

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should in particular carefully consider the section entitled "Risk Factors" set out in Part II of this document.

If you have sold or transferred all of your Existing Ordinary Shares prior to the ex-entitlement date please forward this document, together with the Application Form, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your registered holding of Existing Ordinary Shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors (whose names and functions appear on page 8 of this document) and the Company (whose registered office appears on page 8 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The maximum amount to be raised under the Open Offer shall be less than €8 million. The New Shares shall only be available to qualified investors for the purposes of the Prospectus Regulation Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing nor the Open Offer constitutes an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules made by the Financial Conduct Authority of the United Kingdom ("FCA") pursuant to sections 73A(1) and (4) of FSMA and has not been approved by the FCA, the London Stock Exchange, any securities commission or any other authority or regulatory body nor has it been approved for the purposes of section 21 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

The Company's Existing Ordinary Shares are currently admitted to trading on the AIM market of the London Stock Exchange ("AIM"). Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. The New Shares will not be admitted to trading on any other investment exchange. Subject to certain conditions being satisfied, it is expected that the EIS/VCT Placing Shares will be admitted to AIM and that dealings will commence at 8.00 a.m. on 27 November 2020 and the General Placing Shares and the Open Offer Shares will be admitted to AIM and that dealings will commence at 8.00 a.m. on 30 November 2020.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Shares to the Official List.

Destiny Pharma plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 03167025)

**Placing of 11,423,071 New Shares at 65 pence per share
Subscription of 3,192,307 New Shares at 65 pence per share
Open Offer of up to 3,133,228 New Shares at 65 pence per share
Acquisition of NTCD-M3
and
Notice of General Meeting**

**Nominated Adviser and Joint Broker
finnCap Ltd**

**Joint Broker
WG Partners LLP**

You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company explaining the background to, and reasons for, the Fundraise which is set out in Part I of this document and to the Risk Factors in Part II of this document which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.

finnCap Ltd (“finnCap”), which is authorised and regulated in the United Kingdom by the FCA, is the Company’s nominated adviser and joint broker for the purposes of the AIM Rules. finnCap is acting for the Company in relation to the Fundraise and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Fundraise and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. finnCap responsibilities as the Company’s nominated adviser under the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and not to any other person in respect of their decision to acquire shares in reliance on any part of this document.

WG Partners LLP (“WG Partners”), which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is the Company’s joint broker for the purposes of the AIM Rules. WG Partners is acting for the Company in relation to the Fundraise and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Fundraise and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein.

finnCap and WG Partners have not authorised the contents of this document for any purpose and no liability whatsoever is accepted by finnCap or WG Partners nor do they make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this document or for the omission of any information. finnCap and WG Partners expressly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful, and may not be taken, transmitted, distributed or sent, directly or indirectly, in or into any such jurisdiction. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state or other jurisdiction of the United States or any province or territory of Canada, Japan, Australia or the Republic of South Africa. Accordingly, unless a relevant exemption from such requirements is available, the New Shares may not, subject to certain exceptions, be offered, sold, taken up, re-sold or delivered, directly or indirectly, into or within the United States, Canada, Japan, Australia, the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to paragraph 6 of Part IV of this document to determine whether and how they may participate.

Overseas Shareholders and any person (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this document or an Application Form to a jurisdiction outside the UK should read paragraph 6 of Part IV of this document.

Qualifying non-CREST Shareholders will find an Application Form enclosed with this document. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the relevant Ordinary Shares are marked “ex” the entitlement by the London Stock Exchange. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer. The latest time for application and payment in full under the Open Offer is 11.00 a.m. on 24 November 2020 and the procedure for application and payment is set out in Part IV of this document.

The Placing and Open Offer are conditional, *inter alia*, on the passing of Resolutions 1 and 2 at the General Meeting. The New Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid on or in respect of such Existing Ordinary Shares after the Admissions.

Notice of the General Meeting of Destiny Pharma plc, to be held at 10.00 a.m. on 26 November 2020 at 48 Cleveland Walk, Bath BA2 6JT, UK, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the General Meeting. To be valid, Forms of Proxy, completed in accordance with the instructions printed thereon, must be received by the Company’s registrars, Link Group at The Registry, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, as soon as possible but in any event by no later than 10.00 a.m. on 25 November 2020.

Shareholders will not be allowed to attend the General Meeting in light of the Covid-19 situation and the Stay at Home measures that have been implemented by the UK Government. Consequently, anyone seeking to attend the General Meeting will be refused entry. The General Meeting will take place with the minimum necessary quorum of three shareholders which will be facilitated by the Company in line with the Government’s social distancing advice. Shareholders are encouraged to complete and submit a Form of Proxy appointing the chairman of the General Meeting as their proxy with their voting instructions.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by the issuer’s agent (ID: RA10) by no later than 10.00 a.m. on 25 November 2020 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Qualifying non-CREST Shareholders will find an Application Form enclosed with this document. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the relevant Existing Ordinary Shares are marked “ex” the entitlement by the London Stock Exchange. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer. The latest time for application and payment in full under the Open Offer is 11.00 a.m. on 24 November 2020 and the procedure for application and payment is set out in Part IV of this document.

IMPORTANT NOTICE

NOTICE TO OVERSEAS PERSONS

This document does not constitute an offer to sell, or the solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful, and may not be taken, transmitted, distributed or sent, directly or indirectly, in or into any such jurisdiction. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state or other jurisdiction of the United States or any province or territory of Canada, Japan, Australia or the Republic of South Africa. Accordingly, unless a relevant exemption from such requirements is available, the New Shares may not, subject to certain exceptions, be offered, sold, taken up, re-sold or delivered, directly or indirectly, into or within the United States, Canada, Japan, Australia, the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to paragraph 6 of Part IV of this document to determine whether and how they may participate.

Overseas Shareholders and any person (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this document or an Application Form to a jurisdiction outside the UK should read paragraph 6 of Part IV of this document.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” which includes all statements other than statements of historical fact including, without limitation those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “might”, “anticipates”, “would”, “could”, “shall”, “estimate”, “plans”, “predicts”, “continues”, “assumes”, “positioned”, or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	Close of business 6 November 2020
Announcement of the Proposed Placing, Open Offer and Subscription	9 November 2020
Ex-entitlement Date of the Open Offer	8.00 a.m. 10 November 2020
Posting of the Circular (including Notice of General Meeting), Form of Proxy and, to Qualifying Non-Crest Shareholders, the Application Form	10 November 2020
Open Offer Entitlements and Excess Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8.00 a.m. 11 November 2020
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess Entitlements from CREST	4.30 p.m. 18 November 2020
Latest time and date for depositing Open Offer Entitlements and Excess Entitlements into CREST	3.00 p.m. 19 November 2020
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. 20 November 2020
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. 24 November 2020
Latest time and date for receipt of CREST proxy instructions and registration of online votes from Shareholders for General Meeting	10.00 a.m. 25 November 2020
Latest time and date for receipt of Forms of Proxy	10.00 a.m. 25 November 2020
General Meeting	10.00 a.m. 26 November 2020
Announcement of the results of the General Meeting and the Open Offer	26 November 2020
Admission and commencement of dealings in EIS/VCT Placing Shares	8.00 a.m. 27 November 2020
Admission and commencement of dealings in General Placing Shares, Subscription Shares and Open Offer Shares	8.00 a.m. 30 November 2020
EIS/VCT Placing Shares in uncertificated form expected to be credited to accounts in CREST	As soon as possible after 8.00 a.m. 27 November 2020
General Placing Shares, Subscription Shares and Open Offer Shares in uncertificated form expected to be credited to accounts in CREST	As soon as possible after 8.00 a.m. 30 November 2020
Despatch of definitive share certificates for the New Shares in certificated form	Within 5 business days of the Admissions

Each of the above times and/or dates is subject to change at the absolute discretion of the Company, finnCap and WG Partners. If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service (as defined in the AIM Rules) announcement. Certain of the events in the above timetable are conditional upon, inter alia, the approval of the Resolutions to be proposed at the General Meeting and, upon the receipt by the Company of the Advance Assurance.

In this document, all references to times and dates are to time and dates in London, United Kingdom. The timetable above assumes that Resolutions 1 and 2 are passed at the General Meeting without adjournment.

In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part IV of this document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Link Group on by email at enquiries@linkgroup.co.uk , or you may call Link on 0371 664 03 21. 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. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales, where relevant, quoting the allotment number of their Application Form.

If you have questions on how to complete the Form of Proxy, please contact Link Group by email at enquiries@linkgroup.co.uk, or you may call Link on 0371 664 03 21. 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. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Submission of a Proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof

Calls to the Link Group number from outside the UK are charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Link Group cannot provide advice on the merits of the Fundraise and cannot give any financial, legal or tax advice.

SHARE CAPITAL AND FUNDRAISE STATISTICS

Issue Price for each New Share	65 pence
Number of Existing Ordinary Shares in issue as at the date of this document	43,865,195
Number of EIS/VCT Placing Shares to be issued pursuant to the Placing	7,783,288
Number of General Placing Shares to be issued pursuant to the Placing	3,639,783
Total Number of Placing Shares to be issued pursuant to the Placing	11,423,071
Number of Subscription Shares to be issued pursuant to the Subscription	3,192,307
Basis of Open Offer	1 New Share for every 14 Existing Ordinary Shares
Maximum number of Open Offer Shares to be issued pursuant to the Open Offer (assuming take-up in full of the Open Offer by Qualifying Shareholders)	3,133,228
Total New Shares to be issued**	17,748,606
Enlarged Share Capital immediately following the Admissions**	61,613,801
Market capitalisation at Issue Price**	£40.0 million
New Shares as a percentage of the Enlarged Share Capital**	28.8 per cent.
Estimated gross proceeds of the Fundraising**	up to £11.5 million
Estimated expenses of the Fundraising**	£0.7 million
Estimated net proceeds of the Fundraising**	up to £10.8 million
ISIN – Ordinary Shares	GB00BDHSP575
ISIN – Open Offer Basic Entitlements	GB00BMVLLF71
ISIN – Open Offer Excess Entitlements	GB00BMVLLG88

* assuming take-up in full of the Open Offer by Qualifying Shareholders

** assuming full take up of the Open Offer and no further exercise of options under the Company share option schemes.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Nick Rodgers (<i>Chairman</i>) Neil Clark (<i>Chief Executive Officer</i>) Dr William Love (<i>Founder and Chief Scientific Officer</i>) Shaun Claydon (<i>Chief Financial Officer and Company Secretary</i>) Peter Morgan (<i>Non-Executive Director</i>) Dr Huaizheng Peng (<i>Non-Executive Director</i>) Dr Debra Barker (<i>Non-Executive Director</i>)
Registered Office	Sussex Innovation Centre Science Park Square Falmer Brighton BN1 9SB
Company website	www.DestinyPharma.com
Nominated Adviser and Joint Broker	finnCap Ltd 1 Bartholomew Close London EC1A 7BL
Joint Broker	WG Partners LLP 85 Gresham Street London EC2V 7NQ
Auditors	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Legal Advisers to the Company	Covington & Burling LLP 265 Strand London WC2R 1BH
Legal Advisers to the Brokers	Osborne Clarke LLP One London Wall London EC2Y 5EB
Registrars	Link Group The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent for the Open Offer	Link Group, Corporate Actions, The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

Act	the Companies Act 2006 (as amended)
A&B	A&B (HK) Company Limited, a company with a controlling shareholder in common with CMS
Admissions	EIS/VCT Admission and General Admission
Advance Assurance	written confirmation from HMRC to the Company that <i>inter alia</i> , on the basis of information provided by the Company, shares in issue in the Company will rank as “eligible shares” and will meet the requirements for relief under HMRC’s VCT and EIS schemes, for the time being and in so far as such requirements relate to the Company
AIM	the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers published by the London Stock Exchange as amended from time to time
Applicant	a Qualifying Shareholder or a person by virtue of a <i>bona fide</i> market claim who lodges an Application Form or relevant CREST instruction under the Open Offer
Application Form	the application form relating to the Open Offer and enclosed with this document for use by Qualifying non-CREST Shareholders
Articles	the articles of association of the Company in force at the date of this document
Basic Entitlement(s)	the <i>pro rata</i> entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in Part IV of this document
Board or Directors	the directors of the Company, as at the date of this document, whose names are set out on page 8 of this document
CCSS	the CREST Courier and Sorting Service, established by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of certificated securities
certified or in certificated form	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
Circular or document	this circular, dated 10 November 2020
CMS or CMS Medical Ventures	CMS Medical Venture Investment Limited, a wholly-owned subsidiary of China Medical System Holdings Limited (a company listed on the Main Board of the Stock Exchange of Hong Kong Limited with stock Code: 00867)

Company or Destiny Pharma	Destiny Pharma plc, a company incorporated in England and Wales with company number 03167025 whose registered office is at Sussex Innovation Centre, Science Park Square, Falmer, Brighton, BN1 9SB
CREST	the relevant system (as defined in the CREST Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
CREST Manual	the rules governing the operation of CREST, as published by Euroclear
CREST member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST payment	shall have the meaning given in the CREST Manual issued by Euroclear
CREST Regulations	the Uncertified Securities Regulations 2001 (SI 2001 No. 3875), as amended
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
Disclosure and Transparency Rules	the disclosure guidance and transparency rules of the FCA as amended from time to time
EEA	the European Economic Area
EIS	Enterprise Investment Scheme
EIS Placing Shares	the 3,475,596 new Ordinary Shares to be issued pursuant to the Placing Agreement to certain persons seeking to invest in “eligible shares” for the purposes of the Enterprise Investment Scheme
EIS/VCT Admission	admission of the EIS/VCT Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
EIS/VCT Placing Shares	the EIS Placing Shares and the VCT Placing Shares
Enlarged Share Capital	the issued Ordinary Share capital of the Company immediately following the Admissions, assuming the maximum number of New Shares are issued
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Excess Entitlement(s)	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part IV of this document

Excess Application Facility	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of the Basic Entitlement in accordance with the terms and conditions of the Open Offer
Excess CREST Open Offer Entitlement	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to the Basic Entitlement credited to the Qualifying CREST Shareholder's account in CREST, pursuant to the Excess Application Facility, which is conditional on the Qualifying CREST Shareholder taking up his Basic Entitlement in full and which may be subject to scaleback in accordance with the provisions of this document
Excess Shares	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Basic Entitlement
Ex-entitlement Date	the date on which the Existing Ordinary Shares are marked 'ex' for entitlement under the Open Offer being 10 November 2020
Existing Ordinary Shares	the 43,865,195 Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company prior to the Fundraise
FCA	the Financial Conduct Authority of the UK
finnCap	finnCap Ltd, the Company's Nominated Adviser and Joint Broker
Form of Proxy	the form of proxy which accompanies this document for use in connection with the General Meeting
FSMA	the Financial Services and Markets Act 2000 (as amended)
Fundraising or Fundraise	together the Placing, the Subscription and the Open Offer
General Placing Shares	the 3,639,783 new Ordinary Shares to be issued pursuant to the General Placing
General Admission	admission of the General Placing Shares and the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
General Meeting	the general meeting of the Company, to be held at 10.00 a.m. on 26 November 2020 at 48 Cleveland Walk, Bath BA2 6JT
HMRC	Her Majesty's Revenue & Customs
ISIN	International Securities Identification Number
Issue Price	65 pence per New Share
Joint Brokers	finnCap and WG Partners
London Stock Exchange	London Stock Exchange plc
Link Group	A trading name of Link Market Services
member account ID	the identification code or number attached to any member account in CREST

Money Laundering Regulations	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended
New Shares	up to 17,748,606 new Ordinary Shares to be issued pursuant to the Fundraise (being the Placing Shares, Subscription Shares and the Open Offer Shares)
Notice of General Meeting	the notice convening the General Meeting set out at the end of this document
NTCD-M3 or the Acquisition	a comprehensive research and clinical data set relating to an oral formulation of spores of a non-toxigenic strain of <i>C.difficile</i> (REA type M3) originally isolated from an asymptomatic patient by Dr Gerding
Official List	the Official List of the FCA
Open Offer	the conditional invitation to Qualifying Shareholders to apply for the Open Offer Shares at the Issue Price on the terms and conditions outlined in this document and, where relevant, in the Application Form
Open Offer Entitlements	entitlements for Qualifying Shareholders to subscribe for Open Offer Shares pursuant to the Basic Entitlement and the Excess Entitlement
Open Offer Shares	up to 3,133,228 new Ordinary Shares to be issued pursuant to the Open Offer
Ordinary Shares	ordinary shares of one penny each in the capital of the Company having the rights and being subject to the restrictions contained in the Articles
Overseas Shareholders	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in Restricted Jurisdictions
participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
Placees	any person who has agreed to subscribe for Placing Shares
Placing	the placing by the Joint Brokers, as agents of and on behalf of the Company, of Placing Shares and Subscription Shares at the Issue Price on the terms and subject to the conditions in the Placing Agreement
Placing Agreement	the conditional agreement dated 9 November 2020 between the Company the Joint Brokers, a summary of which is set out in paragraph 2 of Part V of this document
Placing Shares	the EIS/VCT Placing Shares and the General Placing Shares to be issued pursuant to the Placing
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA
Publicly Available Information	any information published by the Company using a Regulatory Information Service

Qualifying CREST Shareholders	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in uncertificated form in CREST
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in certificated form
Qualifying Shareholders	holders of Existing Ordinary Shares other than Overseas Shareholders, whose names appear on the register of members of the Company on the Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this document
Receiving Agent	Link Group
Record Date	6 November 2020
Registrar	Link Group
Regulatory Information Service	a service approved by the FCA for the distribution to the public of AIM announcements and included within the list on the website of the FCA
Resolutions	the resolutions set out in the Notice of General Meeting
Restricted Jurisdictions	the United States, Australia, Canada, Japan, the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
Securities Act	the United States Securities Act of 1933, as amended
Shareholders	registered holders of Ordinary Shares
Subscribers	Neil Clark, Nick Rodgers and Debra Barker, each a Director, CMS Medical Ventures and A&B
Subscription	the conditional direct subscription for Subscription Shares at the Issue Price in accordance with the Subscription Letters
Subscription Letters	the subscription letters dated on or about 9 November 2020 between the Company and the Subscribers
Subscription Shares	the 3,192,307 new Ordinary Shares to be issued pursuant to the Subscription
UK	the United Kingdom of Great Britain and Northern Ireland
uncertificated or in uncertificated form	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US or United States	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
USE	unmatched stock event
VCT	Venture Capital Trusts

VCT Placing Shares

the 4,307,692 new Ordinary Shares to be issued pursuant to the Placing Agreement to certain persons seeking to invest in through venture capital trusts relief

WG Partners

WG Partners LLP, the Company's Joint Broker

A reference to £ is to pounds sterling, being the lawful currency of the UK.

A reference to \$ or US\$ is to United States dollars, being the lawful currency of the US.

A reference to € or Euro is to the lawful currency of the Euro area.

GLOSSARY

<i>C difficile</i>	<i>Clostridioides difficile</i> , also known as C. difficile, is bacteria that has toxic strains that can infect the bowel and cause diarrhoea, inflammation and additional complications. The infection most commonly affects people who have recently been treated with antibiotics. It can spread easily to others especially in hospital and care home facilities
CMC	Chemistry and Manufacturing Control
FDA	the U.S. Food and Drug Administration
GI	Gastrointestinal, referring collectively to the stomach and small and large intestines.
GMP	Good manufacturing practice

PART I

LETTER FROM THE CHAIRMAN

Destiny Pharma plc

(incorporated and registered in England and Wales with registered number 03167025)

Directors

Nick Rodgers (*Chairman*)
Neil Clark (*Chief Executive Officer*)
Dr William Love (*Founder and Chief Scientific Officer*)
Shaun Claydon (*Chief Financial Officer and Company Secretary*)
Peter Morgan (*Non-Executive Director*)
Dr Huaizheng Peng (*Non-Executive Director*)

Registered Office

Sussex Innovation Centre
Science Park Square
Falmer
Brighton
BN1 9SB

10 November 2020

Dear Shareholder,

**Placing of 11,423,071 New Shares at 65 pence per share,
Subscription of 3,192,307 New Shares at 65 pence per share and
Open Offer of up to 3,133,228 New Shares at 65 pence per share**

Acquisition of NTCD-M3 and Notice of General Meeting

1. Introduction

The Company has conditionally raised £9.5 million, before expenses, by way of a Placing of 11,423,071 Placing Shares and 3,192,307 Subscription Shares at a price of 65 pence per share. The net proceeds of the Fundraising will allow the Company to acquire the global rights to NTCD-M3, a Phase III ready asset for prevention of *Clostridioides difficile* infection (CDI) recurrence. Funds will also enable the completion of Phase III clinical trial preparations, primarily CMC and clinical planning. Agreement has already been reached with the FDA for a single, placebo-controlled, double-blind registration Phase III trial, as detailed below.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 3,133,228 Open Offer Shares, to raise up to £2.0 million (before expenses), on the basis of 1 Open Offer Share for every 14 Existing Ordinary Shares held on the Record Date, at 65 pence per share. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility.

The total amount that the Company could raise under the Fundraising is £11.5 million (before expenses), assuming that the Open Offer is fully subscribed.

The Joint Brokers have conditionally agreed, pursuant to the terms of the Placing Agreement, to use their reasonable endeavours to procure Placees to subscribe for the Placing Shares at the Issue Price. The Placing comprises 7,783,288 EIS/VCT Placing Shares and 3,639,783 General Placing Shares. The Placing Shares are not subject to clawback and are not part of the Open Offer. Neither the Placing nor the Open Offer are being underwritten.

Each of Neil Clark, Nick Rodgers and Debra Barker are participating in the Fundraise and have agreed to subscribe for 115,385 Subscription Shares in aggregate at the Issue Price. The Directors will not take up any entitlements they have under the Open Offer.

In addition to the participating Directors outlined above, CMS Medical Ventures and A&B, both existing shareholders of the Company are participating in the Subscription and have agreed to subscribe for an aggregate of 3,076,922 new Ordinary Shares at the Issue Price. CMS and A&B will not take up any entitlements they have under the Open Offer.

The Placing, Subscription and the issue of the Open Offer Shares are conditional, *inter alia*, on the passing by Shareholders of Resolutions 1 and 2 at the General Meeting, which is being convened for 10.00 a.m. on 26 November 2020.

As part of the Fundraising, the Company is seeking to raise funds by the issue of the EIS Placing Shares to investors seeking the benefit of relief under the Enterprise Investment Scheme and VCT Placing Shares to investors seeking the benefit of tax relief through VCT. The EIS/VCT Placing Shares will be conditionally issued to the relevant Placees at EIS/VCT Admission (being one business day prior to the anticipated date of General Admission) so that Placees investing as part of the EIS/VCT Placing shall be able to benefit for tax advantages available to VCTs and pursuant to the Enterprise Investment Scheme as governed by HMRC. The issue of both the Placing Shares and the Subscription Shares are subject to the passing of the Resolutions at a General Meeting. In addition, the issue of the EIS/VCT Placing Shares is conditional upon the Company receiving advance assurance from HMRC that investment in the Company will qualify for EIS and VCT tax reliefs (the "Advance Assurance") and on EIS/VCT Admission. The issue of the Subscription Shares, Open Offer Shares and General Placing Shares are conditional upon General Admission and the EIS/VCT Admission.

Application will be made to the London Stock Exchange for the EIS/VCT Placing Shares to be admitted to trading on AIM. It is expected that EIS/VCT Admission will become effective and that dealings in the EIS/VCT Placing Shares will commence at 8.00 a.m. on 27 November 2020 (being the business day following the General Meeting) or such later time and/or dates as the Company and the Joint Brokers may agree (being in any event no later than 8.00 a.m. on 29 January 2021).

Application will be made to the London Stock Exchange for the General Placing Shares, Subscription Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that General Admission will become effective and that dealings in the General Placing Shares and the Open Offer Shares will commence at 8.00 a.m. on 30 November 2020 (being the business day following the EIS/VCT Admission) or such later time and/or dates as the Company and the Joint Brokers may agree (being in any event no later than 8.30 a.m. on 29 January 2021).

If the conditions relating to the issue of the Placing Shares are not satisfied, or the Placing Agreement is terminated in accordance with its terms, the Placing Shares will not be issued and the Company will not receive the related placing monies.

Shareholders should note that it is possible that EIS/VCT Admission occurs but that General Admission does not. If General Admission does not occur then the Company will not receive the relevant net proceeds in respect of such Admission and the Company may not be able to finance the activities referred to in this document. Shareholders should also note that if Advance Assurance is not received by 26 November 2020 then EIS/VCT Admission will not occur and General Admission will not occur.

The Issue Price represents a discount of approximately 4.7 per cent. to the 60-day volume weighted average price of 68.3 pence per Existing Ordinary Share (as at 6 November 2020), which reflects the strong momentum in the share price which has risen over three-fold since late July.

The purpose of this document is to provide you with information regarding the Fundraise, to explain why your Board considers the Fundraise to be in the best interests of the Company and its Shareholders as a whole and why it unanimously recommends that you should vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Background to and Reasons for the Fundraising

Background on the Company

Destiny Pharma is an established, clinical stage, innovative biotechnology company focused on the development and commercialisation of novel medicines that can prevent life-threatening infections. The Company's lead programme, XF-73 is undergoing a Phase IIb clinical trial and is targeting the prevention of post-surgical hospital infections caused by *Staphylococcal aureus*, including MRSA. The Phase IIb study is on plan to complete recruitment by the end of 2020 and report results by the end of Q1 2021. The Company also has an earlier pipeline of XF drug candidates that are being developed for the prevention and treatment of life-threatening infections caused by antibiotic resistant bacteria, often referred to as "superbugs". Tackling anti-microbial resistance (AMR) is a global imperative recognised by the World Health Organization (WHO) and the United Nations, as well as the G7 and the G20 countries. Destiny Pharma is also collaborating with SporeGen Limited to co-develop a novel, preventative biotherapeutic product for the prevention of COVID-19.

Background to NTCD-M3 and the Fundraising

The Fundraising will allow the Company to acquire the global rights to a Phase III-ready asset for the prevention of *C. difficile* infection (CDI) recurrence. Positive Phase I and Phase II clinical data have already been reported and published in academic journals. Constructive feedback from two Type C FDA meetings was received in July 2020 with written responses obtained from these meetings for both the proposed Phase III clinical plan and the associated Phase III CMC plans. The latest CMC plan sets out the development of a process to manufacture the product at scale with a specialist third party contractor under GMP conditions with the aim of using the same process for commercial supply.

By acquiring the global rights for NTCD-M3, the Company extends its microbiome portfolio alongside the SPOR-COV COVID-19 project that was added in September 2020. The Acquisition also strengthens the Company's focus on the prevention of infections and fits very well with the Board's strategy to build a world leading anti-infection Company.

C. difficile Infection

C. difficile bacteria are found in the external environment as well as the gut and faeces of animals and humans. Some strains of *C. difficile* produce toxins that cause infectious disease by attacking the gut lining, resulting in diarrhoea, abdominal pain, fever and nausea. Spores from toxic strains of *C. difficile* bacteria from those infected can rapidly spread to other patients in hospitals and care homes. Which can lead to multiple diarrhoea events per day with severe health implications, including a high hospital mortality rate of up to 25 per cent. in frail, elderly people. The use of antibiotics (e.g. generic vancomycin) as first line therapy can treat some of the infections but it can also disrupt the infected patients' microbiome and enables toxic forms of *C. difficile* to flourish, causing infections to recur. As a result, the use of antibiotics exacerbates disruption of the gut microbiome and the current standard of care does not control recurrence.

C. difficile Infection Occurrence is Significant

C. difficile is the leading cause of hospital acquired infection in the U.S. and poor treatments lead to recurrence:

- ~ 500K cases of CDI within the U.S. each year;
- ~ 25 per cent. of these initial cases then recur;
- c. 29,000 deaths in US per year;
- ~ \$6 billion in US healthcare burden each year; and
- Similar case numbers estimated by the Company in Europe and the rest of the world.

Current CDI treatment options are limited, with lower efficacy observed when patients are retreated with the same antibiotic for recurrence of CDI. Unapproved faecal microbiota transplants (FMT) have led to safety risks and concerns over the potential for the transmission of infectious agents such as *E.coli* and Covid-19 as well as FMT associated deaths. Consequently, FMT products are restricted to be used in patients who are failing to respond to other therapies and who experience multiple recurrences of CDIs.

NTCD-M3 Mechanism of Action Harnesses the Human Microbiome

NTCD-M3 is a naturally occurring bacterial spore. It is an oral formulation of spores of a non-toxigenic strain of *C. difficile* (REA type M3). NTCD-M3 lacks the genes that can express *C. difficile* toxins and patients colonised with NTCD-M3 were found to be protected from CDI. It is proposed that NTCD-M3 acts as a safe lining barrier, preventing toxic strains of *C. difficile* proliferating in the colon after antibiotic treatment. Importantly, NTCD-M3 only temporarily colonizes the human gut and the gut microbiome returns to normal several weeks after treatment.

Background to the NTCD-M3 *C. difficile* Programme

NTCD-M3 was developed by gastrointestinal infection physician, Professor Dale Gerding, a world leading specialist in *C. difficile* with more than 400 peer-reviewed journal publications, book chapters, and review articles. NTCD-M3 was previously licensed to the US biotech company, ViroPharma Inc. in 2006. ViroPharma invested in developing NTCD-M3 which was awarded Fast Track status in the US in 2011 and successfully completed the necessary safety and toxicology studies as well as Phase I and Phase II trials. The positive Phase II data was published in JAMA 2015. Shire plc then acquired ViroPharma for their orphan drug portfolio and returned the M3 asset to NTCD in 2016 because Shire decided the asset did not fit with their focus on orphan drugs.

The Company will acquire the NTCD-M3 program and the associated data package and know-how, subject to, *inter alia*, the Fundraising. The due diligence process has added critical manufacturing knowledge and enabled Type C meetings with the FDA to confirm the Phase III clinical program and associated manufacturing process requirements.

NTCD-M3 is a Potential Breakthrough in CDI Treatment

Clinical data for NTCD-M3 appears superior to current treatments and drugs in development for the treatment of the recurrence of *C. difficile* infections. NTCD-M3 can also be used as an adjunct to any standard of care CDI antimicrobial or antibiotic therapy and will be administered as an easy to use, solid capsule once daily. NTCD-M3 has a maximum detection period in the stool of 22 weeks which alleviates concerns about the long-term safety of permanently altering the microbiota of patients who receive FMT. In addition, NTCD-M3 has a long shelf life and is planned to have lower treatment costs than FMT.

*NTCD-M3 Phase II Data Preventing *C. Difficile* Infection Recurrence*

The Phase II trial consisted of a randomised, double-blind, placebo-controlled study of 173 patients aged >18 years, who were diagnosed as having CDI (first episode or first recurrence). The Phase II trial reported strong, statistically significant data. The data illustrated the rapid onset of colonization by NTCD-M3 which provides protection during the early post-treatment period, making it an ideal complement to a vaccine and other antibiotic treatments. The rate of recurrence data from the most effective NTCD-M3 dose, confirmed as 107 spores per oral dose for 7 days, showed a recurrence rate of only 5 per cent. compared to a placebo rate of 30 per cent. This demonstrates compelling, statistically significant efficacy ($p < 0.01$) compared to the placebo arm and is also better than clinical trial data from other approaches to CDI currently in development.

NTCD-M3 Phase III Design

Destiny Pharma intends to perform a randomized, double-blind, placebo-controlled Phase III trial of NTCD-M3, with an anticipated start date in mid-2022 and end date in 2024.

The trial will enroll 800 adult patients across US and European sites who will be treated with antibiotics for first recurrence of CDI and will be randomised with 550 patients on the active M3 treatment and 250 on placebo.

The primary endpoint of the NTCD-M3 Phase III trial will be the rate of recurrence of CDI at 6 weeks post-treatment.

NTCD-M3 Scale Up and Manufacture

In restarting the NTCD-M3 project, the Company is also investing in establishing a new, improved manufacturing process with a third party contractor that will be developed to the high standards required for the supply of Phase III material and also for the eventual commercial supply of finished product. This is

always a time consuming, quality driven process and a key part of the due diligence process has been to establish new relationships with specialist suppliers who can deliver the required product profile at scale in the very specialised biotherapeutic pharmaceutical manufacturing sector.

3. Use of Proceeds

Use of Proceeds

Acquisition of NTCD-M3	Purchase the global rights to a Phase III-ready asset for the prevention of CDI infection recurrence	£2.4 million
Phase III clinical trial preparation and CMC	Completing CMC processes as well as final preparations for the Phase III clinical trial, which is expected to take 18 months.	£5.0 million
General Working Capital Purposes		£2.1 million
Total		£9.5 million

4. Current Trading

The Company's lead asset XF-73 has been developed from the Company's in-house XF platform and is targeted at preventing the occurrence of post-surgical infections caused by the bacteria *Staphylococcal aureus*. The XF-73 nasal Phase IIb clinical study is currently recruiting patients undergoing open heart surgery in United States and Europe. Subject to recruitment being slowed again by the impact of COVID-19, the study is expected to complete recruitment before the end of the year and report results in the first quarter of 2021.

The ongoing Phase IIb trial is a multi-centre, randomised, blinded, placebo-controlled study of multiple applications of a single concentration of XF-73 nasal gel to assess the microbiological effect of XF-73 on commensal *Staphylococcus aureus* nasal carriage in 125 patients scheduled for open heart surgery. The study had already recruited 108 patients into the study by the end of October 2020.

The Phase IIb study design is closely related to the successful 2016 Phase Ib clinical trial, which was funded by the National Institute of Allergy and Infectious Disease (part of the US National Institute of Health) and demonstrated the efficacy of XF-73 versus placebo in reducing nasal *Staphylococcus aureus* carriage in healthy volunteers. If the current Phase IIb study is successful, the Company will plan to finalise Phase III clinical plans in discussion with regulatory authorities and plans to secure partnering deals to support the completion of the final XF-73 Phase III studies.

5. Details of the Fundraise

The Company has conditionally placed 11,423,071 Placing Shares and 3,192,307 Subscription Shares through a Placing at the Issue Price, which represents a discount of approximately 4.7 per cent. to the 60-day volume weighted average price of 68.3 pence per Existing Ordinary Share (as at 6 November 2020), which reflects the strong momentum in the share price which has risen over three-fold since late July.

The maximum aggregate number of Fundraising Shares that may be issued pursuant to the Fundraising is 17,748,606 new Ordinary Shares, representing approximately 28.8 per cent of the Enlarged Share Capital following the Admissions.

Alongside the Placing, the Company is making an Open Offer pursuant to which it may raise a further amount of up to £2.0 million (before expenses). The proposed issue price of 65 pence per Open Offer Share is the same price as the price at which New Shares are being issued pursuant to the Placing.

Details of the Placing

The Joint Brokers, as agents for the Company, have conditionally placed the Placing Shares at the Issue Price with existing Shareholders and other institutional investors, representing gross proceeds of £7.4 million. The Placing will comprise 11,423,071 Placing Shares.

As part of the Fundraising, the Company is seeking to raise funds by the issue of the EIS Placing Shares to investors seeking the benefit of relief under the Enterprise Investment Scheme and VCT Placing Shares to investors seeking the benefit of tax relief through VCT. The EIS/VCT Placing Shares will be conditionally issued to the relevant Placees at EIS/VCT Admission (being one business day prior to the anticipated date of General Admission) so that Placees investing as part of the EIS/VCT Placing shall be able to benefit for tax advantages available to VCTs and pursuant to the Enterprise Investment Scheme as governed by HMRC. The issue of both the Placing Shares and the Subscription Shares are subject to the passing of the Resolutions at a General Meeting. In addition, the issue of the EIS/VCT Placing Shares is conditional upon the Company receiving the Advance Assurance. The issue of the Subscription Shares, Open Offer Shares and General Placing Shares are conditional upon General Admission and the EIS/VCT Admission.

Shareholders should note that it is possible that EIS/VCT Admission occurs but that General Admission does not. If General Admission does not occur then the Company will not receive the relevant net proceeds in respect of such Admission and the Company may not be able to finance the activities referred to in this document. Shareholders should also note that if Advance Assurance is not received by 26 November 2020 then EIS/VCT Admission will not occur and General Admission will not occur.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of the Admissions. The Placing Shares are not subject to clawback and are not part of the Open Offer. The Placing is not underwritten.

The Placing Agreement

Pursuant to the terms of the Placing Agreement, the Joint Brokers, as agents of the Company, have conditionally agreed to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement is conditional upon, *inter alia*, Resolutions 1 and 2 being duly passed at the General Meeting, EIS/VCT Admission becoming effective on or before 8.00 a.m. on 27 November 2020 (or such later time and/or date as the Company and the Joint Brokers may agree, but in any event by no later than 8.00 a.m. on 29 January 2021) and General Admission becoming effective on or before 8.00 a.m. on 30 November 2020 (or such later time and/or date as the Company and the Joint Brokers may agree, but in any event by no later than 8.00 a.m. on 29 January 2021).

The Placing Agreement contains customary warranties from the Company in favour of the Joint Brokers in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify the Joint Brokers in relation to certain defined liabilities that it may incur in respect of the Fundraising.

The Joint Brokers have the right to terminate the Placing Agreement in certain circumstances prior to the Admissions, in particular, in the event of a material breach of the warranties given to the Joint Brokers in the Placing Agreement or a material adverse change affecting the business, financial trading position or prospects of the Company.

The Placing Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Placing and the Admissions including all legal fees (up to an agreed cap) and other professional fees and expenses.

The Placing Shares have not been made available to the public and have not been offered or sold in any jurisdiction where it would be unlawful to do so.

Details of the Subscription and Directors' participation

The Company has conditionally raised approximately £2.1 million (before expenses) through the issue of 3,192,307 new Ordinary Shares at the Issue Price, pursuant to the Subscription.

The Subscription has not been underwritten and, pursuant to the Subscription Letters, is conditional, *inter alia*, upon:

- (i) the Placing Agreement having become unconditional in all respects (save for the conditions relating to the Subscription) and not having been terminated;

- (ii) the Admissions occurring by not later than 8.00 a.m. on 30 November 2020 (or such later time and/or date as the Company and the Joint Brokers may agree, not being later than 29 January 2021).

Accordingly, if any such conditions are not satisfied or, if applicable, waived (if capable of waiver), the Subscription will not proceed.

Directors Neil Clark, Nick Rodgers, and Debra Barker have agreed to subscribe for an aggregate of 115,385 Subscription Shares as set out below.

<i>Director</i>	<i>Position</i>	<i>Current Number of Ordinary Shares</i>	<i>Current % Holding</i>	<i>Number of Shares subscribed for in the Fundraising</i>	<i>Resultant holding of the Enlarged Share Capital %*</i>
Neil Clark	Chief Executive Officer	–	–	38,462	0.06%
Nick Rodgers	Chairman	–	–	38,462	0.06%
Debra Barker	Non-Executive Officer	–	–	38,461	0.06%

*assuming full take-up of Open Offer Shares

In addition to the Directors' subscription outlined above, CMS Medical Ventures and A&B, existing shareholders of the Company, have each agreed to subscribe for 1,538,461 new Ordinary Share at the Issue Price. CMS and A&B will not take up any entitlements they have under the Open Offer.

Immediately following the Admissions, CMS and A&B will each hold an aggregate of 3,449,289 Ordinary Shares in the Company each representing 5.6 per cent. of the Enlarged Share Capital, respectively.

Details of the Open Offer

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders may subscribe for Open Offer Shares in proportion to their holding of Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer.

The Open Offer is conditional, *inter alia*, on the Placing becoming or being declared unconditional in all respect and not being terminated before the Admissions. The principal term of the Placing are:

- (i) Resolutions 1 and 2 being passed at the General Meeting;
- (ii) the Placing Agreement having become unconditional (save for General Admission) and not having been terminated in accordance with its terms prior to General Admission; and
- (iii) the Admissions becoming effective on or before 8.00 a.m. on 30 November 2020 (or such later date and/or time as the Company and the Joint Brokers may agree, being no later than 29 January 2021).

Basic Entitlement

On, and subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement has been calculated on the following basis:

1 Open Offer Share for every 14 Existing Ordinary Shares held at the Record Date

Basic Entitlements will be rounded down to the nearest whole number of Ordinary Shares.

Excess Entitlement

Qualifying Shareholders are also invited to apply for additional Open Offer Shares (up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer) as an Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be

apportioned between those Qualifying Shareholders who have applied for an Excess Entitlement at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

Qualifying CREST Shareholder stock accounts will be credited as soon as possible after 8.00 a.m. on 11 November 2020 with Basic and Excess Entitlements in such Qualifying CREST Shareholder's name as at the Record Date.

Shareholders with no basic entitlement cannot apply for excess shares.

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of the Admissions. The Open Offer is not underwritten.

Qualifying Shareholders should note that the Open Offer is not a “rights issue”. Invitations to apply under the Open Offer are not transferable unless to satisfy *bona fide* market claims. Qualifying non-CREST Shareholders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market nor will they be placed for the benefit of Qualifying Shareholders who do not apply for Open Offer Shares under the Open Offer.

Settlement and dealings

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected that EIS/VCT Admission will become effective at 8.00 a.m. on 27 November 2020 and General Admission will become effective at 8.00 a.m. on 30 November 2020.

Overseas Shareholders

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in, or who are resident or located in the United States or another Restricted Jurisdiction since to do so would require compliance with the relevant securities laws of that jurisdiction. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares which appears to the Company or its agents or professional advisers to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents or professional advisers believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of share certificates for Open Offer Shares outside the UK, or in the case of a credit of Open Offer Shares in CREST, to a CREST member whose registered address would not be in the UK.

Notwithstanding the foregoing and any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Part IV of this document together with the accompanying Application Form, in the case of Qualifying non-CREST Shareholders, contains the terms and conditions of the Open Offer.

If a Qualifying Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form or send a USE message through CREST.

Qualifying non-CREST Shareholders

If you are a Qualifying non-CREST Shareholder you will have received a personalized Application Form, which accompanies this document and which gives details of your Basic Entitlement (as shown by the number of the Open Offer Shares allocated to you). If you wish to apply for Open Offer Shares under the Open Offer you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4 of Part IV of this document and on the Application Form itself. The

completed Application Form, accompanied by full payment, should be returned by post, or by hand (during normal business hours only), to the receiving agent Link Group Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 24 November 2020.

Qualifying CREST Shareholders

Application will be made for the Open Offer Entitlements of Qualifying CREST Shareholders to be credited to stock accounts in CREST. It is expected that the Open Offer Entitlements will be credited to stock accounts in CREST on 11 November 2020. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. If you are a Qualifying CREST Shareholder, no Application Form is enclosed but you will receive credits to your appropriate stock account in CREST in respect of the Basic Entitlements to which you are entitled. You should refer to the procedure for application set out in paragraph 4 of Part IV of this document. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 24 November 2020.

6. Related Party Transactions

The issue of Subscription Shares to Neil Clark, Nick Rodgers, and Debra Barker constitutes a related party transaction pursuant to Rule 13 of the AIM Rules by virtue of their status as Directors of the Company. William Love, Shaun Claydon, Peter Morgan and Huaizheng Peng, being the independent directors for this purpose, consider, having consulted with the Company's nominated adviser, finnCap, that the terms of the Placing with such related parties is fair and reasonable insofar as the Company's Shareholders are concerned.

7. General Meeting

You will find set out at the end of this document a notice convening the General Meeting to be held at 48 Cleveland Walk, Bath BA2 6JT, UK on 26 November 2020 at 10.00 a.m. where the following Resolutions will be proposed:

Resolution 1 – An ordinary resolution, which is conditional upon the passing of Resolution 2, to authorise the Directors to allot New Shares in connection with the Fundraise.

Resolution 2 – A special resolution, which is conditional upon the passing of Resolution 1, which dis-applies statutory pre-emption rights in respect of the allotment of the New Shares in connection with the Fundraise.

The authorities and the powers described in Resolutions 1 and 2 above will (unless previously revoked or varied by the Company in general meeting) expire on the date 3 months from the passing of such Resolutions or at the conclusion of the next annual general meeting of the Company following the passing of the Resolutions, whichever occurs first. The authority and the power described in Resolutions 1 and 2 above are in addition to any like authority or power previously conferred on the Directors.

8. Risk Factors and Additional Information

The attention of Shareholders is drawn to the risk factors set out in Part II and the information contained in Parts IV and V of this document, which provide additional information on the Open Offer and the Company.

9. Action to be taken

In respect of the General Meeting

A Form of Proxy for use at the General Meeting is enclosed with this document. The Form of Proxy should be completed in accordance with the instructions printed thereon and returned to Link Group PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 25 November 2020.

If you hold your Existing Ordinary Shares in uncertificated form in CREST, you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of General Meeting at the end of this document. Proxies

submitted via CREST must be received by the issuer's agent (ID: RA10) by no later than 11.00 a.m. on 24 November 2020 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

Shareholders will not be allowed to attend the General Meeting in light of the Covid-19 situation and the Stay at Home measures that have been implemented by the UK Government. Consequently, anyone seeking to attend the General Meeting will be refused entry. The General Meeting will take place with the minimum necessary quorum of three shareholders which will be facilitated by the Company in line with the Government's social distancing advice. Shareholders are encouraged to complete and submit a Form of Proxy appointing the chairman of the General Meeting as their proxy with their voting instructions.

In respect of the Open Offer

Qualifying non-CREST Shareholders wishing to apply for Open Offer Shares or the Excess Shares must complete the enclosed Application Form in accordance with the instructions set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this document and on the accompanying Application Form and return it with the appropriate payment to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 11.00 a.m. on 24 November 2020.

If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4 of Part IV of this document by no later than 11.00 a.m. on 24 November 2020.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

10. Recommendation

Your Directors consider that the Fundraise and the authorities granted by the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own shareholdings of 7,885,000 Ordinary Shares, representing approximately 17.98 per cent. of the Company's current issued share capital.

Yours faithfully

Nick Rodgers

Chairman

PART II

RISK FACTORS

Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.

The following risk factors are all those known by the Directors which are considered to be material in their opinion. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business, financial condition and results of operations.

An investment in the Company may not be suitable for all recipients of this document. Qualifying Shareholders are advised to consult an independent financial adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

1. Risk Factors Relating to the Business and Operations of the Company

The Company will require additional financing in the long-term and may be unable to raise sufficient capital, which could lead it to delay, reduce or abandon development programmes for some of its product candidates.

The Company expects to incur further significant expenses in connection with its ongoing development activities in relation to its product candidates, including for funding pre-clinical and clinical studies, registration, manufacturing, business development, marketing, sales and distribution. As at 30 June 2020, the Company had capital resources consisting of cash, cash equivalents and investments in marketable securities of approximately £5.6 million. Research and development expenses, administrative expenses and payables are expected to increase significantly as the Company progresses its product candidates through clinical studies.

The Company does not expect to earn revenues from product sales unless and until its product candidates become commercially available. Because the outcome of any clinical trial is uncertain, the Company cannot reasonably estimate the actual costs involved in completing the development of any of its product candidates, including any future trials. The Company does not anticipate requiring additional funding prior to achievement of key clinical data points from the US Phase IIb trial of XF-73 and completion of Phase III preparation work for NTCD-M3. The Directors believe the proceeds from the Placing, together with the Company's existing cash resources, are sufficient to fund XF-73 and NTCD-M3 to the next stage of development.

The Company's future capital requirements depend on many factors, including:

- the results of the clinical trials for the Company's product candidates;
- the timing of, and the costs involved in, obtaining regulatory approvals for the Company's product candidates;
- the number and characteristics of any additional product candidates the Company develops or acquires;
- the scope, progress, results and costs of developing the Company's product candidates, and conducting pre-clinical and clinical trials;
- the cost of selling, partnering, commercialising or otherwise realising value on any product candidates approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing any product candidates the Company commercialises;
- the Company's ability to establish and maintain strategic collaborations, licensing or other arrangements and the terms of and timing of such arrangements;

- the degree and rate of market acceptance of any future approved products;
- the emergence, approval, availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing products or treatments;
- any product liability or other lawsuits related to the Company's product candidates;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- the costs associated with evaluation of the Company's product candidates;
- the costs associated with evaluation of third-party intellectual property;
- the costs associated with obtaining and maintaining licences;
- the costs associated with obtaining, protecting and enforcing intellectual property, such as costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, future approved products, if any.

Adequate additional financing may not be available to the Company when needed, on acceptable terms, or at all. If the Company is unable to raise capital when needed, or on attractive terms, the Company could be forced to delay, reduce or eliminate its development programmes. Any additional fundraising through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, may force the Company to relinquish certain valuable rights to its product candidates or future revenue streams or grant licences on terms that may not be favourable; any of which could restrict the Company's ability to realise value on a product candidate or operate as a business.

Risks associated with drug chemical synthesis, formulation, stability, toxicology, microbiology and other scientific, clinical and technical aspects of developing a pharmaceutical

Whilst the Company believes the necessary scientific and technical aspects required for successful product development are in place, there can be no assurance that future technical and clinical milestones can be delivered, including;

- Drug substance and formulated product scale up, stability and specification;
- Microbiological activity and no resistance profile;
- Toxicological evaluations;
- Regulatory acceptability of drug substance and formulated product; and
- Clinical safety and efficacy.

The Company's success depends on the market acceptance of current and new products

Whilst the Directors believe that a viable market for the Company's products exists, there can be no assurance that it will prove to be an attractive addition or alternative to existing market offerings. The development of a market for the Company's products is affected by many factors, some of which are beyond the Company's control, including: (i) the emergence of newer, more competitive products; (ii) the cost of the Company's products themselves; (iii) regulatory requirements; (iv) customer perceptions of the efficacy and effectiveness of its products; and (v) customer reluctance to buy a new product. If a market fails to develop or develops more slowly than anticipated, the Company may be unable to achieve profitability.

The Company's license partners may not be successful in their efforts to develop marketable products

Revenue from licensing and collaboration deals is dependent on future progression of programmes from the development stages and into the market. Once these programmes transfer to a partner for progression, there is a risk that a licensing deal may not deliver all the indicated milestones and terms due to product failure or a partner de-prioritising a product.

The Company may not be successful in its efforts to build a further pipeline of product candidates and develop marketable products

The Company is at the clinical and research stage of development and may not be successful in its efforts to use and to build a pipeline of product candidates and develop approved or marketable products. Technical risk is present at each stage of the discovery and development process with challenges in both chemistry and biology (including the ability to produce candidate drugs with appropriate safety, efficacy and usability characteristics). Additionally, drug development is a highly regulated environment which itself presents technical risk through the need for study designs and data to be accepted by regulatory agencies. Furthermore, there can be no guarantee that the Company will be able to, or that it will be commercially advantageous for the Company to, develop its intellectual property through entering into licensing deals with emerging, mid-size and large pharmaceutical companies.

If the Company experiences delays or difficulties in clinical studies, its receipt of necessary regulatory approvals could be delayed or prevented

The Company may encounter delays if a clinical trial is suspended or terminated by it, by the IRB of the institutions in which such trials are being conducted, by the trial's data safety monitoring board, or by the FDA, the EMA or other applicable regulatory authorities. Such authorities may suspend or terminate one or more of the Company's clinical trials due to a number of factors, including the Company's failure to conduct the clinical trial in accordance with relevant regulatory requirements or clinical protocols, inspection of the clinical trial operations or trial site by the FDA, the EMA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

If the Company experiences delays in carrying out or completing any clinical trial of its product candidates, the commercial prospects of its product candidates may be harmed, and its ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing clinical trials will increase the Company's costs, slow down product candidate development and approval process and jeopardise the Company's ability to commence product sales and generate revenues. Any of these occurrences may significantly harm the Company's business and financial condition, and there can be no assurance that any such development problems can be solved. In addition, many of the factors that cause, or lead to, a delay in the completion of clinical trials may also ultimately lead to the denial of regulatory approval of the Company's product candidates.

Positive results from early clinical studies in the Company's products are not necessarily predictive of the results of later clinical studies. If the Company cannot replicate the positive results from earlier clinical studies in its later-stage clinical studies, it may be unable to successfully develop, obtain regulatory approval for and commercialise its products

Positive results from early stage clinical studies may not necessarily be predictive of the results from later-stage clinical studies. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later-stage clinical trials after achieving positive results in early-stage development, and the Company cannot be certain that it will not face similar setbacks. These setbacks have been caused by, among other things, pre-clinical findings made while clinical trials were underway or safety or efficacy observations made in clinical trials, including previously unreported adverse events. Moreover, pre-clinical and clinical data is often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in pre-clinical studies and clinical trials nonetheless failed to obtain regulatory approval. If the Company fails to produce positive results in future clinical trials, the development timeline and regulatory approval and commercialisation prospects for its product candidates, and, correspondingly, its business and financial prospects, would be materially adversely affected.

The Company operates in a competitive environment

The antimicrobials market is highly competitive and rapidly changing. Competitors may have access to considerably greater financial, technical and marketing resources. New products may enter the market and make the Company's products obsolete or a competitor's products may be more effective, cheaper or more effectively marketed than the Company's products. A substantial increase in competition for any of these

reasons could require the Company to, for example, increase its marketing or capital expenditure or require the Company to alter its business model to remain competitive, either of which may have an adverse impact on the Company's business including its profitability and/or financial condition.

Acceptance of the Company's products in clinical settings

If the Company is unable to convince opinion leaders and health professionals of the benefits of its products, there could be weak penetration of the market, which might have a material adverse effect on the Company, its business, financial situation, growth and prospects. The slow adoption of new methods and treatments could result in timeframes being longer than anticipated by the Company.

Risks of medical change and medical obsolescence

The Company's products could be adversely impacted by the development of alternative medicines. There can be no assurance that the Company's products will not be rendered obsolete. In addition, there is no guarantee that the Company will be able to adapt existing medicines for future clinical applications and may not be able to gain traction, which will limit market potential.

Risks relating to IP and proprietary rights

The Company relies primarily on a combination of patents and proprietary knowledge, as well as confidentiality procedures and contractual restrictions to establish and protect its proprietary IP rights.

Whilst the Company seeks patent protection, where appropriate for its products and their uses, there can be no assurance that any existing patents, or patents which may be issued, will provide the Company with sufficient protection in the case of an infringement of its knowledge or that others will not independently develop medicines comparable or superior to that employed by the Company. There can be no assurance regarding the degree and range of protection any patents will afford against competitors and competing medicines, that any existing patents or patents which may be issued will provide any competitive advantage to the Company or that they will not be successfully challenged, invalidated, found unenforceable or circumvented in the future. In addition, there can be no assurance that competitors do not own and/or will not seek to apply for and obtain patents that will prevent, limit or interfere with the Company's ability to make, use and sell its potential products. The Company cannot predict whether the Company will need to initiate litigation or administrative proceedings, or whether such litigation or proceedings will be initiated by third parties against the Company, which may be costly and time-consuming, regardless of whether the Company wins or loses, and whether third parties claim that the Company's products infringe upon their rights.

The Company has entered into consultancy agreements with certain third parties. Although the Company has and will continue to take reasonable steps to ensure that any intellectual property created, designed or produced in the course of the delivery of the consultancy services will belong exclusively to the Company, there can be no assurance that third parties will not seek to claim rights over intellectual property developed by the Company and/or that disputes will not arise as to the proprietary rights to intellectual property that has been developed by the Company with the assistance of third parties.

The complexity and uncertainty of European patent laws has also increased in recent years. In addition, the European patent system is relatively stringent in the type of amendments that are allowed during prosecution and opposition proceedings. Changes in patent law or patent jurisprudence could limit the Company's ability to obtain new patents in the future that may be important for its business.

Risks relating to the protection and infringement of the Company's IP

If the Company is unable to obtain, maintain, defend or enforce the intellectual property rights covering its products, third parties may be able to make, dispose (or offer to dispose) of, use, import or keep products that would otherwise infringe the Company's patents and which would materially adversely affect the Company's ability to compete in the market. The Company cannot guarantee the degree of future protection that it will have in respect of its product candidates and technology. Patent protection is deemed by the Company to be of importance to its competitive position in its planned product lines and a failure to obtain or retain adequate protection could have a material adverse effect on the Company's business, prospects, financial condition and/or results of operations.

The Company's product candidates may infringe or may be alleged to infringe existing patents or patents that may be granted in the future. Neither the Company nor its patent advisors, Potter Clarkson LLP, has as yet conducted any comprehensive searches for third party patent rights of potential relevance to the Company's proposed commercial activities; the Company intends to commission such searches, and obtain formal freedom-to-operate (FTO) opinions, prior to launching its products on the market. As some patent applications in Europe and the US may be maintained in secrecy until the patents are issued, patent applications in Europe, the US and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often lag behind actual discoveries, the Company cannot be certain that others have not filed patents that may cover its technologies, its product candidates or the use of its product candidates.

Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Company's technologies, its product candidates or the use of its product candidates. As a result, the Company may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its product candidates and technology.

If the Company is sued for patent infringement, the Company would need to demonstrate that its product candidates or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and the Company may not be able to do this. If the Company is found to infringe a third party's patent, the Company could be required to obtain a licence from such third party to continue developing and marketing its product candidates and technology or the Company may elect to enter into such a licence in order to settle litigation or in order to resolve disputes prior to litigation. However, the Company may not be able to obtain any required licence on commercially reasonable terms or at all. Even if the Company is able to obtain a licence, it could be non-exclusive, thereby giving its competitors access to the same technologies licensed to the Company, and could require the Company to make substantial royalty payments.

The Company could also be forced, including by court order, to cease commercialising the infringing technology or product candidate. If the Company is found to infringe a third party's patent, the Company may also have to pay damages and/or redesign any infringing products, and redesigning any infringing products may be impossible or require substantial time and monetary expenditure. A finding of infringement could prevent the Company from commercialising its product candidates or force the Company to cease some of its business operations, which could materially harm its business. Further, if a patent infringement suit were brought against the Company, it could be forced to stop or delay research, development, manufacturing and/or sales of the product or product candidate that is the subject of the suit. Claims that the Company has misappropriated the confidential information or trade secrets of third parties could have a similarly negative impact on its business.

Any such claims, with or without merit, could be time consuming and expensive to defend or settle and could divert management resources and attention, which could materially adversely affect the Company's business, results of operations and/or financial condition. There may also be related costs implications and/or potential monetary damages to be paid and/or implications for the products marketed by the Company. Some of its competitors may be able to sustain the costs of complex patent or other litigation more effectively than the Company can because they have substantially greater resources.

Competitors may infringe the Company's patents. To counter infringement or unauthorised use, the Company may be required to file infringement claims, which can be expensive and time-consuming. In addition, in a patent infringement proceeding, a court may decide that a patent of the Company is invalid, unenforceable, and/or has not been infringed. An adverse result in any litigation or defence proceedings could put one or more of the Company's patents at risk of being invalidated or interpreted narrowly and could put any other of the Company's patent applications at risk of not issuing.

The Directors are not aware of any infringement by the Company's products and services of the intellectual property rights of any third parties. However, it is not possible to be aware of all third party intellectual property rights and limited freedom to operate searches have been conducted on behalf of the Company. Third parties may assert claims that the Company and/or the products or services it supplies infringe intellectual property rights or misuse confidential information belonging to them.

Risks relating to the disclosure of confidential information

The Company relies on trade secrets, confidential information and proprietary know-how, which it seeks to protect, in part, through confidentiality and proprietary information agreements. The Company has a policy of requiring advisers, contractors and third-party partners to enter into confidentiality agreements and its employees to enter into invention, non-disclosure and non-compete agreements. The Company may not be able to protect its trade secrets, confidential information and proprietary know-how adequately. There can be no assurance that such confidentiality or proprietary information agreements will not be breached, that the Company would have adequate remedies for any breach (in the event of any unauthorised use or disclosure of information, for example), or that the Company's trade secrets will not otherwise become known to or be independently developed by competitors. If any of the Company's trade secrets were to be independently developed by a competitor, the Company would have no right to prevent them, or those to whom they disclose such trade secrets, from using that technology or information to compete with the Company. If any of the Company's trade secrets were to be unlawfully disclosed to, or independently developed by a competitor or other third-party, relief may not be obtained and the Company's competitive position would be harmed. It may be possible for competitors or customers to copy one or more aspects of the products marketed by the Company or obtain information that the Company regards as proprietary.

No assurance can be given that the Company has entered into appropriate agreements with all parties that have had access to its trade secrets, confidential information and proprietary know-how. Furthermore, the Company cannot provide assurance that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, will not cause serious damage to its programmes and/or its strategy, by, for example, disclosing trade secrets, proprietary know-how or confidential information to its competitors. It is also possible that trade secrets, proprietary know-how or confidential information could be obtained by third parties as a result of breaches of its physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow the Company's competitors to learn confidential information and use it in competition against the Company. Any action to enforce the Company's rights against any misappropriation or unauthorised use and/or disclosure of trade secrets, proprietary know-how or confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

The Company may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties. The Company employs individuals who were previously employed at other companies. The Company may be subject to claims that it or its employees, consultants and/or independent contractors have inadvertently or otherwise used or disclosed confidential information of its employees' former employers or other third parties. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and if the Company does not prevail, the Company could be required to pay substantial damages and could lose rights to important intellectual property. Even if the Company is successful, litigation could result in substantial cost and be a distraction to its management and other employees.

Risks relating to the compatibility of the Company's products with third party products

The Company's products are being designed and developed with the intention that they are compatible with other medicines on the market such that the Company's products will be inserted within the working channel of the relevant scope. There can be no assurance that the Company's products will be compatible with existing and/or future medicines. If the Company's products are not compatible, the Company will be unable to generate product revenues, which would materially adversely affect its business, financial condition and/or result of operations.

Adverse decisions of a regulator, including tax authorities, or changes in tax treaties, laws, rules or interpretations could reduce or eliminate research and development tax relief that the Company may be eligible for in the UK

The Company carries out research and development activities in the U.K. and seeks to benefit from the U.K. research and development tax relief schemes: either the small and medium sized enterprises R&D relief, or the SME scheme, or the Research and Development Expenditure Credit, or the RDEC. Where available, under the SME scheme, the Company may (provided the Company is loss making) be able to surrender the trading losses that arise from its qualifying research and development activities for a payable

credit of up to 33.35 per cent. of qualifying expenditure or carry forward such losses for potential offset against future profits (subject to relevant restrictions). The U.K. government is currently consulting on a proposal for credit claims in excess of £20,000 that from April 1, 2021 the amount of payable credit that a qualifying loss-making SME business can receive through SME R&D relief in any one year will be capped at three times the company's and certain related parties' total pay-as-you-earn and National Insurance Contributions liability for that year, unless the company actively manages its intellectual property and does not outsource more than 10 per cent. of its R&D to a related party. This proposal is currently undergoing a second round of consultation but no legislation has yet been published. Where available, under the RDEC, the Company may (provided the Company is loss making) be able to claim a taxable credit at a rate of 13 per cent. of qualifying research and development expenditure. Qualifying expenditures largely comprise employment costs for research staff who are directly and actively involved in the R&D, consumables stores directly employed by the R&D activity and certain internal overhead costs incurred as part of research projects. The majority of the Company's research and development activities are eligible for inclusion within these R&D relief claims. The Company's ability to continue to claim U.K. research and development tax relief in the future may be restricted because it may no longer qualify as a small or medium-sized company.

The Company may benefit in the future from the U.K.'s "patent box" regime, which allows certain profits attributable to revenues from patented products (and other qualifying income) to be taxed at an effective rate of 10 per cent.. The Company is the exclusive licensee or owner of qualifying intellectual property which could be taxed at this tax rate. When taken in combination with the enhanced relief available on its research and development expenditures, the Company expects a long-term lower rate of U.K. corporation tax to apply to it. If, however, there are unexpected adverse changes to the U.K. research and development tax relief schemes or the "patent box" regime, or for any reason the Company is unable to qualify for such advantageous tax legislation, or it is unable to use net operating loss and tax credit carry forwards and certain built-in losses to reduce future tax payments then its business, results of operations and financial condition may be adversely affected.

Any change in the Company's tax status or in taxation legislation in any jurisdiction in which the Company operates could affect the Company's financial condition and results and its ability (if any) to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Requirement for additional financing to develop platform technology

The Company's financing requirements depend on numerous factors, including the rate of market acceptance of its technologies and its ability to attract customers. Some factors are outside of the Company's control. The Company may be unable to obtain adequate financing on acceptable terms, if at all, which could cause the Company to delay, reduce or abandon research and development programmes or hinder commercialisation of some or all of its products.

The Company may, in the medium term, need to raise additional capital, whether from equity or debt sources, to finance working capital requirements or to finance its growth through future stages of development. Any additional share issue may have a dilutive effect on Shareholders, particularly if they are unable or choose not to subscribe. Debt funding may require assets of the Company to be secured in favour of the lender, which security may be exercised if the Company were to be unable to comply with the terms of the relevant debt facility agreement. Further, there can be no guarantee or assurance that additional funding will be forthcoming when required, nor as to the terms and price on which such funds would be available. Any of the foregoing could have a material adverse effect on the Company's business, financial condition or operating results.

Dependence on key executives and personnel

The Directors believe that the future success of the Company will depend in part upon the expertise and continued service of certain key executives and technical personnel, including the Directors. Furthermore, the Company's ability to successfully develop commercial products will also depend on its ability to attract, retain and motivate suitable management, engineering, marketing and sales personnel.

Competition for these types of employees is often intense due to the limited number of qualified professionals. The departure of any of the Company's relatively small number of executive officers or other

key employees could have a negative impact on its operations. In the event that future departures of employees occur, the Company's ability to execute its business strategy successfully or to continue to develop its products could be adversely affected. The performance of the Company depends, to a significant extent, upon the abilities and continued efforts of its existing senior management. The loss of the services of any of the key management personnel or the failure to retain key employees could adversely affect the Company's ability to maintain and/or improve its operating and financial performance. The Company has attempted to reduce this risk by implementing share option schemes and entering into contracts, which contain limited non-competition provisions with key personnel. However, these measures do not guarantee that key personnel will stay employed with the Company.

Litigation and other adversarial actions in the ordinary course of business could materially adversely affect the Company

Although the Company is not currently subject to any material litigation, it may be subject to such litigation in the future. In addition, the Company may be subject to other disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from the Company's operations and may result in the Company having to pay monetary damages, any of which could have a material adverse effect on the Company's results of operations and financial condition. In addition, adverse legal publicity or substantial litigation against the Company could negatively impact its reputation, even if the Company is not found liable, which could also adversely impact the Company's business, prospects, results of operations and financial condition.

The Company's risk management procedures may fail to identify or anticipate future risks

Although the Directors believe that the Company's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that is publicly available or otherwise accessible to the Company. Failure (or the perception that the Company has failed) to develop, implement and monitor the Company's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which could have a material adverse effect on the Company's business, prospects, results of operations and/or financial condition.

If the Company is unable to establish sales, marketing and distribution capabilities, or enter into relationships for sales, marketing and distribution capabilities, the Company may be unable to realise value on its product candidates

Given the Company's stage of product development, it does not have any internal sales, marketing or distribution infrastructure or capabilities. For the Company to realise value on a product candidate, it must develop or acquire a sales and marketing organisation, outsource these functions to third parties or out-license to a partner with sales and marketing capabilities.

The Company may establish its own sales and marketing capabilities to promote a product candidate in the US, the European Union and other markets if and when such product is approved. Even if the Company establishes sales and marketing capabilities, it may fail to launch a product effectively or to market a product effectively given its limited experience in the sales and marketing of pharmaceutical products. In addition, recruiting and training a sales force is expensive and time-consuming and could delay any product launch. In the event that any such launch is delayed or does not occur for any reason, the Company may have prematurely or unnecessarily incurred these commercialisation expenses, and the Company's investment in such product may be lost if it cannot retain or reposition its sales and marketing personnel until they are needed.

Factors that may inhibit the Company's efforts to commercialise its product candidates on its own include:

- the Company's inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the lack of complementary products to be offered by sales personnel, which may put the Company at a competitive disadvantage relative to companies with more extensive product lines;

- unforeseen costs and expenses associated with creating an independent sales and marketing organisation; and
- costs of marketing and promotion above those anticipated by the Company.

If the Company enters into arrangements with third parties to perform sales and marketing services, the Company's product revenues or the profitability of these product revenues for the Company could be lower than if the Company were to market and sell or commercialise any products that it develops itself. In addition, the Company may not be successful in entering into arrangements with third parties to sell, commercialise or market its products or may be unable to do so on favourable terms. Acceptable third parties may fail to devote the necessary resources and attention to sell, commercialise and/or market the Company's products effectively.

If the Company does not establish sales and marketing capabilities successfully, either on its own or with third parties, it may not be successful in realising value on its product candidates.

The Company's product candidates may fail to achieve the broad degree of physician adoption and use and market acceptance necessary for commercial success

Even if the Company obtains FDA, EMA or other regulatory approvals for its product candidates, the commercial success of such products will depend significantly on their broad adoption and use by physicians and other medical professionals for approved indications.

The degree and rate of physician and patient adoption of a product candidate, if approved, will depend on a number of factors, including:

- the clinical indications for which the product candidate is approved;
- the safety and efficacy of the Company's product candidate as compared to existing therapies or newly developed therapies for those indications;
- the prevalence and severity of adverse side effects;
- patient satisfaction with the results and administration of the Company's product candidates and overall treatment experience, including relative convenience, ease of use and avoidance of, or reduction in, adverse side effects;
- patient demand for the treatment for approved indications;
- physician and patient willingness to adopt new therapies for approved indications;
- the cost of treatment in relation to alternative treatments, the extent to which these costs are reimbursed by third-party payers, and patients' willingness to pay for the Company's product candidates; and
- proper training and administration of the Company's products by medical staff.

If any of the Company's product candidates are approved for use but fail to achieve the broad degree of physician adoption and market acceptance necessary for commercial success, the Company's operating results and financial condition will be adversely affected.

Product development

Much of the Company's future revenues depend on its ability to continue to develop new products. All new product development has an inherent level of risk. New products may take longer to develop than planned, impacting potential future revenue, may require more resources than planned which will increase development costs and may pose technical challenges that the Company cannot solve.

Regulatory risk

The Company's products are regulated by national and regional medical regulations. Additionally, the Company is required to comply with ongoing regulatory requirements such as to maintain a quality system pursuant to these regulations which subjects it to periodic inspections, scheduled and unscheduled. Failure to pass an inspection, recall or the loss of clearance to market a particular product, could have an immediate and negative impact on the Company's revenues, prospects and its share price. The Company's prospects

for the foreseeable future will depend heavily on its ability to successfully obtain regulatory approval for its products in multiple jurisdictions (if regulatory approval can be obtained at all).

Following regulatory approval of the products, the products will be subject to post-market safety surveillance programmes and adverse event reporting in the relevant countries. Failure by the Company to comply with post-marketing regulatory requirements may result in the suspension of a regulatory approval, as well as civil and criminal sanctions. If there are potential safety concerns in relation to a product, the Company may be required to take further action to improve product safety, or even to remove the relevant product from the market.

The applicable rules, regulations and guidance in the various countries also change frequently and are subject to interpretation. Change of rules applicable to a new product filing or as related to a currently marketed product (including substantial changes to devices) could mean that the Company needs to conduct additional studies and re-submit products to the regulatory authorities for re-examination/re-assessment, which may impact the Company's ability to generate revenue in certain markets and the costs, timing or successful completion of a clinical study. Furthermore, if any examination/assessment is not favourable, the Company may not be able to continue to market and sell the product.

There is a risk that the Company's employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and/or applicable law. It is not always possible to identify and deter misconduct by employees, independent contractors, principal investigators, consultants, suppliers, commercial partners and vendors, and the precautions the Company takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting the Company from governmental investigations or other actions or claims stemming from a failure to be in compliance with such laws or regulations. If any such actions are initiated against the Company, and the Company is not successful in defending itself or asserting its rights, those actions could have a significant adverse impact on its business, including the imposition of significant fines or other sanctions, and its reputation.

Insurance

The Company's business will expose it to potential product liability and other legal risks related to its operations. Criminal and/or civil proceedings might be filed against the Company by study subjects, patients, the regulatory authorities, other companies and any other third party using or marketing its products. These actions could include claims resulting from acts by its partners, licensees (if any) and subcontractors, over which the Company has little or no control. Any such product liability claims may include allegations of manufacturing or quality defects in drug product, a failure to warn of dangers inherent in the products, negligence, strict liability and a breach of warranties. If the Company cannot successfully defend itself against product liability claims, it may incur substantial liabilities or be required to limit commercialisation of its products if approved. Even successful defence could require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in: decreased demand for its products due to negative public perception; injury to the Company's reputation or brands; withdrawal of clinical study participants or difficulties in recruiting new study participants; initiation of investigations by regulators; costs to defend or settle the related litigation; a diversion of management's time and its resources; substantial monetary awards to patients, study participants or subjects; product recalls, or withdrawals; labelling, and marketing or promotional restrictions; loss of revenues from product sales; and/or the inability to commercialise any of the Company's products, if approved.

There can be no assurance that product liability or other claims would not materially and adversely affect the business. Certain products planned for development by the Company and certain uses of these products may present greater risks than that presented by the Company's present product line.

While the Company maintains commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired level of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Company's insurance coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the

Company's earnings and competitive position in the future and, potentially, its financial position. The Company's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risk may, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Company's insurance policies. Any of the foregoing could have a material adverse effect on the Company's business, financial condition or operating results.

Health and safety and environmental issues ("HSE")

The Company's operations are, and will remain, subject to HSE requirements in the jurisdictions in which the Company conducts its business. Such HSE laws and regulations govern, among other matters, air emissions, wastewater discharges, solid and hazardous waste management and the use, composition, handling, distribution and transportation of hazardous materials. The cost of compliance with these requirements is expected to increase. These activities are mostly outsourced to third party contractors under the Company's virtual business model. Although the Directors believe that the Company's procedures comply with applicable regulations, any failure to comply with HSE laws and regulations could result in the Company incurring costs and/or liabilities, including as a result of regulatory enforcement, personal injury, property damage and claims and litigation resulting from such events, which could adversely affect the Company's results of operations and financial condition. Accidents or mishandling involving hazardous substances could cause severe or critical damage or injury to property and human health. Such an event could result in civil lawsuits and/or regulator enforcement proceedings, both of which could lead to significant liabilities. Any damage to persons, equipment or property or other disruption of the Company's business could result in significant additional costs to replace, repair and insure the Company's assets, which could negatively affect the Company's business, prospects, operating results and financial condition. The Company cannot predict the impact of new or changed HSE laws or regulations or other concerns or changes in the ways that such laws or regulations are administered, interpreted or enforced.

To the extent that any of the requirements impose substantial costs or constrain the Company's ability to expand or change its processes, the Company's business, prospects, operating results and financial condition may suffer as a result.

Reputation risk

The Company's reputation is central to its future success in terms of the services and products it provides, the way in which it conducts its business and the financial results which it achieves. Issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements, money-laundering, fraud prevention, privacy, record-keeping, sales and trading practices and the credit, liquidity, and market risks inherent in the Company's business. If the Company fails, or appears to fail, to deal with various issues that may give rise to reputational risk or if it fails to retain customers for any other reason, this could materially harm its business prospects.

Also, failure to meet the expectations of its customers, suppliers, employees, shareholders and other business partners may have a material adverse effect on the Company's reputation and future revenue.

Market risks and economic conditions

The Company may be affected by general market trends which are unrelated to the performance of the Company itself. The Company's success depends on market acceptance of the Company's solutions and services and there can be no guarantee that this acceptance will continue to be forthcoming. Market opportunities targeted by the Company may change and this could lead to an adverse effect upon its revenue and earnings.

Any economic downturn either globally or locally in any area in which the Company operates may have an adverse effect on the demand for the Company's products or services.

The Company has incurred losses since its inception and anticipates that it may continue to incur losses

To date, the Company has no positive operating cash flow and its ultimate success will depend on the Board's ability to implement the Company's strategy, generate cash flow and access sources of funding including equity markets. Whilst the Board is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Company does not expect

to generate any material income until its pipeline of programmes are further progressed commercially and, in the meantime, the Company will continue to expend its cash reserves. There can be no assurance that the Company's proposed operations will be profitable or produce a reasonable return, if any, on investment.

Failure or delay in completing clinical studies for any of the Company's product candidates may delay or even prevent it from obtaining regulatory approval or commercialising its product candidates

Clinical studies are typically expensive, complex and time-consuming, and have uncertain outcomes. Conditions in which clinical studies are conducted differ and results achieved in one set of conditions could be different from the results achieved in different conditions or with different subject populations. The Company, the FDA, the EMA and other applicable regulatory authorities or IRBs may suspend or terminate clinical studies of product candidates at any time if the subjects participating in such clinical studies are being exposed to unacceptable health risks or for other reasons.

Failure can occur at any stage of the testing and the Company may experience unforeseen events during, or as a result of, the clinical study process. Several factors could result in the failure or delay in completion of a clinical study, including but not limited to the following:

- delays or failures to raise additional funding;
- delays in securing clinical investigators or clinical study sites;
- delays or failures in obtaining sufficient clinical materials (for example, due to potential supply chain disruptions resulting from the Covid-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus);
- delays in obtaining institutional review board or other regulatory approvals to commence a clinical study;
- inability to monitor subjects adequately during or after treatment;
- inability to replicate or confirm in larger studies (such as Phase III studies) the safety and efficacy data obtained in studies to date;
- inability to agree upon protocols with the FDA, the EMA or other regulatory authorities;
- inability or unwillingness of patients or clinical investigators to follow its clinical protocols; and
- unexpected adverse events or results, or other safety issues.

Any such factors leading to a delay in the completion of a clinical study could require the Company to incur additional costs and would also delay receipt of any product revenues. Any failure to complete successfully a clinical study could result in the Company not receiving any product revenues with respect to the relevant product candidate at all.

The Company relies on third parties to enrol qualified subjects and conduct, supervise and monitor its clinical studies. Its reliance on these third parties for clinical development activities reduces its control over these activities. However, it does not relieve the Company of its regulatory responsibilities, including ensuring that its clinical studies are conducted in accordance with relevant regulations. Pre-clinical or clinical studies may not be performed or completed in accordance with relevant regulatory requirements or its study design.

Even if Phase II and Phase III clinical trials are completed in accordance with relevant regulatory requirements, the Company would not be permitted to market any product candidate in the US until it received approval of a new drug application (NDA) or Biologics License Application (BLA) from the FDA, or in any other countries until the Company receives the requisite approval from the respective regulatory agencies in such countries, and the Company may never obtain regulatory approval for its product candidates in any jurisdiction. To gain approval of an NDA or other equivalent regulatory approval, the Company must provide the FDA or other relevant regulatory authority with clinical data that demonstrates, among other things, the safety, efficacy, purity and potency of the product for the intended indication. The Company also may be required to perform additional or unanticipated clinical trials to obtain approval or be subject to additional post-marketing testing requirements to maintain regulatory approval. In addition, regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution in the form of a modified risk evaluation and mitigation strategy.

The Company's current plans for commercialising its product candidates depend on it meeting current estimates for the timing of completing clinical studies.

United Kingdom exit from the European Union

Following the United Kingdom's exit from the European Union on 31 January 2020 ("Brexit") and entrance into the transition period, there are still many uncertainties regarding the United Kingdom's future relationship with the EU which could have a significant negative impact on the Company. The extent of the impact will depend in part on the nature of the arrangements if any that are put in place between the UK and the EU at the end of the transition period and, the extent to which the UK continues to apply laws that are based on EU legislation from 1 January 2021. In addition, the macroeconomic effect of Brexit on the Company's business is unknown. As such, it is not possible to state the impact that Brexit would have on the Company. It could also potentially make it more difficult for the Company to operate its business in the EU as a result of the increase in tariffs or taxes and/or more burdensome regulations being imposed on UK companies (such as changes in applicable legislation affecting the regulatory pathway of the Company's products, both in Europe and in the UK). This could restrict the Company's future prospects and adversely impact its financial condition.

Covid-19

The global economic outlook is facing uncertainty due to the current Covid-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange.

To date, the Covid-19 pandemic has not had any material impact on the Company's operations apart from delaying recruitment in the ongoing Phase IIb clinical study in the period from March to August. However, any infections occurring on the Company's premises could result in the Company's operations being suspended, which may have an adverse impact on the Company's operations as well as adverse implications on the Company's future cash flows, profitability and financial condition. Supply chain disruptions resulting from the Covid-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the Covid-19 pandemic, also adversely impact the Company's operations, financial position and prospects. The Company has implemented a Covid-19 mitigation plan in order to minimise the risk of infection for individuals and will continue to review and update its Covid-19 mitigation plan and update its plan based on the latest guidance from health professionals and the government as the situation develops.

Force majeure

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, terrorist attacks, computer viruses, telecommunications failures, power loss, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

2. Risks Relating to the Company's Securities

General

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets as part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Conditionality of the Placing

The Placing is conditional, *inter alia*, upon the new Ordinary Shares having being allotted, the Admissions becoming effective and the Placing Agreement becoming unconditional in all respects and the License Agreement having been entered into and not having been terminated, varied or amended. In the event that

certain conditions to which the Admissions are subject are not satisfied or, if capable of waiver, waived, then such Admissions will not occur.

VCT

The qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company and the relevant VCT investor throughout the relevant period (generally five years from the date of the issue of the VCT Placing Shares). Neither the Company, its directors nor the Company's advisers give any warranties, representations or undertakings that VCT qualifying status will be available or that, if initially available, such status will not be subsequently withdrawn. Should the law change, then any qualifying status previously obtained may be lost.

Circumstances may arise (which may include the sale of the Company) where the Directors believe that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such status claimed by any Shareholder.

If the Company does not employ the proceeds of a VCT's share issue for qualifying purposes within two (2) years, the funds invested by the VCT would be apportioned *pro rata* and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holdings.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

If the Company ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Company's activities and which is a non-qualifying trade for VCT purposes, this could prejudice the qualifying status of the Company (as referred to above) at any time that a VCT is an investor in the Company. This situation will be monitored by the Directors with a view to preserving the Company's qualifying status but this cannot be guaranteed.

Any company receiving aid through any Government State aid scheme, that would include from VCTs and under the EIS, individually or combined, that amounts to a value above the annual investment limit currently shown at section 292A(1) of the Income Tax Act 2007 (£10 million per annum for knowledge intensive companies and £5 million per annum in any other case) is at risk of the European Commission deeming the aid to be illegal, and bears the risk of sanctions imposed by the European Commission to recover that aid.

Enterprise Investment Scheme

The Company has applied for advance assurance from HMRC that the EIS Placing Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such provisional advance assurance and submission of such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the EIS Placing Shares throughout the relevant three year period.

The continuing status of the EIS Placing Shares as qualifying for EIS purposes will be conditional on certain qualifying conditions being satisfied throughout the relevant statutory periods.

Neither the Company, the Directors nor the Company's advisers give any warranty, representation or undertaking that any investment in the Company by way of EIS Placing Shares will remain a qualifying investment for EIS purposes. Investors must take their own advice and rely on it. If the Company carries on activities beyond those disclosed to HMRC, then EIS investors may cease to qualify for the tax benefits. Circumstances may arise (which may include the sale of the Company) where the Directors believe that the interests of the Company are not best served by acting in a way that preserves EIS qualifying status. The Company cannot undertake to conduct its activities in a way designed to secure or preserve any such status claimed by any Shareholder.

3. General Market Risks

Share price volatility and liquidity

The share price of quoted emerging companies can be highly volatile and shareholding illiquid. Investors should be aware that, following the Admissions, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Company's actual financial, trading or operational performance. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares (or the perception that the same may occur), legislative changes and market, economic, political or regulatory conditions. The share price for publicly traded companies can be highly volatile and may go down as well as up and the market price of the Ordinary Shares may not reflect the underlying value of the Company. The Admissions to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following the Admissions. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such Ordinary Shares.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed.

The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.

The rules of AIM are less demanding than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Prospective investors should, therefore, be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List and may not reflect the underlying value of the net assets of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Current operating results as an indication of future results

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely on comparisons with the Company's results to date as an indication of future performance. Factors that may affect the Company's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, slower than expected sales and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Company's operating results may fall below the expectations of market analysts or investors. If this occurs, the trading price of the Ordinary Shares may decline significantly.

Dilution of ownership of Ordinary Shares

Shareholders' (who are not Placees) proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing. In addition, to the extent that Shareholders do not take up the offer of Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the ordinary share capital of the Company will, following the Admissions, be reduced accordingly. Subject to certain exceptions,

Shareholders with registered addresses in, or who are resident or located in, the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

Dividends

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and Shareholders and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Forward-looking statements

Some of the statements in this document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Company's business). These statements include forward-looking statements both with respect to the Company and the sectors and industry in which the Company operates. All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual performance to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in this Part II of this document which should be read in conjunction with the other cautionary statements that are included in this document.

Any forward-looking statements in this document reflect the Company's or, as appropriate, the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise, unless required by the AIM Rules and Disclosure Guidance and Transparency Rules, as appropriate. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Foreign exchange rate fluctuations may adversely affect the Company's results

The Company records its transactions and prepares its financial statements in pounds sterling, but substantial proportion of the Company's expenditure is expected to be in US dollars as well as smaller amounts in Euros and other currencies. To the extent that the Company's foreign currency assets and liabilities are not matched, fluctuations in exchange rates between pounds sterling, the US dollar and the Euro and to a lesser extent, other currencies, may result in realised or unrealised exchange gains and losses on translation of the underlying currency into pounds sterling that may increase or decrease the Company's results of operations and may adversely affect the Company's financial condition, each as stated in pounds sterling.

Future capital raisings may not be successful

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline. The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

Valuation of shares

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Market perception

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

Suitability

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. An investment in the Company involves a high degree of risk and may not be suitable for all recipients of this document. Prospective investors are advised to consult a person authorised by the FCA (or, if outside the UK, another appropriate regulatory body) before making their decision.

PART III

SOME QUESTIONS AND ANSWERS ON THE FUNDRAISE

The questions and answers set out in this Part III are intended to be in general terms only and, as such, you should read Part IV of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part III deals with general questions relating to the Placing and the Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part IV of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is a placing and an open offer?

A placing and an open offer are ways for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for specifically identified investors also to acquire a certain number of shares at the same price (a placing). The fixed price is normally at a discount to the market price of the existing ordinary shares on the business day prior to the announcement of the placing and the open offer.

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, up to 3,133,228 Open Offer Shares at a price of 65 pence per New Share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address in, or located in, the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 14 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Basic Entitlements. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

2. Am I eligible to participate in the Placing?

Unless you are a Placee, you will not be eligible to participate in the Placing.

3. I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to apply to acquire Open Offer Shares under the Open Offer?

If you have received an Application Form and, subject to certain exceptions, are not a holder with a registered address in or resident or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares on or before 7.00 a.m. on 10 November 2020 (the Ex-entitlement Date for the Open Offer).

4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in and are not resident or located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form with this document.

That Application Form shows:

- how many Existing Ordinary Shares you held at close of business on the Record Date;
- how many Open Offer Shares are comprised in your Basic Entitlement; and
- how much you need to pay if you want to take up your right to subscribe for your Basic Entitlement to the Open Offer Shares.

If you have a registered address or are resident or located in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed application form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four business days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?

5.1 If you want to take up all of your Basic Entitlement?

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the completed Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 4 of your Application Form), payable to Link Market Services Limited Re Destiny Pharma Plc Open Offer A/C crossed account payee in the reply paid envelope provided, by post, or by hand (during normal business hours only), to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive by no later than 11.00 a.m. on 24 November 2020. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this document and in the Application Form.

5.2 If you want to take up some but not all of your Basic Entitlement?

If you want to take up some but not all of you Basic Entitlement, you should write the number of Open Offer Shares you want to take up in Box 5 of your Application Form; for example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box 5.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '500') by 65 pence, which is the price of each Open Offer Share (giving you an amount of £325 in this example). You should write this amount in Box 8, and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to Link Market Service Limited Re Destiny Pharma Plc Open Offer A/C and crossed "A/C payee only", in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive by no later than 11.00 a.m. on 24 November 2020, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in Part IV of this document and in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you by no later than within 5 business days of General Admission.

5.3 ***If you want to apply for more than your Basic Entitlement?***

Provided that you have agreed to take up your Basic Entitlement in full, you can apply for further Excess Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 5 which must be the number of Open Offer Shares shown in Box 3. You should then write the number of Excess Shares you wish to apply for under the Excess Application Facility in Box 6 and then complete Box 7 by adding together the numbers you have entered in Boxes 5 and 6.

To work out how much you need to pay for the Open Offer Shares you are applying for, you need to multiply the number of Open Offer Shares shown in Box 7 by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box 8, rounding up to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount payable to Link Market Service Limited Re Destiny Pharma Plc Open Offer A/C and crossed "A/C payee only", in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive by no later than 11.00 a.m. on 24 November 2020, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope.

You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

5.4 ***If you do not want to take up your Open Offer Entitlement***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. The Open Offer Shares you could have taken up will not be issued by the Company to you or for your benefit. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you are not a Placee and you do not take up any of your Open Offer Entitlement, then following the Fundraise, your interest in the Company will be diluted, although you should note that even if a

Qualifying Shareholder subscribes for his full entitlement to the Open Offer Shares, his proportionate interest in the Company will be diluted by the issue of New Shares pursuant to the Placing.

6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part IV of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to apply for under their Open Offer Entitlement and should contact their CREST member should they not receive this information.

7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 6 November 2020 and who have converted them to certificated form;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 7.00 a.m. on 10 November 2020 but were not registered as the holders of those shares at the close of business on 6 November 2020; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Link Group on 0371 664 0321. 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 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?

If you buy or have bought Existing Ordinary Shares after the Record Date but before the ex-entitlement date, you are likely to be able to participate in the Open Offer in respect of those Existing Ordinary Shares.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

9. What if I change my mind?

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 4 of Part IV of this document.

10. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 8 of the Application Form?

If you want to spend more than the amount set out in Box 4 you should divide the amount you want to spend by 65 pence (being the price in pence of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £500 you should divide £500 by 65 pence, which comes to 769.23. You should round that up to 770 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 770) in Box 7. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 770) by 65 pence and then fill in that amount rounded up to the nearest whole penny (in this example being £500.50), in Box 8 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying non-CREST Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

If you want to spend less than the amount set out in Box 4, you should divide the amount you want to spend by 65 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by 65 pence. You should round that down to the nearest whole number (in this example, 153), to give you the number of shares you want to take up. Write that number (in this example, 153) in Box 5. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 153) by 65 pence and then fill in that amount rounded up to the nearest whole penny (in this example being £99.45) in Box 8 and on your cheque or banker's draft accordingly.

12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold Existing Ordinary Shares directly and you sold some or all of your Existing Ordinary Shares before close of business on 6 November 2020, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sold any of your Existing Ordinary Shares before 7.00 a.m. on 10 November 2020, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

13. I hold my Existing Ordinary Shares in certificated form. How do I pay?

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a bank or building society account in the UK in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. Cheques should be drawn on a sole or joint personal account of the Qualifying Shareholder who is applying for the Open Offer Shares. The funds should be made payable to Link Market Services Limited Re Destiny Pharma Plc Open offer A/C. In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted. Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added their branch stamp.

14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your Open Offer Entitlement, your proportionate ownership and voting interest in the Company will be reduced (in addition to the reduction caused by the Placing).

15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form and monies by post in the enclosed reply-paid envelope (from within the United Kingdom) by post or by hand (during normal business hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You should allow at least four business days for delivery if using first class post or the reply-paid envelope within the United Kingdom. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 24 November 2020. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?

It is expected that the Registrars will post all Open Offer Share certificates within 5 business days of General Admission.

18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 2 on page 1 of the Application Form) is incorrect?

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before 7.00 a.m. on 10 November 2020 but were not registered as the holder of those shares on the Record Date for the Open Offer (close of business on 6 November 2020), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 7.00 a.m. on 10 November 2020.

19. Will the Fundraise affect dividends (if any) on the Existing Ordinary Shares?

The New Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

20. Will I be taxed if I take up my entitlements?

Information on taxation in the United Kingdom with regard to the Open Offer is set out in paragraph 5 of Part V of this document. This information is intended to be only a general guide to certain UK tax considerations and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.

21. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are resident or located in the United States or another Restricted

Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV of this document.

22. How do I transfer my entitlements into the CREST system?

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 4.2 of Part IV of this document for details on how to apply and pay for the Open Offer Shares.

23. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part IV of this document)?

If you are a Qualifying non-CREST Shareholder, you may not need to follow these procedures if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution. Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 5 of Part IV of this document for a fuller description of the requirements of the Money Laundering Regulations.

PART IV

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in Part I of this document, the Company is proposing to issue 14,615,378 Placing and Subscription Shares pursuant to the Placing and Subscription and up to a further 3,133,228 Open Offer Shares pursuant to the Open Offer.

Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at 65 pence per share, being the same price per share as in the Placing. The Placing Shares are not subject to clawback and do not form part of the Open Offer.

4.7 per cent. to the 60-day volume weighted average price of 68.3 pence per Existing Ordinary Share (as at 6 November 2020), which reflects the strong momentum in the share price, that has risen over three-fold since late July. This document and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

2. The Open Offer

Subject to the terms and conditions set out below and in the Application Form, the Company invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

1 Open Offer Share for every 14 Existing Ordinary Shares

held by them and registered in their names at close of business on 6 November 2020, the Record Date, and so in proportion to any other number of Existing Ordinary Shares then held.

A Qualifying Shareholder who holds Existing Ordinary Shares in certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating entitlements under the Open Offer.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of Open Offer Shares.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Basic Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 3 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements credited to their stock account in CREST. The action to be taken in relation to the Open Offer depends on whether you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer or have your Open Offer Entitlement credited to your stock account in CREST.

Qualifying Shareholders are also invited to apply for additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available under the Open Offer. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for Excess Entitlements at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

If you have received an Application Form with this document please refer to paragraph 4.1 of this Part IV.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.2 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) may be admitted to

CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

The Existing Ordinary Shares are admitted to AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that admission of the Open Offer Shares will become effective on 30 November 2020 and that dealings in the Open Offer Shares will commence at 8.00 a.m. on that date.

The Existing Ordinary Shares are already enabled for settlement in CREST. No further application for admission to CREST is required for the Open Offer Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST as Ordinary Shares.

Application will be made for the Open Offer CREST Entitlements to be enabled for settlement in CREST. The conditions to such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 30 November 2020. The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued. Further details of the rights attaching to the Existing Ordinary Shares are set out in the Articles which are available on the Company's website (www.destinypharma.com).

3. Conditions of the Open Offer

The Open Offer is conditional upon the Placing Agreement becoming unconditional in all respects. The Placing Agreement is conditional, *inter alia*, on:

- the passing of Resolutions 1 and 2 at the General Meeting;
- the Placing Agreement not being terminated prior to the Admissions and becoming and otherwise having become unconditional in all respects; and
- the Admissions becoming effective on or before 8.00 a.m. on 30 November 2020 (or such later date and/or time as the Company and the Joint Brokers may agree, being no later than 29 January 2021).

If these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will lapse and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of Open Offer Shares will be returned (at the applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter. Lapsing of the Open Offer cannot occur after dealings in the Open Offer Shares have begun.

4. Procedure for application and payment

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

If a Qualifying CREST Shareholder is a CREST-sponsored member they should refer to their CREST sponsor if they wish to apply for all or some of their entitlement under the Open Offer, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the

Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4.1 ***If you have an Application Form in respect of your Open Offer Entitlement***

4.1.1 *General*

Subject as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Basic Entitlement (on an initial *pro rata* basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your initial *pro rata* entitlement should you wish to do so. You may also apply for additional Open Offer Shares by completing Boxes 6 and 7 on the Application Form relating to Excess Entitlement as long as you have taken up all your basic entitlement.

Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 3,133,228, applications for Open Offer Shares will be scaled back at the discretion of the Directors. The instructions and other terms set out in the Application Form are part of the terms of the Open Offer in relation to Qualifying non-CREST Shareholders.

4.1.2 *Market claims*

Applications for the Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, being 10 November 2020. Application Forms may be split up to 3.00 p.m. on 20 November 2020.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 7.00 a.m. on 10 November 2020, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the transferee pursuant to the rules of the London Stock Exchange. Qualifying non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States, Australia, Canada, Japan, the Republic of South Africa or any other Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2 below.

4.1.3 *Application procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the

appropriate remittance, by post to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only), so as to arrive no later than 11.00 a.m. on 24 November 2020. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer.

If any Application Form is sent by first class post or using the reply-paid envelope within the United Kingdom, Qualifying non-CREST Shareholders are recommended to allow at least four business days for delivery. The Receiving Agent, on the Company's behalf, may elect to accept Application Forms and remittances after 11.00 a.m. on 24 November 2020 in respect of those bearing a post mark of before that date and time. The Receiving Agent may also (on behalf of the Company) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Receiving Agent, on behalf of the Company, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 24 November 2020 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares applied for, and undertaking to lodge the relevant Application Form in due course but, in any event, within two business days.

4.1.4 *Payments*

All payments must be in pounds sterling and cheques or banker's drafts should be made payable to Link Market Services Limited Re Destiny Pharma Plc Open Offer A/C and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the British Isles which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in the top right hand corner. Eurocheques will not be accepted. Cheques should be drawn on the personal account to which you have sole or joint title to funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder on the back of the cheque or draft (which should match the name detailed on page 1 of the Application Form) and have added the branch stamp.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be payable. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company and/or the Receiving Agent (on the Company's behalf) may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. Application monies will be paid into a separate non-interest bank account pending the Open Offer becoming unconditional. In the event that the Open Offer does not become unconditional the Open Offer will lapse and application monies will be returned to relevant applicants (at the applicants' risk) without interest either by first class post as a cheque to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn as soon as practicable.

4.1.5 *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such information or representation not so contained; and
- represent and warrant that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should take no action and not complete or return the Application Form.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to completion of the Application Form by Qualifying non-CREST Shareholders under the Open Offer should be addressed to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, telephone Link Group on 0371 664 0321. 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 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

4.2 ***If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

4.2.1 *General*

Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements will therefore also be rounded down. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility.

The CREST stock account to be credited will be the account under the participant ID and member account ID which holds the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be enabled for settlement in CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 11 November 2020 or such later time as the Company (with Brokers consent) may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited (or due to be credited) to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures

referred to below. Should you need advice with regard to these procedures, please contact Link Group on 0371 664 0321. 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 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

4.2.2 *Market claims*

Each of the Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

4.2.3 *USE instructions*

CREST members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

4.2.4 *Content of USE instructions in respect of the Basic Entitlement*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BMVLLF71;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent. This is 20995DES;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 24 November 2020; and

- (ix) the corporate action number for the Open Offer. This will be available on viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 24 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 24 November 2020 in order to be valid is 11.00 a.m. on that day.

4.2.5 *Content of USE instruction in respect of Excess Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Entitlements for which application is being made;
- (ii) the ISIN of the Excess Entitlements. This is GB00BMVLLG88;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 20995DES;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Entitlements referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 24 November 2020; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 24 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 24 November 2020 in order to be valid is 11.00 a.m. on that day.

4.2.6 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as set out in an Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 24 November 2020.

In particular, having regard to normal processing times in CREST and, on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 19 November 2020, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 18 November 2020, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 24 November 2020.

4.2.7 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 24 November 2020 will constitute a valid application under the Open Offer.

4.2.8 *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 24 November 2020. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.2.9 *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;

- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction(s) refunding any unutilised sum to the CREST member in question.

4.2.10 *Effect of a valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, satisfy the obligation of the CREST member to pay to the Company the amount payable on application);
- request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- represent and warrant that he or she is not and nor is he or she applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- confirm that in making such application he or she is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part of it or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained therein; and
- represent and warrant that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

4.2.11 *The Company's discretion as to rejection and validity of applications. The Company may in their discretion:*

- treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part IV;
- accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent have received actual notice from Euroclear of any of the matters specified in regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means

of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

4.2.12 *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 30 November 2020 or such later time and date as finnCap, the Company and Brokers may agree, being not later than 29 November 2020, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

5. Money Laundering Regulations

5.1 Holders of Application Forms

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment, and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of the Open Offer Shares as referred to in the Application Form (for the purposes of this paragraph 5.1 (the “relevant shares”)) shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which the Receiving Agent shall in its absolute discretion determine).

If the application is treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchasers or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations being satisfied. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion or as a result of any sale of relevant shares. Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within

a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant.

Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has inserted details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added either their branch stamp or have provided a supporting letter confirming the source of funds.

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- A. if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank inserting details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the cheque or draft and adding either their branch stamp or providing a supporting letter confirming the source of funds; or
- B. if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the financial action task force (the non- European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the gulf co-operation council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to in this paragraph B or any other case, the applicant should contact the Receiving Agent;
- C. if (an) Application Form(s) is/are in respect of relevant shares is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

5.2 **Open Offer Entitlements in CREST**

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. Overseas Shareholders

6.1 General

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any Open Offer Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving credits of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements into any jurisdiction when to do so would or might contravene local securities laws or regulations, including the United States and the other Restricted Jurisdictions.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the agent or nominee of such person, he or she must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6. The Company, the Joint Brokers and the Receiving Agent reserve the right to reject an Application Form or transfer of Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

The Company, the Joint Brokers and the Receiving Agent reserve the right in their absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company, the Joint Brokers and the Receiving Agent and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, the Joint Brokers and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in pounds sterling.

6.2 United States

The Open Offer Shares and the Open Offer Entitlements have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and, accordingly, subject to certain exceptions, may not be offered, sold, taken up, delivered or transferred in or into the United States. Subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are resident or located in, the United States, may not participate in the Open Offer. Neither this document nor the Application Form constitutes or will constitute or form any part of an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Entitlements or Open Offer Shares in the United States. An Application Form will not be sent to any Shareholder located in or having a registered address in the United States. Unless otherwise agreed by the Company in its sole discretion, Application Forms sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration

outside the United States. No Open Offer Entitlements will be credited to a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Unless otherwise agreed by the Company at its discretion, any person completing an Application Form or applying for Open Offer Shares will be required to represent that such person (i) is not resident or located in the United States or any other Restricted Jurisdiction; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (iii) is not exercising for the account of any person who is located in the United States, unless (a) the instruction to exercise was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that it is acquiring the Open Offer Shares in an “offshore transaction” within the meaning of Regulation S (as promulgated under the Securities Act); and (iv) is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into or within the United States or any of the other Restricted Jurisdictions.

6.3 *Restricted Jurisdictions*

Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, any Restricted Jurisdictions will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements. The Open Offer Shares have not been, and will not be, registered under the relevant laws of any Restricted Jurisdictions or any state, province or territory of them and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdictions or to, or for the account or benefit of, any person with a registered address in, or who is located, resident or ordinarily resident in, or a citizen of, any Restricted Jurisdictions except pursuant to an applicable exemption. Subject to certain exceptions, no offer of Open Offer Shares is being made by virtue of this document and/or the Application Form into any Restricted Jurisdictions.

6.4 *Jurisdictions other than the Restricted Jurisdictions*

Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlement(s) will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or any other Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

7. Taxation

A summary general guide to certain aspects of current UK tax legislation is provided at paragraph 3 of Part V of this document. If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

8. Admission, settlement, dealings and publication

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to AIM, subject to the fulfilment of the conditions of the Open Offer. It is expected that admission of the Open Offer Shares to trading on AIM will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 30 November 2020. In the case of Qualifying Shareholders wishing to hold Open Offer Shares in certificated form, definitive certificates in respect of the Open Offer Shares will be issued free of stamp duty and are expected to be despatched by post by 7 December 2020. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 24 November 2020 (the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described in this document are satisfied, Open Offer Shares will be issued in uncertificated form

to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from the General Admission (expected to be 30 November 2020). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company (with the consent of the Brokers) reserves the right to send you an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form. The completion and results of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known, expected to be on or about 26 November 2020.

9. Governing law

The terms and conditions of the Open Offer as set out in this Part IV and each Application Form shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document and an Application Form. By taking up their entitlements under the Open Offer in accordance with the instructions set out in this document and (where applicable) an Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. Other information

Your attention is drawn to the letter from your Chairman which is set out in Part I of this document which contains, *inter alia*, information on the reasons for the Placing and the Open Offer, to the Risk Factors in Part II and to the further information set out in Part V of this document.

11. Dilution

The share capital of the Company in issue at the date of this document will be increased by approximately 28.8 per cent. as a result of the Fundraise. Qualifying Shareholders who do not take up any of their Basic Entitlement will suffer a reduction of approximately 28.8 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following the Admissions. Qualifying Shareholders who take up all or part of their Open Offer Entitlement will still suffer dilution upon the Admissions due to completion of the Placing.

12. Availability of this document

Copies of this document will be available free of charge at the registered office of the Company and on the Company's website at www.destinypharma.com during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the Admissions.

Destiny Pharma plc

(Incorporated and registered in England and Wales under number 03167025)

(the “Company”)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the Company will be held at 48 Cleveland Walk, Bath, BA2 6JT at 10.00 a.m. on 26 November 2020 for the purposes of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution of the Company.

In this Notice, words and defined terms shall have the same meaning as words and defined terms in the Circular to which this Notice is attached.

RESOLUTIONS

Ordinary Resolutions

1. THAT, conditional on the passing of Resolution 2, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act (in addition to all existing authorities conferred upon the Directors pursuant to section 551 of the Act which shall continue in full force and effect), to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “Relevant Securities”) provided that this authority shall be limited to:
 - (a) the allotment of up to 11,423,071 new ordinary shares of £0.01 each in the capital of the Company in connection with the Placing (as defined in the Circular);
 - (b) the allotment of up to 3,192,307 new ordinary shares of £0.01 each in the capital of the Company in connection with the Subscription (as such term is defined in the Circular);
 - (c) the allotment of up to 3,133,228 new ordinary shares of £0.01 each in the capital of the Company in connection with the Open Offer (as such term is defined in the Circular),

provided that such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company or the date 3 months after the date of passing of this resolution, whichever is the earlier, except the Directors may before such expiry, revocation or variation make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry, revocation or variation and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

Special Resolutions

2. THAT, conditional on the passing of Resolution 1 above (and in addition to all existing unexercised powers of the Directors under sections 570 and 571 of the Act, which shall continue in full force and effect) the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by Resolution 1 above as if section 561 of the Act did not apply to any such allotment, provided that such power shall be limited to:
 - (a) the allotment of 11,423,071 new ordinary shares of £0.01 each in the Capital of the Company in connection with the Placing;
 - (b) the allotment of 3,192,307 new ordinary shares of £0.01 each in the Capital of the Company in connection with the Subscription; and

(c) the allotment of 3,133,228 new ordinary shares of £0.01 each in the Capital of the Company in connection with the Open Offer,

provided that such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company or the date 3 months after the date of passing of this resolution, whichever is the earlier.

10 November 2020

By order of the Board

Sussex Innovation Centre
Science Park Square
Falmer
Brighton
BN1 9SB

Registered in England and Wales No. 03167025

Notes

- 1 A member entitled to attend and vote at the General Meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions is enclosed. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. To be valid, a Form of Proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Link Group, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF not later than 10.00 a.m. on 25 November 2020.
- 3 An abstention (or "vote withheld") option has been included on the Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the member concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.
- 4 To be effective, the proxy vote can be submitted at www.signalshares.com so as to have been received by the Company's registrars. not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:
 - cast your vote
 - change your dividend payment instruction
 - update your address
 - select your communication preference.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 6 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy, or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 7 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).
- 8 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
- 9 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 10 The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- 11 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.30 p.m. on 6 November 2020 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.30 p.m. on 6 November 2020 (or after 6.30 p.m. on the day which is two days before any adjourned meeting, excluding non-working days) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 12 As at 9 November 2020 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 43,865,195 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 9 November 2020 were 43,865,195.

- 13 Any corporation which is a member can appoint one or more corporate representatives. Each representative may exercise on behalf of the corporation the same powers as the corporation could exercise if it were an individual member of the Company provided that they do not do so in relation to the same Ordinary Shares. It is therefore no longer necessary to nominate a designated corporate representative.
- 14 A copy of this notice of meeting, is available on the Company's website at www.destinypharma.com under 'investors: regulatory news'.
- 15 Shareholders, proxies and authorised representatives will be required to provide their names and addresses for verification against the register of members and proxy appointments received by the Company before entering a General Meeting. Each authorised representative must produce proof of his or her appointment, in the form of the actual appointment or a certified copy. Other than this, there are no procedures with which any such persons must comply in order to attend and vote at the meeting. However, note that Shareholders will not be allowed to attend the General Meeting in light of the Covid-19 situation and the Stay at Home measures that have been implemented by the UK Government. Consequently, anyone seeking to attend the General Meeting will be refused entry. The General Meeting will take place with the minimum necessary quorum of three shareholders which will be facilitated by the Company in line with the Government's social distancing advice. Shareholders are encouraged to complete and submit a Form of Proxy appointing the chairman of the General Meeting as their proxy with their voting instructions.
- 16 Shareholders, proxies and authorised representatives may raise questions at the meeting concerning any business being dealt with at the meeting and will receive answers, except that a question need not be answered where it would interfere unduly with the conduct of the meeting, would involve the disclosure of confidential information, where the answer has already been given on a website in the form of an answer to a question or where it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

