

DESTINY PHARMA PLC (“DESTINY” OR THE “COMPANY”)
PROPOSED AIM DELISTING - FREQUENTLY ASKED QUESTIONS

1. WHAT IS HAPPENING?

On 15 July 2024, the Company announced that, following the completion of its review of strategic options to further the development of the business and its lead asset, XF-73 Nasal, the Board has concluded that it is in the best interests of the Company and the shareholders as a whole, to seek shareholders’ approval for the proposed cancellation of the admission of the Company’s ordinary shares (“**Ordinary Shares**”) to trading on AIM (the “**AIM Delisting**”), the proposed re-registration of the Company as a private company (the “**Re-registration**”), and the proposed adoption of new articles of association (to reflect the Company’s change from a public limited company to a private limited company) with effect from the AIM Delisting (the “**New Articles**”).

The Company is seeking Shareholder approval for the AIM Delisting and Re-registration at a general meeting, which has been convened for 10 a.m. on 31 July 2024 at the offices of Covington & Burling LLP, 22 Bishopsgate, London EC2N 4BQ (the “**General Meeting**”). The Company is also seeking Shareholder approval at this General Meeting for the adoption of the New Articles.

If shareholder approval is received at the General Meeting, it is anticipated that the AIM Delisting will become effective at 7.00 a.m. on 13 August 2024. The AIM Delisting is conditional upon the approval of Shareholders holding not less than 75 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the General Meeting.

As set out in further detail below in relation to question 10 ‘*Where can I trade my Ordinary Shares after the AIM Delisting?*’, the Company is making arrangements for a Matched Bargain Facility to assist shareholders to trade in the Company’s Ordinary Shares following the AIM Delisting.

2. WHY IS THE COMPANY PLANNING TO DELIST?

The Board continues to believe that XF-73 Nasal, the Company’s lead drug candidate, is highly differentiated with substantial market potential. It targets a significant medical, patient and health system need in preventing post-surgical site infections, even when MRSA is present. Having successfully completed Phase 2 development, which, in the Board’s opinion, has significantly de-risked XF-73 Nasal, the Company has worked diligently to design an efficient Phase 3 clinical development programme. The Board also continues to believe that market research supports the proposition that the emerging clinical profile of XF-73 Nasal suggests this product could be an “excellent fit” for its target indication, a positioning implicitly endorsed by the FDA QIDP and MHRA IPD designations XF-73 Nasal has received.

Therefore, the Board believes that XF-73 Nasal represents a commercially significant and attractive proposition and, furthermore, that progressing XF-73 Nasal through the remainder of its late-stage clinical development should create considerable shareholder value while bringing an important therapy to patients.

However, as detailed below, the Board has considered the likelihood of the Company reaching agreement on an appropriate licensing deal in the near term and its ability to raise the significant quantum of capital necessary to advance the XF-73 Nasal programme meaningfully whilst it remains on the public markets. It has concluded that it is very unlikely that an appropriate licensing deal will be forthcoming in the near term, nor that it is realistic to raise sufficient equity capital from the public markets in order to fund and progress the required Phase 3 trial.

Feedback from a broad number of potential other sources of equity capital suggests that a possible funding proposal could only be forthcoming if Destiny was a private company.

Given the Company's limited cash resources (£2.9 million as at 30 June 2024), absent a near-term partnership deal or securing sufficient funding to advance the development of XF-73 Nasal in the short-term, the Board has concluded that it would have to review and consider what limited remaining options are available to it, and there is a high likelihood that this would involve liquidating the Company.

As previously communicated, in recent months, the Company has taken important steps to improve the attractiveness of XF-73 Nasal in the context of securing a meaningful licensing deal on XF-73 Nasal that could fund future activities such as completing the Phase 3 studies – these steps include developing a new clinical trial design that is expected to cost approximately £25 million, less than half of the previously planned Phase 3 trial, whilst still delivering the same indication and commercial returns, and conducting an ongoing exercise to broaden understanding of the market potential for XF-73 Nasal in the United States and the commercial go to market model.

However, the Company recognises the challenges presented by the antibiotics markets more broadly, with a growing incidence of bacterial resistance arising to existing agents on their continued use and overuse to treat infections. In order to reduce the likelihood of resistance arising to newer agents, health systems promote antimicrobial stewardship which ultimately limits the use and rate of uptake of new antibiotics and thus their commercial potential. This has led to a paucity of funding for new antibiotics, even for anti-infectives such as XF-73 Nasal which has a differentiated proposition including use as a very short-course prophylactic, rather than a treatment over an extended period of time and, if approved, would be a first-in-class antimicrobial, where no resistance has been observed to date

For some time, the Company has been seeking a licencing partner to progress and fund the development of XF-73 Nasal. More recently, as announced on 25 April 2024, and in light of a cash runway that only extends to Q1 2025, alongside licencing activities the Board has also been evaluating a range of other strategic options with its Financial Adviser, Rothchild & Co, to secure funding required to conduct the Phase 3 clinical studies.

While milestone payments are due in future from the collaboration and co-development agreement with Sebela Pharmaceuticals in respect of NTCD-M3, the Company's lead asset for the prevention of *Clostridioides difficile* infection (CDI) recurrence, the anticipated timing of the next milestone payment falls well beyond the Company's current cash runway and beyond the timing of the funding requirement for the development of the Phase 3 programme for XF-73 Nasal.

Ongoing conversations with potential partners have not yet resulted in a licensing deal, and the Board has considered the possibility that a near-term licencing agreement may not be secured. The Board has explored the possibility of securing the quantum of funding (c. £25 million) it needs to execute on the Phase 3 clinical trial programme from a very wide range of sources, including existing Shareholders and public market investors, venture capital firms, specialist healthcare funds as well as from non-dilutive sources, as it believes that by successfully completing the Phase 3 programme itself, it will significantly increase the likelihood of securing a meaningful licencing deal in the future.

Discussions with a limited number of potential funding partners continue but feedback received from those, and other, possible sources of capital has indicated that a possible funding proposal could only be forthcoming if Destiny was a private company.

The Board has considered its ability to raise the quantum of capital necessary to advance the XF-73 Nasal programme from the public markets and has concluded that it is very unlikely to be able to raise sufficient equity capital to fund the required Phase 3 trial, taking into account

its current investor base, which is primarily made up of VCT, EIS and private investors, many of whom are unable to invest further in the Company (or make investments of the quantum required), as well as current public market sentiment towards pre-revenue biotechnology companies. In reaching this conclusion, the Board has also considered the Company's current market capitalisation of c. £8.1 million coupled with the limited liquidity and high price volatility in the Company's Ordinary Shares. The Board considers that a fundraise of a smaller quantum on AIM would not realistically allow the Company to significantly advance XF-73 Nasal, or its other pipeline assets, through to value inflection points.

The Board's continued focus is on maximising shareholder value over the long-term and it has extensively reviewed and evaluated the benefits and drawbacks for the Company and its Shareholders in retaining the admission to trading of the Ordinary Shares on AIM. The Board has taken into consideration numerous factors, both positive and negative, and considered the interests of all Shareholders in reaching its decision. These considerations have led the Board to conclude that the AIM Delisting is the Company's only viable option in order to provide it with a realistic chance of securing an appropriate quantum of funding in a timely manner. The Board considers this objective essential in promoting the medium and long-term success and development of the business.

Whilst there can be no guarantee that additional funding will be secured as a private company, nor as to the terms of any such funding, the Board is of the view that a larger pool of available and appropriate capital is accessible to the Company as a private company at this time. With the Company's limited cash runway in mind, the Board also believes that the cost, management time and the legal and regulatory burden associated with maintaining the Company's admission to trading on AIM are disproportionate to its benefits in the context of a lack of access to sufficient capital to advance XF-73 Nasal through final clinical trials.

3. WHAT COULD THE EFFECT OF A DELISTING BE ON DESTINY PHARMA PLC'S SHARES AND WHAT SHOULD I BE AWARE OF?

The principal effects of the AIM Delisting are as follows:

- there will be no formal market mechanism enabling Shareholders to trade their Ordinary Shares on AIM (or any other recognised market or trading exchange) and no price will be publicly quoted for the Ordinary Shares;
- it is possible that the liquidity and marketability of the Ordinary Shares may be significantly reduced and their value adversely affected;
- the Ordinary Shares may be more difficult to sell compared to shares of companies traded on AIM (or any other recognised market or trading exchange);
- it may be difficult for Shareholders to determine the market value of their investment in the Company at any given time;
- the regulatory and financial reporting regime applicable to companies whose shares are admitted to trading on AIM will no longer apply;
- the Company will no longer be required to comply with the AIM Rules and Shareholders will no longer be afforded the protections given by the AIM Rules, such as the requirement to be notified of price sensitive information or certain events and the requirement that the Company seek shareholder approval for certain corporate actions, where applicable, including substantial transactions, reverse takeovers, related party transactions and fundamental changes in the Company's business, including certain acquisitions and disposals;

- the levels of disclosure and corporate governance within the Company may not be as stringent as for a company quoted on AIM;
- the Company will no longer be subject to UK MAR regulating inside information and other matters;
- the Company will no longer be required to publicly disclose any change in major shareholdings in the Company under the Disclosure Guidance and Transparency Rules;
- whilst the Company's CREST facility will remain in place immediately post the AIM Delisting, the Company's CREST facility may be cancelled in the future and, although the Ordinary Shares will remain transferable, they may cease to be transferable through CREST (in which case, Shareholders who hold Ordinary Shares in CREST will receive share certificates).

4. **DO I NEED TO SELL MY ORDINARY SHARES?**

Holders of Destiny Ordinary Shares now have two options:

(a) You may choose to continue to hold your Ordinary Shares

The Ordinary Shares will continue to be a valid equity interest in the Company regardless of whether the Company is private or public, with full voting rights and rights to future dividends and capital, as currently enjoyed by holders of Ordinary Shares.

However, following the AIM Delisting there will be no public quotation or market on which the Ordinary Shares can be traded. Please see further information in the answer to question 9 below "*Can I continue to hold Ordinary Shares after the AIM Delisting?*" and the answer to question 3 above '*What could the effect of a delisting be on Destiny Pharma Plc's shares and what should I be aware of?*'.

(b) You may choose to sell your Ordinary Shares prior to the AIM Delisting becoming effective

If you no longer wish to maintain an equity interest in the Company once it becomes a private entity, you can seek to sell your Ordinary Shares via a broker prior to the effective date of the AIM Delisting (being 13 August 2024). Dealing and tax costs may apply to any transaction of this nature.

5. **I DO NOT HAVE A BROKER – DO I REALLY NEED ONE?**

You do not need a broker if you hold your Ordinary Shares in certificated (paper) form, unless you wish to trade your Ordinary Shares.

If you do not already have an account with a broker, you may be able to open one either online or through banks and building societies which offer broking services. If you hold your shares in certificated form, you may wish to dematerialise them so they can be traded more easily in electronic form, in which case you need to ensure that the broker and type of account on offer is capable of doing this.

6. **I CURRENTLY HOLD MY ORDINARY SHARES IN THE FORM OF A PAPER CERTIFICATE - HOW DOES THE AIM DELISTING AFFECT ME?**

Ordinary Shares in certificated form are not currently immediately tradeable as, in order to sell them, the share certificates need to be deposited with a broker and "dematerialised" so that they are held in electronic form in CREST, which is the electronic system for the holding of shares in uncertificated form and paperless settlement of share trades.

Only when the Ordinary Shares have been converted into electronic form can they then be traded on AIM.

In relation to trading certificated Ordinary Shares following the AIM Delisting, please refer to question 10 below '*Where can I trade my Ordinary Shares after the AIM Delisting*'.

If you do not wish to trade your Ordinary Shares, you can continue to hold them in paper form following the AIM Delisting and new certificates are not required.

7. I HAVE LOST MY ORIGINAL ORDINARY SHARE CERTIFICATE – HOW DO I GET ANOTHER ONE IN ORDER TO PROGRESS THE DEPOSIT OF MY ORDINARY SHARES WITH A BROKER IN ORDER FOR THEM TO BE "DEMATERIALIZED"?

Replacement share certificates are available from Destiny's registrar, Link Group. Please contact Link Group without delay on 0371 664 0300 or by email to shareholderenquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Link Group will be able to provide you with a replacement share certificate for your Ordinary Shares, although there may be a fee for this. Certain proof of ownership/identification will be required by Link Group prior to issuance of replacement certificates.

8. I CURRENTLY HOLD MY ORDINARY SHARES IN UNCERTIFICATED/ELECTRONIC FORM IN CREST – HOW DOES THE AIM DELISTING AFFECT ME?

If your investment is currently held in electronic form in CREST and managed by a broker, you should be able to trade your Ordinary Shares as normal via your broker until the AIM Delisting becomes effective (i.e., prior to 13 August 2024).

Following the AIM Delisting, you will not be able to publicly trade any of your Ordinary Shares on any listed exchange in CREST as the Company will have cancelled its admission to trading on AIM.

The Company's CREST facility will remain in place immediately post the AIM Delisting, the Company's CREST facility may be cancelled in the future and, although the Ordinary Shares will remain transferable, they may cease to be transferable through CREST (in which case, Shareholders who hold Ordinary Shares in CREST will receive share certificates).

Please see question 10 below '*Where can I trade my Ordinary Shares after the AIM Delisting*' for details of how Ordinary Shares may be purchased or sold after the AIM Delisting.

9. CAN I CONTINUE TO HOLD ORDINARY SHARES AFTER THE AIM DELISTING?

Should you wish to do so, it will be possible to continue to hold Ordinary Shares after the AIM Delisting. However, shareholders should be aware that the Ordinary Shares will not be admitted to trading on any public market in the United Kingdom.

10. WHERE CAN I TRADE MY ORDINARY SHARES AFTER THE AIM DELISTING?

The Company is aware that shareholders may wish to acquire or dispose of Ordinary Shares in the Company following the AIM Delisting. Should the AIM Delisting be approved by shareholders at the General Meeting, the Company is seeking to implement a Matched Bargain Facility to be provided by J P Jenkins. J P Jenkins is an appointed representative of Prosper Capital LLP, which is authorised and regulated by the FCA.

Under the Matched Bargain Facility, shareholders or persons wishing to acquire or dispose of Ordinary Shares will be able to leave an indication with J P Jenkins, through their stockbroker (J P Jenkins is unable to deal directly with members of the public), of the number of Ordinary Shares that they are prepared to buy or sell at an agreed price. In the event that J P Jenkins is able to match that order with an opposite sell or buy instruction, it would contact both parties and then effect the bargain (trade). Shareholdings remain in CREST and can be traded during normal business hours via a UK regulated stockbroker. Should the AIM Delisting become effective and the Company puts in place the Matched Bargain Facility, details will be made available to shareholders on the Company's website at www.destinypharma.com.

The Matched Bargain Facility will operate for a minimum of 12 months after the AIM Delisting. The Directors' current intention is that it will continue beyond that time but Shareholders should note that it could be withdrawn (and there can be no guarantee that the Matched Bargain Facility will be kept in place indefinitely,) and therefore inhibit the ability to trade the Ordinary Shares. Further details will be communicated to the Shareholders at the relevant time.

11. HOW WILL THE AIM DELISTING AFFECT THE TAX TREATMENT OF DESTINY'S ORDINARY SHARES?

Destiny is not able to provide shareholders with any form of taxation advice and shareholders are strongly advised to seek their own professional advice in order to ascertain the consequences for them of continuing to hold Ordinary Shares following the AIM Delisting becoming effective.

The following summary does not constitute legal or tax advice and is not exhaustive. The Company's understanding of the current position for individuals who are UK resident and UK domiciled under UK taxation law is as follows but it should be noted that the position on certain points is not free from uncertainty and the Company has not taken steps to confirm the current position with HMRC. Therefore, neither the following summary nor any other statements relating to tax in these Frequently Asked Questions should be relied upon by shareholders (and the Company accepts no liability whatsoever in respect of any tax information provided).

Following the AIM Delisting, the Ordinary Shares should continue to qualify as unlisted/unquoted securities for the purposes of certain specific UK tax rules (notably, the UK inheritance tax business property relief rules). The Company expects that relief received on past VCT or EIS investments in the Company should be unaffected by the AIM Delisting in and of itself.

Subject to certain conditions, transfers of Ordinary Shares admitted to trading on AIM are not subject to UK stamp duty or SDRT. However, following the AIM Delisting, stamp duty or SDRT will generally apply to transfers of, or agreements to transfer the Ordinary Shares (normally being 0.5% of the consideration).

12. WILL THE AIM DELISTING AFFECT MY RIGHTS AS A SHAREHOLDER?

As a company incorporated in England and Wales, Destiny will continue to be subject to the requirements of the Companies Act 2006.

Following the AIM Delisting taking effect, the Company will no longer be subject to the AIM Rules for Companies published by London Stock Exchange plc or be required to retain the services of an independent nominated adviser. The Company will also no longer be subject to the QCA Corporate Governance Code. In addition, the Company will no longer be required to comply with the continuing obligations set out in the Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("**DTRs**") insofar as they currently apply to the Company or, provided the Company's securities remain outside the scope of the regulation, the EU Market Abuse Regulation (Regulation (EU) No.596/2014) which forms part of domestic law in the United Kingdom pursuant to the European Union (Withdrawal) Act 2018. In addition, the

Company will no longer be subject to the provisions of the DTRs relating to the disclosure of changes in significant shareholdings in Destiny.

Shareholders who continue to hold Ordinary Shares will continue to be notified of the availability of key documents on our website, including publication of Annual Reports. The Company also expects to provide periodic updates on corporate developments on its website. Holders of Ordinary Shares will be eligible to receive any future dividends that may be declared.

Following the AIM Delisting and the Re-registration, the City Code on Takeovers and Mergers (the “**Takeover Code**”) will continue to apply for a period of ten years from the AIM Delisting provided that the Company is considered by the Takeover Panel to have its place of central management and control in the United Kingdom (or the Channel Islands or the Isle of Man). This is known as the “residency test”. The way in which the test for central management and control is applied for the purposes of the Takeover Code may be different from the way in which it is applied by the United Kingdom tax authority, HMRC. Under the Takeover Code, the Takeover Panel looks to where the majority of the Directors are resident, amongst other factors, for the purposes of determining where the Company has its place of central management and control.

Based on the current composition of the Board, the residency test will be satisfied and the Takeover Code will continue to apply to the Company following the AIM Delisting and the Re-registration. However, the Takeover Code could cease to apply to the Company in the future if any changes to the Board composition result in the majority of the Directors not being resident in the United Kingdom, Channel Islands and Isle of Man.

Please refer to the AIM Delisting circular published on 15 July 2024 for a more fulsome summary of the application of the Takeover Code and the implications of it ceasing to apply to the Company in the future.

13. I CURRENTLY HOLD MY ORDINARY SHARES IN AN ISA – CAN I CONTINUE TO DO SO?

Although the AIM Delisting does not directly impact on the ability of a UK shareholder to retain their holding of Ordinary Shares, private company shares cannot typically be held directly in an ISA. You are strongly advised to ask your ISA provider as soon as possible to confirm whether you will be allowed to continue to hold your Ordinary Shares within your ISA. If they do not allow you to continue to hold Ordinary Shares, you should consult an appropriate professional adviser without delay.

14. I CURRENTLY HOLD MY ORDINARY SHARES IN A SELF-INVESTED PERSONAL PENSION “SIPP” – CAN I CONTINUE TO DO SO?

Although the AIM Delisting should not impact the ability of a UK shareholder to retain their holding of Ordinary Shares, we understand that some SIPP scheme administrators, particularly those that involve an online share trading account, may insist that the shares held in an individual’s SIPP must be publicly quoted. There may also be limits as to the quantum of unquoted investments that can be held in a SIPP.

Please ask your SIPP provider as soon as possible to confirm whether they will allow you to continue to hold your Ordinary Shares. If they do not allow you to continue to hold Ordinary Shares, you should consult an appropriate professional adviser without delay.

15. **I HAVE FURTHER QUESTIONS THAT ARE NOT DEALT WITH SUFFICIENTLY HERE – WHERE CAN I FIND FURTHER INFORMATION?**

If you hold your Ordinary Shares via a broker, please discuss with your broker in the first instance.

16. **IS THERE A SHAREHOLDER VOTE TO APPROVE THE DELISTING?**

The AIM Rules for Companies require that, unless the London Stock Exchange otherwise agrees, the cancellation of a company's shares from trading on AIM requires the consent of not less than 75 per cent. of votes cast by its shareholders given in a general meeting.

Accordingly, the Company is holding a General Meeting on at which shareholders will have the opportunity to vote on the proposed AIM Delisting.

Details of the General Meeting can be found in the AIM Delisting circular published on 15 July 2024.