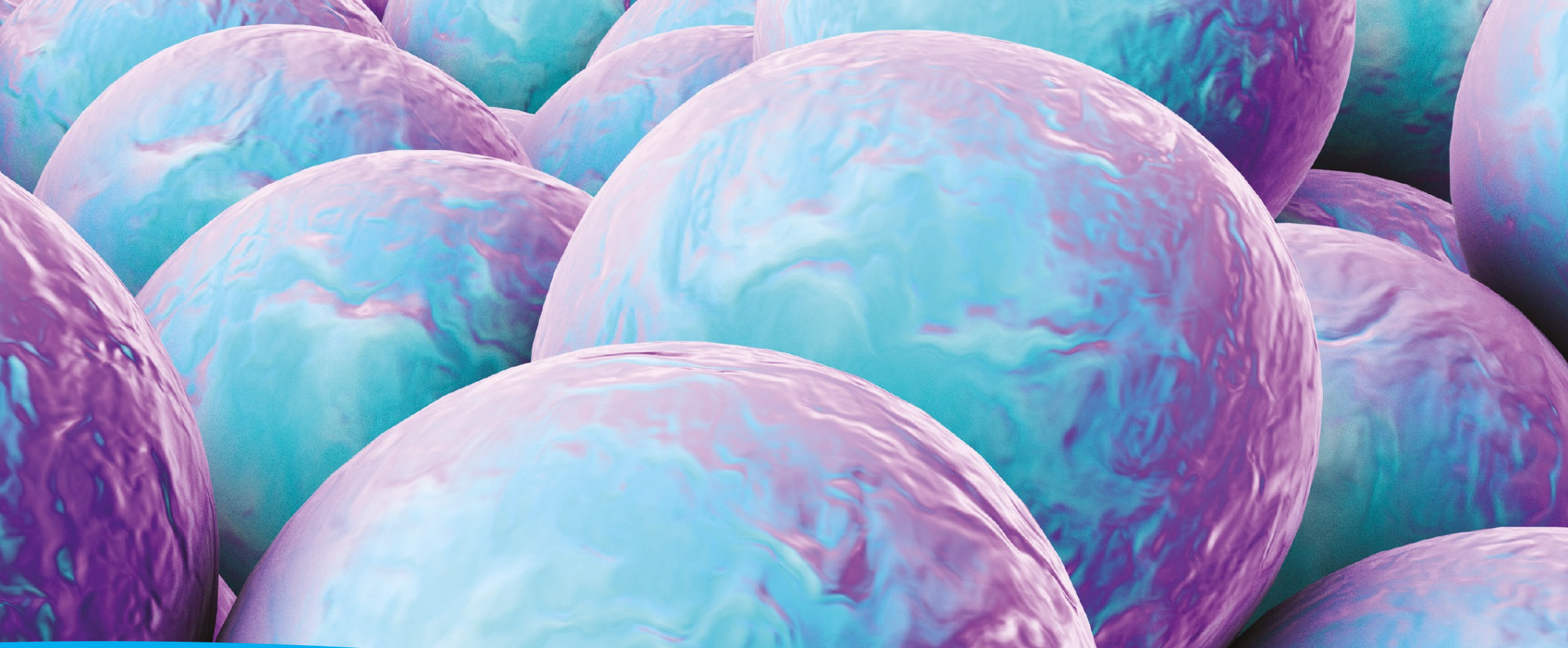

Investor Presentation

December 2017

Destiny Pharma

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Beyond Antibiotics

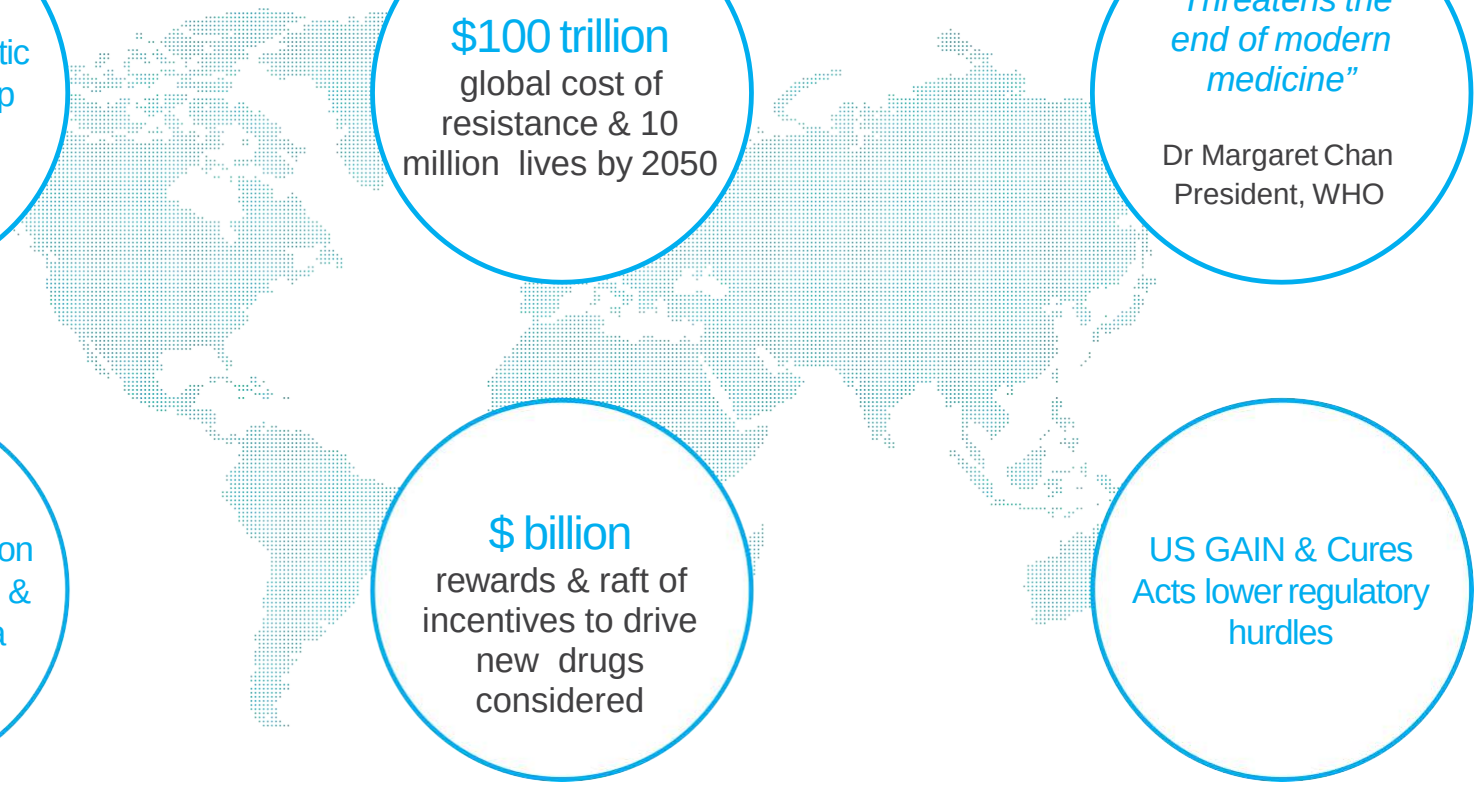
Novel Drugs to Combat Bacterial Infection & Resistance

- Clinical stage biotech, targeting antibiotic-resistant bacterial infections in hospitals
- Lead drug asset, XF-73, has multiple drivers for adoption in an area of global unmet medical need, with a potentially expedited route to regulatory approval
- XF-73 significantly de-risked, 5 successful clinical trials completed, no evidence of resistance. Next major clinical trial is Phase IIb
- Proprietary, anti-microbial drug platform – “XF Drugs”
- Market exclusivity, including robust IP protection that potentially extends into 2030s
- Clearly defined value creation opportunity, significant addressable markets, including blockbuster potential for XF-73’s lead indication
- IPO in London in September 2017 raising £15.3m (London AIM:DEST). Additional £3m raised November 2017
- Regional partnership deal signed with China Medical Systems November 2017

Tackling Anti-Microbial Resistance

A Global Imperative

Destiny Pharma



WHO name antibiotic resistance as a top global concern

$100 trillion global cost of resistance & 10 million lives by 2050

"Threatens the end of modern medicine"

Dr Margaret Chan
President, WHO

Tackling resistance on United Nations, G7 & G20 main agenda

$ billion rewards & raft of incentives to drive new drugs considered

US GAIN & Cures Acts lower regulatory hurdles

XF Drugs address resistance and opens new preventative markets

(Tackling Drug-Resistant Infections Globally: Final Report and Recommendations. The Review on Antimicrobial Resistance. Jim O'Neil. May 2016)

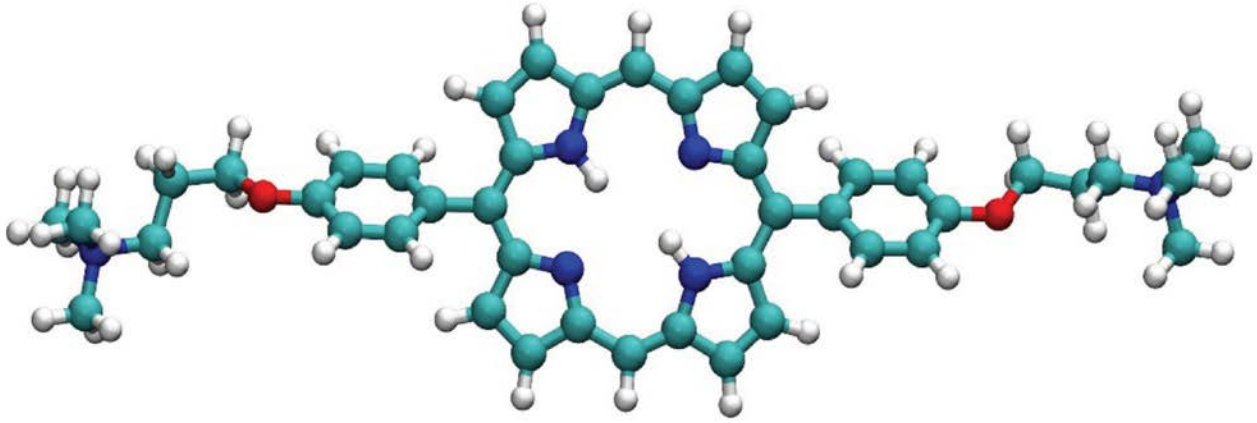
XF Drug Platform

Potential Solution to Antibiotic Resistance

	Antibiotic	XF Drug
Ultra-rapid, bacterial kill (within minutes)	✗	✓
MRSA unable to become resistant to drug action	✗	✓
Potential for widespread use	✗	✓
Kills all antibiotic resistant Gram positive bacteria tested	✗	✓
Kills any stage of bacterial growth – including bacterial Biofilms	✗	✓
FDA, QIDP & Fast Track status	✓	✓

XF-73, Lead Drug from Platform

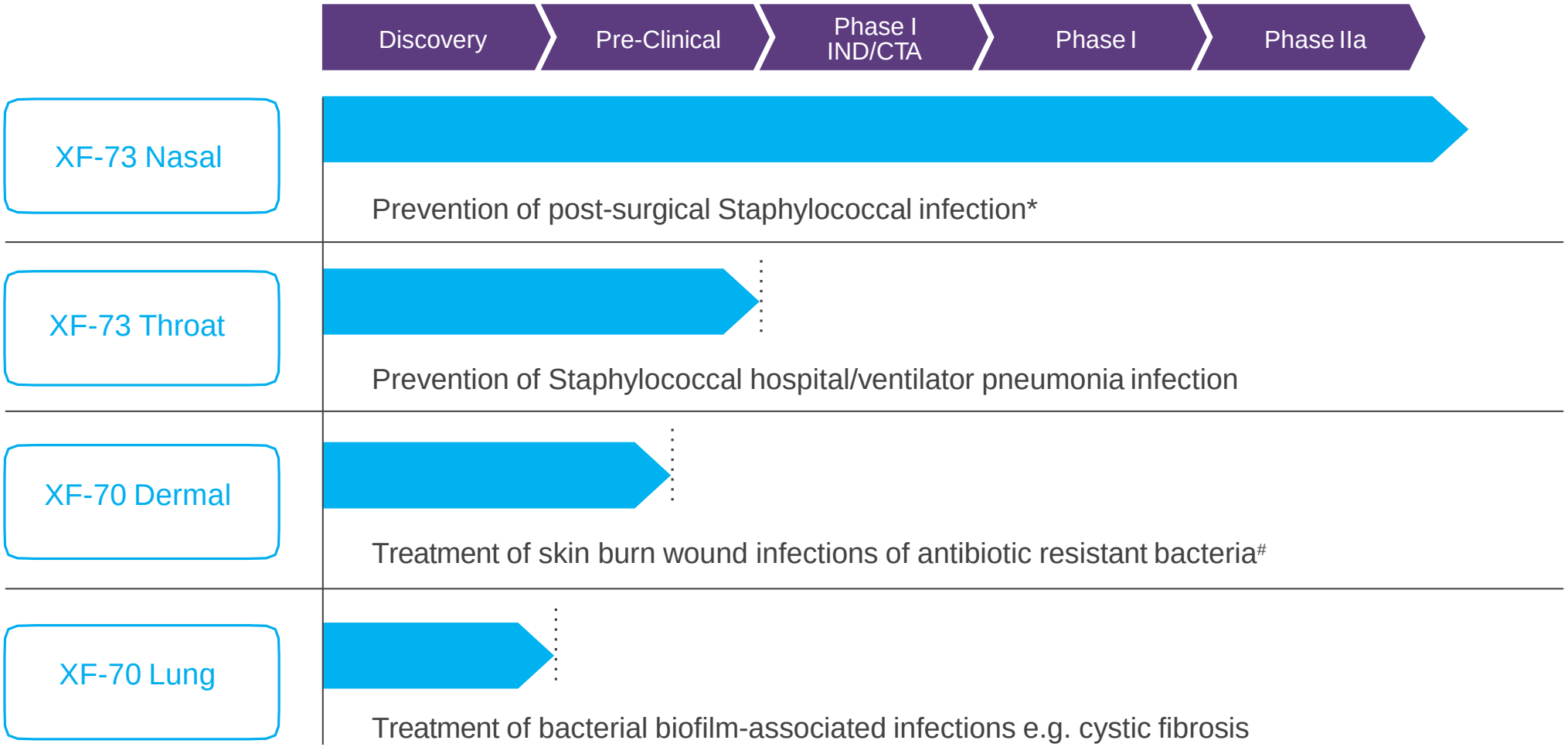
- INN = exeporfinium chloride
- Novel drug structure
- IP/market extensions into the 2030s
- 3 main steps, chemical synthesis
- Activity against selected Gram negative bacteria



Molecular structure of XF-73

XF Drug Platform

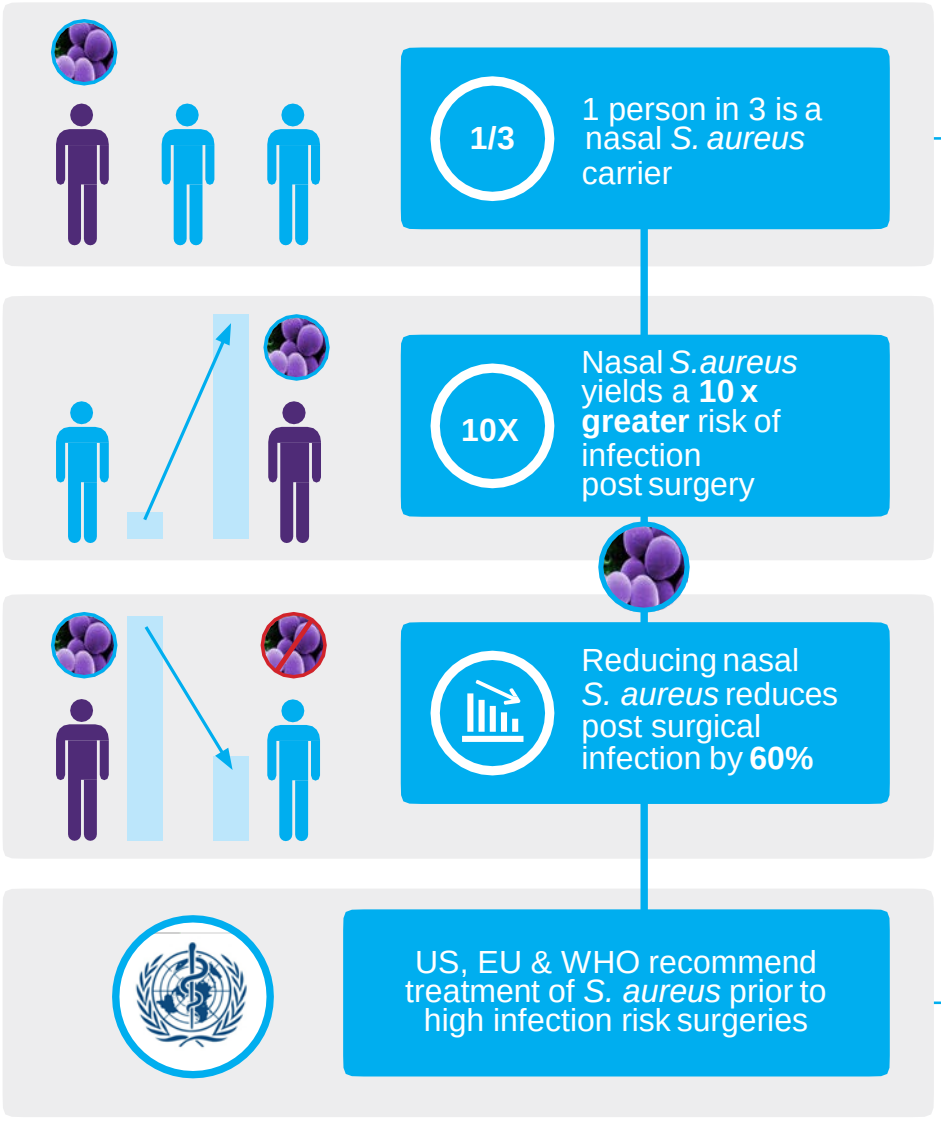
Potential Solution to Antibiotic Resistance



* New US disease indication, QIDP designated by FDA, October 2015
# Gram negative (*A. baumannii*, *P. aeruginosa)* & Gram positive (*E. aureus*) bacteria

XF-73: Focus on 'Prevention of post-surgical *Staphylococcus aureus* infections'

Blockbuster Opportunity

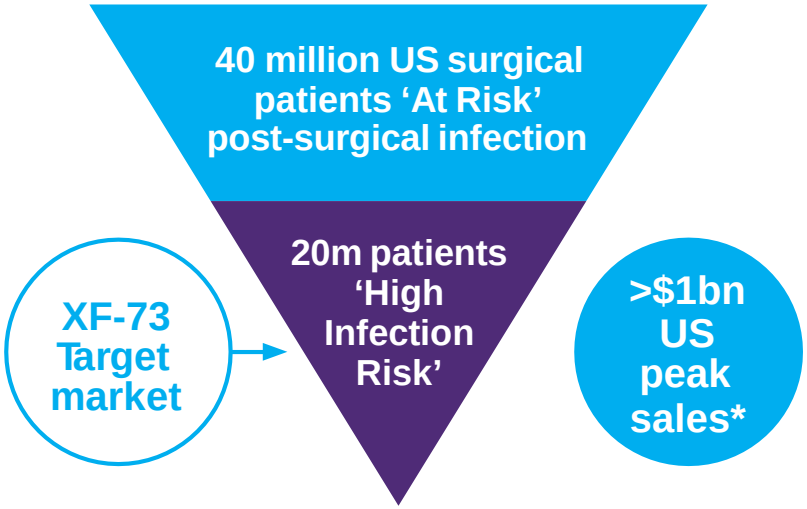


Current US practice:

1. No treatment or
2. High risk patient, pre-surgical use of the nasal antibiotic, mupirocin, (off label)

BUT

- Widespread & prolonged use has led to **rapid emergence of *S. aureus* mupirocin resistance**
- Resistance rates of up to 95% reported
- Some US hospitals have halted use due to 400% increase in rate of mupirocin resistance



* Benchmark to Bactroban, a mupirocin nasal ointment (GSK)

XF-73

Clear Financial Drivers for Adoption

Drivers	Status
Guidelines	Recent guidelines (US SIS, SHEA, IDSA & WHO) support increased use of preventative approaches, but antibiotic resistance recognised as an issue with mupirocin
Hospital Rankings	US hospital administrators motivated to reduce infection rates to help push their ranking in published hospital listings
Litigation	The direct costs of the medical malpractice liability system in the US are widely estimated to be on the order of $20-$30 billion per year

Drivers	Status
Cost Effective	Economic modelling studies demonstrate preventative approach to *S. aureus* infection more cost effective than treatment
Financial Penalties	US general, acute-care and short term hospitals with the highest MRSA infections will have 1% of thei r medicare reimbursements withheld
Governments	Recent UN General Assembly* call for new drugs to tackle antibiotic resistance – recommendations for new incentives to come. On G7 & G20 agendas too

XF-73 Well Positioned for Value Based Pricing

*20th Sept 2016

XF-73 Awarded QIDP Status

Fast Track Status Available

Destiny Pharma

FDA

XF-73 granted Qualified Infectious Disease Product (QIDP) status in November 2015

- +5 years US market exclusivity
- Fast Track status available

XF-73 will be the 1st drug approved for the newly defined indication of "Prevention of post-surgical Staphylococcal infections"

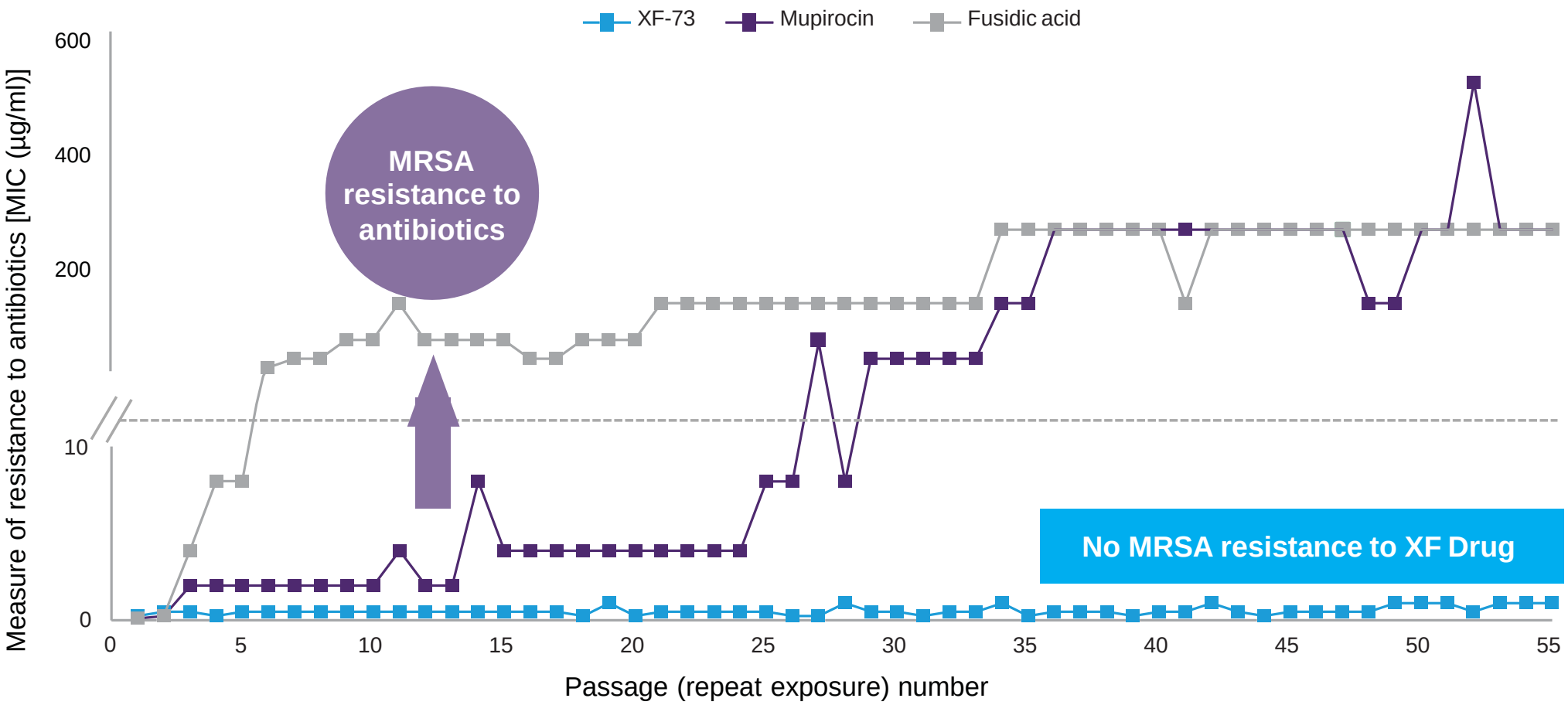
- Only requires efficacy vs placebo for Phase II and Phase III studies
  - Higher probability of success
  - Lower cost/time to approval
- Barrier to new entrants who will need to test against XF-73

US Cures Act passed December 2016

- Directs FDA to allow novel antimicrobial drug approval via a Limited Patient Pathway

XF-73

No MRSA Resistance Seen, Unlike Antibiotics



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 Clinical Data* Supports Resistance Profile

	XF-73 Potency (MIC) µg/ml
Nasal *S.aureus* swabs prior to XF-73	**0.25 – 2.0**
Nasal *S.aureus* swabs post XF-73	**0.25 – 2.0**

No significant change was noted in MIC pre and post XF-73 exposure

NO BACTERIAL RESISTANCE

1st clinical evidence supporting resistance profile

* Samples from clinical trial XF-73B03, microbiological analysis report Oct 2016.

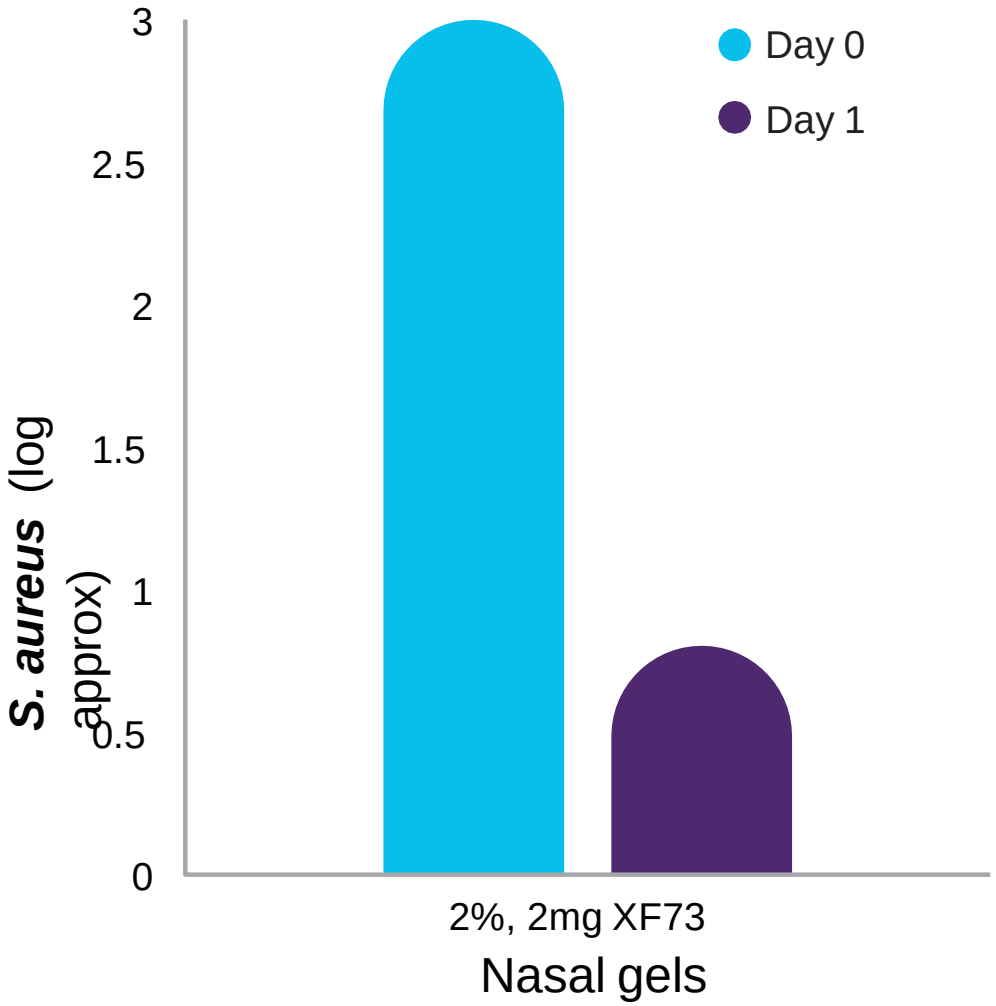
XF-73 Program Significantly De-risked 5 Clinical Trials Completed

Antibiotic	Sponsor	no. subjects	Design & Results
XF-73A01	Destiny Pharma	23	1st in man, low dose (0.075mg/g), 5 days dosing, **safe**
XF-73B01	Destiny Pharma	45	Higher dose (0.5mg/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	56	5 day dosing, lower viscosity gel, hospital-like procedure, **rapid anti-*S. aureus* nasal effect, safe**

Safety & efficacy clinical data support progression to Phase IIb

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

XF-73 Clinical Data* Shows it is Fast, Safe & Effective



Safety summary:

- 216 subjects
- Safe, well tolerated & 100% compliance
- No XF-73 detected in the bloodstream, demonstrates XF-73 targeted to bacteria in nose thereby reducing potential for toxicity in other tissues

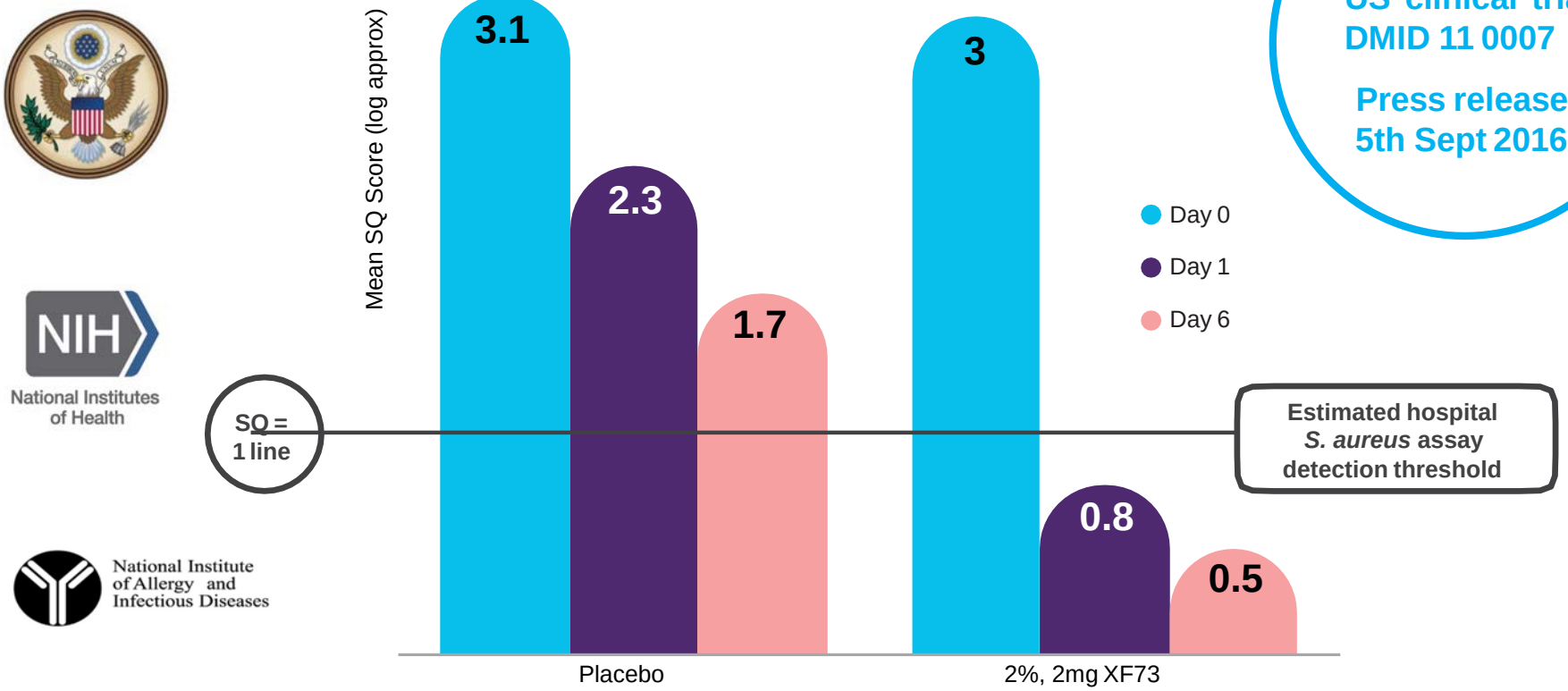
Anti-Staphylococcal efficacy summary:

- 166 subjects XF-73 nasally dosed
- XF-73 decolonises S. aureus rapidly
- Works after 1 day of dosing (2 - 3 doses)
- Effect maintained during treatment

XF-73 Achieved Rapid & Sustained Clinical *S. aureus* Nasal Reduction

Destiny Pharma

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



Data from latest US clinical trial DMID 11 0007

Press release 5th Sept 2016

NIH National Institutes of Health

National Institute of Allergy and Infectious Diseases

National Institutes of Health has Verified the Clinical Antibacterial Efficacy of XF-73

Destiny Pharma

Data from clinical trial DMID 11 0007 (Sept 2016)

56 volunteer study conducted by NIH's National Institute of Allergy and Infectious Diseases

Number of nasal *S. aureus* showed statistical significance from placebo for 2.0mg/g, XF-73 low viscosity gel via area under the curve (AUC)

Even though not powered to do so

Days 1 to 6 *p = 0.01

Lead formulation identified 2mg/g: XF-73, lower viscosity, nasal gel

* Note, statistical significance acceptance limit commonly set at $p \leq 0.05$

US Development Plan

Clear Pathway to Regulatory Approval

Phase IIb Trial

- Performed in circa (n=200) ‘at risk ofinfection’ surgical patients
- XF-73 vs placebo
- Primary end point, microbiological measure e.g. AUC, as in the recent successful US XF-73 volunteer trial

Dermal Sensitivity Trial

- FDA safety for all topical drugs prior to US patient trials
- XF-73 already administered safely, intra-nasally to 166 subjects
- Provides supporting data for planned move of XF compounds into derma indications

US Phase III ready drug asset delivered in 2019

Strategy to continue focused development to approval

Partner at the right time under the right terms

Collaboration with China Medical Systems (CMS)

- In September 2017, Destiny announced it had entered into a framework development and commercialisation collaboration agreement with CMS
- CMS is a specialty pharma company based in China, focusing on marketing, promotion and sales of prescription drugs and other medicinal products to hospitals nation-wide; 2016 sales of $740 million
- CMS will get full rights in China and certain other Asian countries, excluding Japan, to enable the development and commercialisation of Destiny's pipeline in the region
- CMS made an additional £3 million equity investment on finalisation of agreement in November 2017. CMS also invested £3m in September IPO
- The parties will coordinate and share data from their respective studies
- Destiny will receive future milestones based on the achievement of sales targets by CMS and make a manufacturing margin on any product Destiny Pharma supplies

Market Research* Highlights Compelling XF-73 Target Product Profile

	Nasal antibiotic (mupirocin)	Nasal XF-73	Competitive Advantage of XF-73
Efficacy vs *S. aureus*	Majority	All strains	Targeting of the whole *S. aureus* spectrum compelling
Resistance build up	Yes	No	Removes concern of universal use; acceptable use in wider patient population
Tolerability	Congestion	No congestion	Well tolerated – positive effect on compliance
Dosing prior to surgery	5 days	1 day	Shortens pre-surgery time to treat; reduction in isolation time leading to cost savings
Drug Action	Traditional	Innovative	Promotes interest; potential for superior efficacy and safety
Target Indication- "Prevention of post-surgical *S. aureus*"	Unapproved	Approved	Potential for uptake on hospital formulary; widening patient population

Attractive XF-73 profile for Surgeons/Treaters & Payers vs antibiotic
Potential to save time, costs & lives

XF-73 Achieved Rapid & Sustained Clinical *S. aureus* Nasal Reduction

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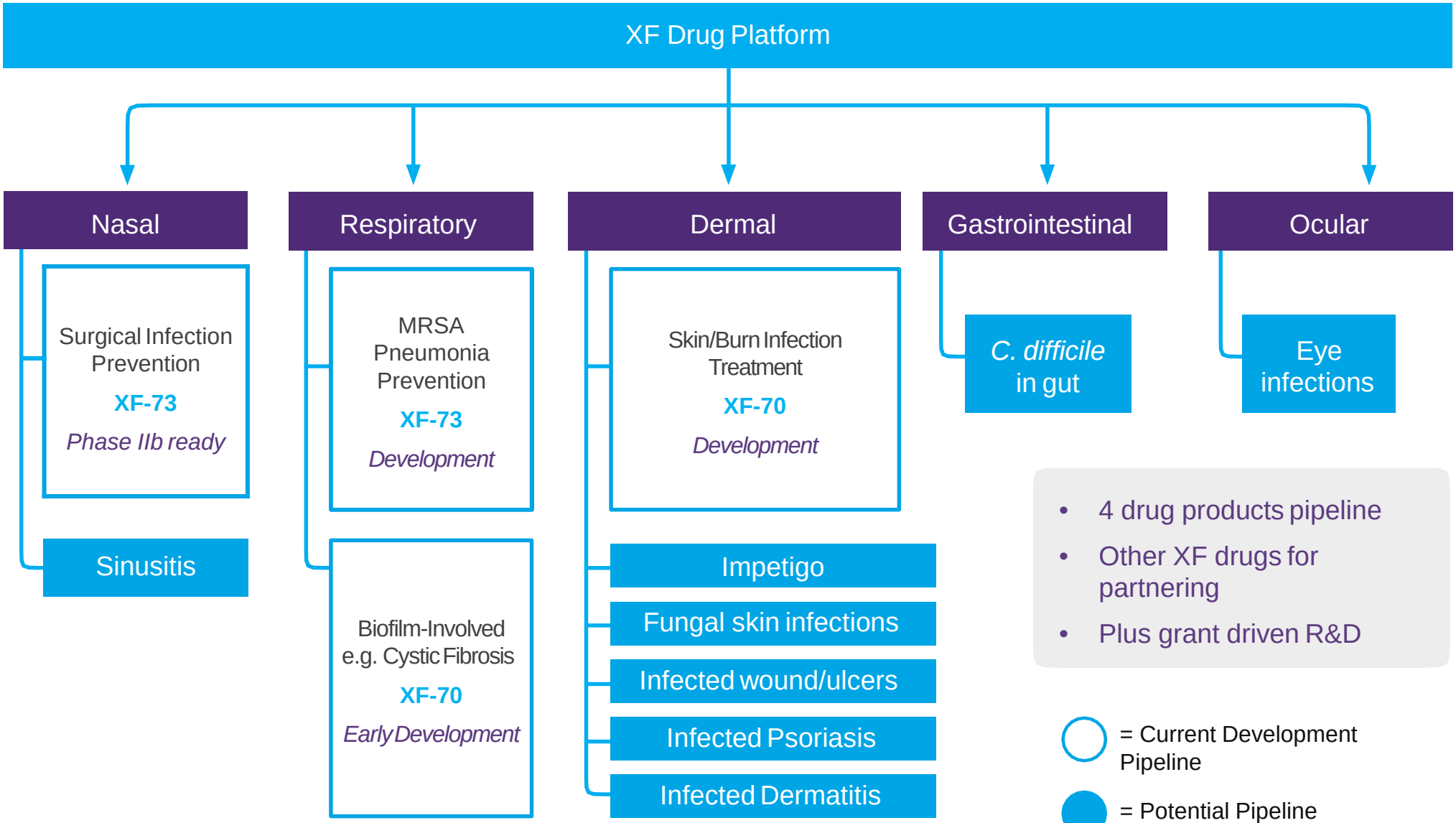


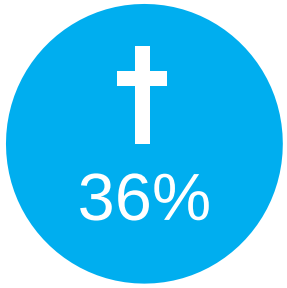
Pipeline Products

Additional XF Drug Programs

XF-73 indication expansion: Prevention of Ventilator Associated Pneumonia, *S.aureus*/MRSA

Market Size: $0.5 billion market potential

S. aureus carriers have 15 X greater risk of developing *S. aureus* pneumonia (Paling 2017)



In-hospital mortality rate of *S. aureus* VAP is up to 36%

Cost of single MRSA VAP is >$40,000

300,000 VAPs in US pa which cost up to $1.5 billion per year

Next milestones:

- Production of formulations for throat delivery
- Testing for anti-*S. aureus* efficacy
- Additional safety studies to support clinical testing
- 1st in man clinical study

Pipeline Products

Additional XF Drug Programs

XF-70 - treatment for antibiotic resistant bacterial burn/skin wound infections:

$1bn

$1 billion existing dermal market

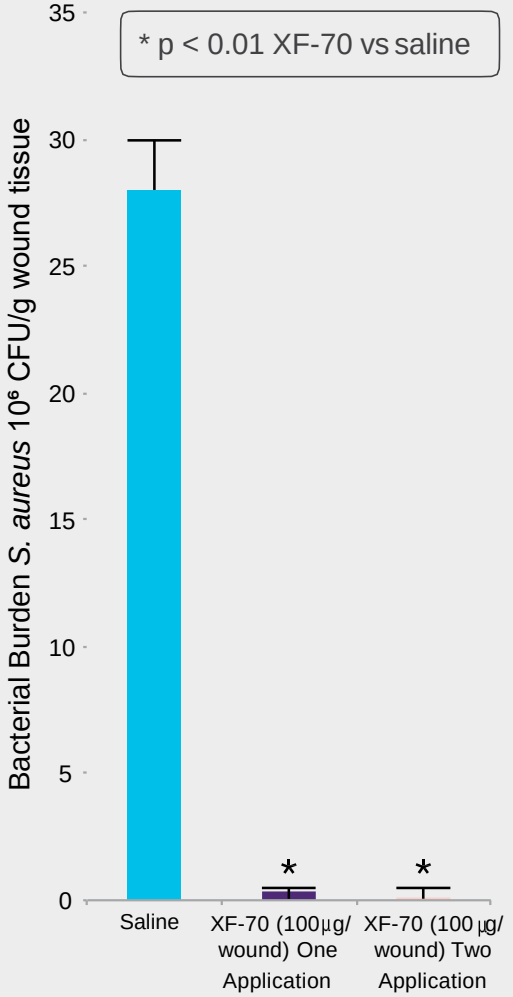
S. aureus burn wound model research conducted with the US Department of Defense

XF-70 effective at reducing *S. aureus* burden in wound after single dose

Potential for burn infection product for treatment of *A. baumannii*, *P. aeruginosa* & *S. aureus* (WHO 2017 serious concern Superbug strains)

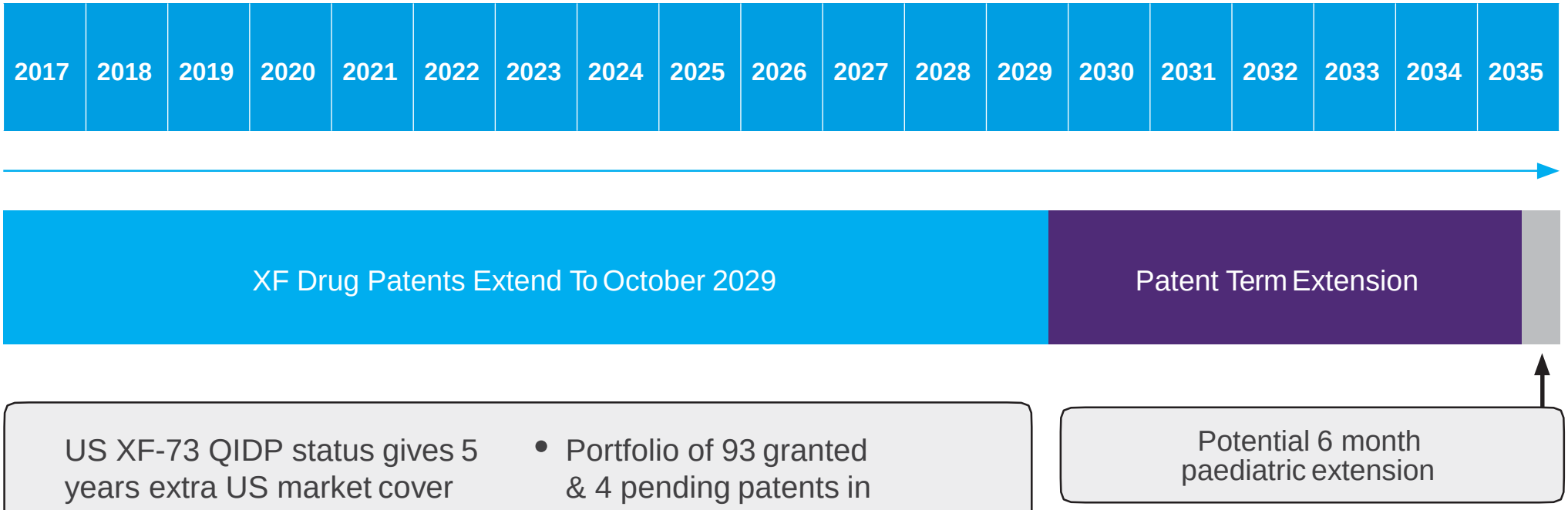
Next milestones:

- Synthesis of XF-70 drug batches
- Production of appropriate formulations
- Burn wound testing anti-bacterial efficacy
- Pre-clinical safety data pack
- 1st in man clinical study



Hurtuk *et al*, 2010

XF Drug Platform Market Exclusivity Potentially Extends into 2030s



US XF-73 QIDP status gives 5 years extra US market cover

- 3 patent families based on
  - Composition of Matter
  - Novel Mechanism of Action
  - Biofilm Action
- Portfolio of 93 granted & 4 pending patents in 3 patent families
- All major commercial territories covered

Beyond Antibiotics

Novel Drugs to Combat Bacterial Infection & Resistance

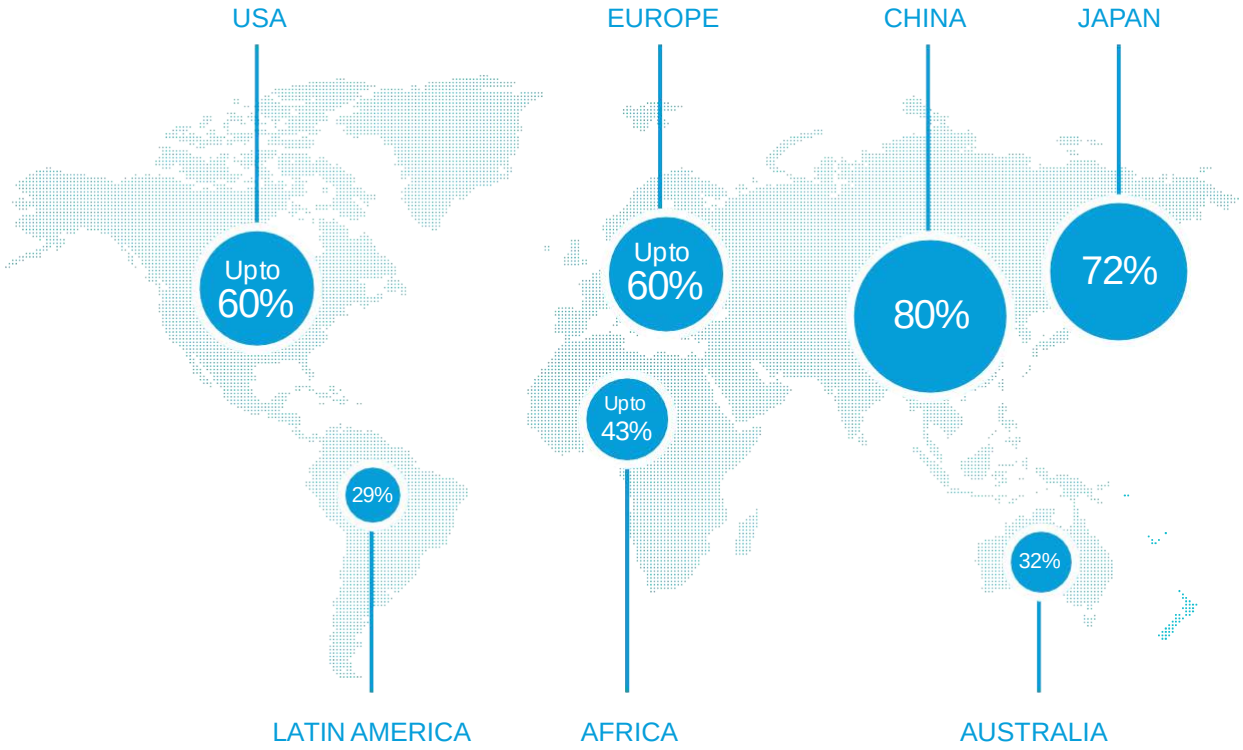
- Well funded, clinical stage biotech, lead asset targets antibiotic-resistant bacterial infections in hospitals
- Lead drug asset, XF-73, has multiple drivers for adoption in an area of global unmet medical need, with a potentially expedited route to regulatory approval
- XF-73 significantly de-risked, 5 successful clinical trials completed, no evidence of resistance. Next major clinical trial is Phase IIb
- Proprietary, anti-microbial drug platform – “XF Drugs”
- Market exclusivity, including robust IP protection that potentially extends into 2030s
- Clearly defined value creation opportunity, significant addressable markets, including blockbuster potential for XF-73’s lead indication


Appendix

XF-73 Active Against AR bacteria: a serious concern for WHO

Staphylococcus aureus (SA)

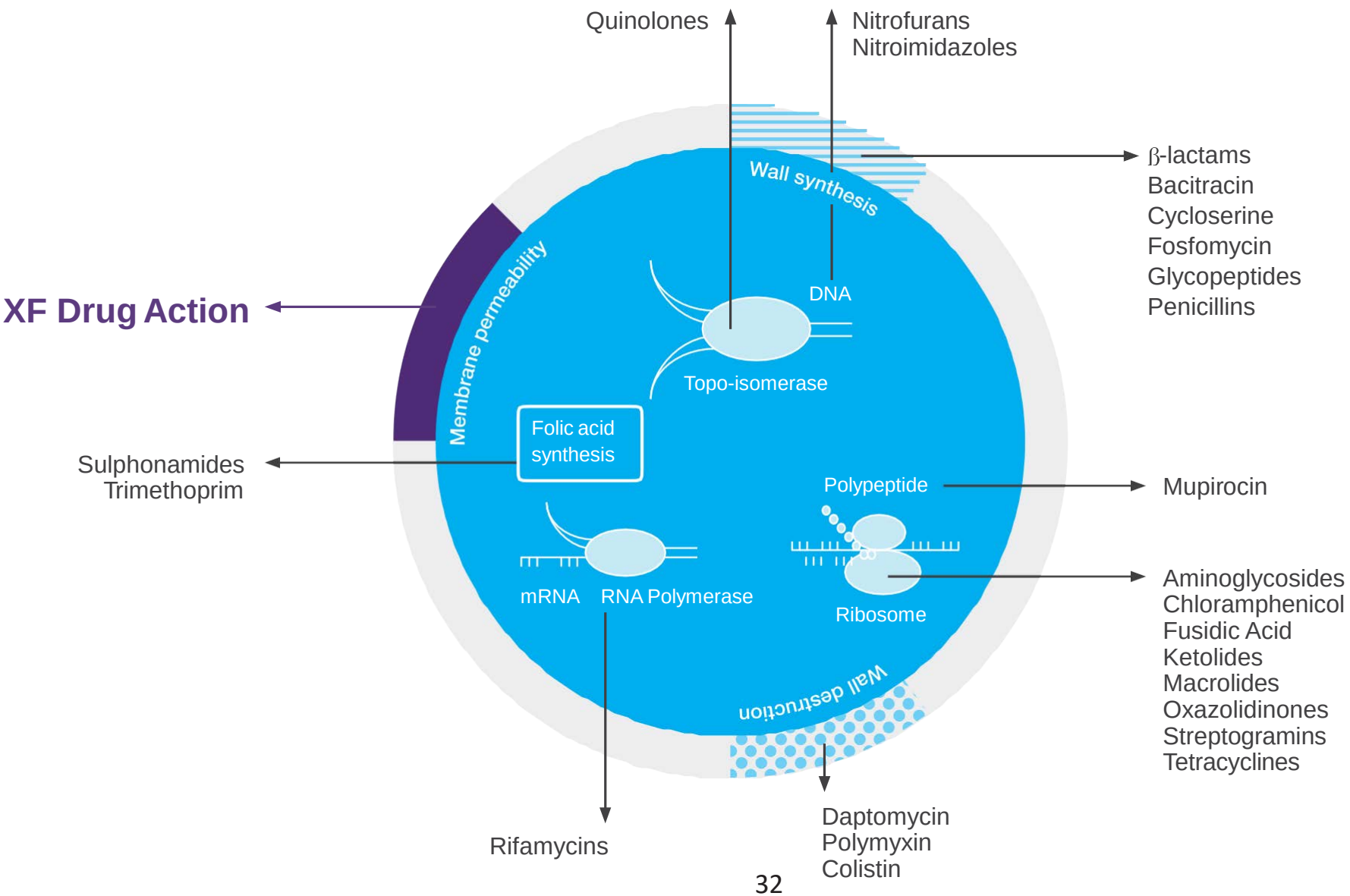
Major Cause of Hospital Infection



- SA hospital infections cost US economy alone up to $10 billion p.a.
- Significant percentage of SA is antibiotic resistant i.e. MRSA
- 40 million surgical patients p.a. in USA 'at risk' of SA infection

XF-73 aims to address this global unmet medical need

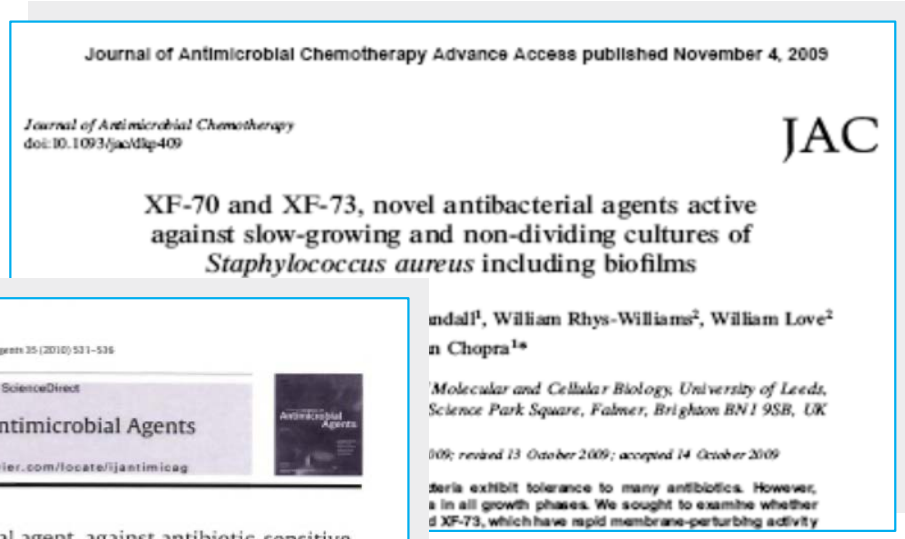
Mechanisms Of Antibiotic/Antibacterial Drug Action



XF Drug Unique Mechanism Of Action: Published

XF-73 active against the bacterial cell membrane

- Intrinsic antibacterial action
- Rapid reduction in Membrane potential
- Loss intracellular ATP & K+
- Not accompanied by cell lysis



Journal of Antimicrobial Chemotherapy Advance Access published November 4, 2009

Journal of Antimicrobial Chemotherapy
doi:10.1093/jac/dkp409

JAC

XF-70 and XF-73, novel antibacterial agents active against slow-growing and non-dividing cultures of *Staphylococcus aureus* including biofilms

ndall[1], William Rhys-Williams[2], William Love[2]
n Chopra[1]*

Molecular and Cellular Biology, University of Leeds,
Science Park Square, Falmer, Brighton BN1 9SB, UK

009; revised 13 October 2009; accepted 14 October 2009

teria exhibit tolerance to many antibiotics. However,
s in all growth phases. We sought to examine whether
d XF-73, which have rapid membrane-perturbing activity

International Journal of Antimicrobial Agents 35 (2010) 531–536

Contents lists available at ScienceDirect

International Journal of Antimicrobial Agents

journal homepage: http://www.elsevier.com/locate/ijantimicag

In vitro activity of XF-73, a novel antibacterial agent, against antibiotic-sensitive and -resistant Gram-positive and Gram-negative bacterial species

David J. Farrell[a,1], Marion Robbins[a], William Rhys-Williams[b], William G. Love[b,*]

ABSTRACT

The antibacterial activity of XF-73, a dicationic porphyrin drug, was investigated against a range of Gram-positive and Gram-negative bacteria with known antibiotic resistance profiles, including resistance to cell wall synthesis, protein synthesis, and DNA and RNA synthesis inhibitors as well as cell membrane-active antibiotics. Antibiotic-sensitive strains for each of the bacterial species tested were also included for comparison purposes. XF-73 was active [minimum inhibitory concentration (MIC) 0.25–4 mg/L] against all of the Gram-positive bacteria tested, irrespective of the antibiotic resistance profile of the isolates, suggesting that the mechanism of action of XF-73 is unique compared with the major antibiotic classes. Gram-negative activity was lower (MIC 1 mg/L to >64 mg/L). Minimum bactericidal concentration data

Journal of Antimicrobial Chemotherapy Advance Access published August 18, 2009

Journal of Antimicrobial Chemotherapy
doi:10.1093/jac/dkp299

JAC

XF-73, a novel antistaphylococcal membrane-active agent with rapid bactericidal activity

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Received 18 May 2009; returned 18 June 2009; revised 10 July 2009; accepted 26 July 2009

Objectives: XF-73 is a novel porphyrin antibacterial agent previously reported to inhibit a range of Gram-positive bacterial species, including *Staphylococcus aureus*. Its mode of action is unknown. Using *S. aureus* as a model organism we sought to examine the basis of its antibacterial activity.

Methods: The effects of XF-73 on the growth and survival of *S. aureus* SH1000 were investigated by viable count and culture absorbance techniques. Inhibition of macromolecular synthesis and disruption of membrane integrity after exposure to XF-73 were examined by radiolabelling experiments, the

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