were £380,462.

Each ordinary share ranks pari passu for voting rights, dividends and distributions, and return of capital on winding up.

Grants of options

On 24 January 2022, 54,282 Employee LTIP 2020 options were granted to four employees at an exercise price of £0.01 per orc
The fair value per option was £0.96.

On 6 June 2022, 190,000 Employee LTIP 2020 options were granted to one employee at an exercise price of £0.46 per ordinar
value per option was £0.27.

The number and weighted average exercise prices of share options were as follows:

	31 December 2022		31 December 2021	
	Number of options	**Weighted average exercise price**	Number of options	V exerc
Balance outstanding at beginning of the year	**9,759,125**	**£0.112**	9,090,846	
Granted during year	**244,282**	**£0.360**	1,215,521	
Exercised during year	**(526,177)**	**£0.024**	(55,000)	
Lapsed during year	**(609,000)**	**£0.248**	(492,242)	
Options outstanding at end of the year	**8,868,230**	**£0.115**	9,759,125	
Options exercisable at the end of the year	**5,800,049**	**£0.035**	6,675,226	

The weighted average remaining contractual life of share options outstanding at 31 December 2022 was 4.3 years (2021: 4.9 y

The expense arising from share-based payment transactions recognised in the year was as follows:

	31 December 2022 £	31 D
Share-based payment expense	**533,829**	

13. Trade and other payables

	31 December 2022 £	31 D
Trade payables	**172,543**	
Social security and other taxes	**80,369**	
Accrued expenses	**898,326**	
Pension contributions payable	**18,524**	
	1,169,762	

14. Statutory accounts

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 Decemb
but is derived from those accounts. Statutory accounts for 2021 have been delivered to the registrar of companies, and those
delivered in due course. The auditor has reported on those accounts; their reports (i) were unqualified, (ii) did not include a r
matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a stateme

498 (2) or (3) of the Companies Act 2006.

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