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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**Destiny Pharma plc**

**("Destiny" or the "Company")**

**Fundraising to raise up to £11.5 million**

**and**

**Acquisition of NTCD-M3, a phase III ready asset for prevention of *C. difficile* infection**

Brighton, United Kingdom - 9 November 2020: Destiny Pharma plc (AIM:DEST) a clinical stage biotechnology company focused on the development of novel products to prevent life threatening infections, today announces a fundraise of up to £11.5 million (before expenses) comprising the Placing, Subscription and Open Offer.

The Fundraising will allow Destiny Pharma to acquire the global rights to NTCD-M3, a Phase III ready asset for prevention of *C. difficile* infection (CDI) recurrence (the "**Acquisition**"). Funds will also enable the completion of Phase III clinical trial preparations, primarily CMC and clinical planning as well as providing additional working capital.

*C. difficile* is the leading cause of hospital acquired infection in the U.S. and poor treatments lead to recurrence. In the US, there are approx. 500,000 cases of CDI each year; 25% of these initial cases then recur leading to 29,000 deaths per year. Current CDI treatment options are limited, with lower efficacy observed when patients are retreated with the same antibiotic for recurrence of CDI.

NTCD-M3 is a potential breakthrough in CDI treatment which has completed a Phase II trial of 173 patients. Clinical data for NTCD-M3 appears superior to current treatments and drugs in development for the treatment of the recurrence of *C. difficile* infection.

By acquiring the global rights for NTCD-M3, Destiny Pharma extends its microbiome portfolio alongside the SPOR-COV COVID-19 asset that was added in September 2020. The acquisition strengthens the Company's focus on the prevention of infections and is in line with the Board's strategy to build a world leading anti-infection Company.

The Company has conditionally placed 11,423,071 new ordinary shares of one pence each ("**Ordinary Shares**") in the capital of the Company (the "**Placing Shares**") at a price of 65 pence per Placing Share (the "**Issue Price**") to raise approximately £7.4 million (before expenses), (the "**Placing**").

The Company also announces a subscription of 3,192,307 Ordinary Shares of the Company (the "**Subscription Shares**") at the Issue Price to raise approximately £2.1 million (before expenses) (the "**Subscription**").

In addition to the Placing and Subscription, Qualifying Shareholders will be given the opportunity to subscribe for an aggregate of up to 3,133,228 new Ordinary Shares (the "**Open Offer Shares**" and, together with the Placing and Subscription Shares, the "**New Shares**") at the Issue Price through an Open Offer to raise up to £2.0 million (before expenses), (the "**Open Offer**", and together with the Placing and Subscription, the "**Fundraising**").

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 CDI recurrence. Funds will also enable the completion of Phase III clinical trial preparations, primarily CMC and clinical planning as well as providing additional working capital.

## Highlights

- Placing and Subscription to raise £9.5 million (before expenses) through the issue of 14,615,378 new Ordinary Shares at the Issue Price, the Placing split between EIS/VCT Shares and General Placing Shares.
- The net proceeds of the Fundraising will be used for the Acquisition, the associated Phase III clinical trial preparation costs and for general working capital requirements.
- The New Shares, assuming full take-up of the Open Offer, will represent approximately 28.8 per cent. of the Enlarged Share Capital following the Admissions.
- 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, that has risen over three-fold since late July.
- Certain of the directors of the Company (the "**Directors**" or the "**Board**") and CMS Medical Ventures and A&B intend to subscribe for, in aggregate, 3,192,307 Ordinary Shares in the Subscription.
- The Fundraising is conditional upon the approval of the Company's shareholders. In addition, the issue of certain of the Placing Shares (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 General Placing Shares is conditional upon General Admission and the EIS/VCT Admission.
- General Meeting to approve the resolutions (the "**Resolutions**") required to implement the Fundraising is to be held as a closed meeting with the minimum number of Shareholders legally required to be present, and will be held at 48 Cleveland Walk, Bath, BA2 6JT at 10 a.m. on 26 November 2020 (the "**General Meeting**"). A detailed timetable of events is set out in Appendix I of this Announcement.

The person responsible for arranging the release of this Announcement on behalf of the Company is Shaun Claydon, Chief Financial Officer and Company Secretary of the Company.

## Neil Clark, CEO of the Company commented:

*"We are delighted to announce this transaction which is a perfect fit with our strategic aim of developing novel treatments that prevent serious infections. The NTCD-M3 programme targets the prevention of the recurrence of C. difficile infection and has been developed through the world leading research of Professor Dale Gerding. We are very pleased that he will join Destiny Pharma as a key consultant and member of our Scientific Advisory Board as we prepare for the Phase III clinical trial. NTCD-M3 is a potential breakthrough in CDI treatment targeting a market that is forecast to grow to \$1.7 billion by 2026. It is a novel, late-stage clinical asset that expands our pipeline alongside XF-73 which is in Phase IIb for the prevention of post-surgical infections and is expected to report results in the first quarter of 2021."*

finnCap Limited ("**finnCap**") is acting as nominated adviser and joint broker in connection with the Placing and, WG Partners LLP ("**WG**" and, together with finnCap, the "**Joint Brokers**") is acting as joint broker.

The Company intends to publish and send a shareholder circular (the "**Circular**") to Shareholders in connection with the Open Offer on or around 10 November 2020. The Circular will be available from the Company's website ([www.destinypharma.com](http://www.destinypharma.com)) once published.

The person responsible for arranging the release of this Announcement on behalf of the Company is Shaun Claydon, Chief Financial Officer and Company Secretary of the Company.

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**This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement.**

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The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, the Joint Brokers or any of their respective affiliates, agents, directors, officers, consultants, partners or employees ("**Representatives**") that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Brokers to inform themselves about and to observe any such restrictions.

This Announcement or any part of it is for information purposes only and does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States, Australia, Canada, the Republic of South Africa or Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares in the United Kingdom or the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not require the approval of the relevant communication by an authorised person.

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By participating in the Bookbuilding Process and the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") by making an oral, electronic or written and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix. Members of the public are not eligible to take part in the Placing and no public offering of Placing Shares is being or will be made.

This Announcement may contain, or may be deemed to contain, "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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No statement in this Announcement is intended to be a profit forecast or estimate, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The New Shares to be issued pursuant to the Fundraising will not be admitted to trading on any stock exchange other than the AIM market of the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

#### **Information to Distributors**

**Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Brokers will only procure investors who meet the criteria of professional clients and eligible counterparties.**

**For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.**

**Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.**

The following is an extract from the Chairman's letter to be set out in substantially the same form in the Circular.

**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 General 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 the Circular. 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 the Circular 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 the Circular.**

## **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% 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% 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  $10^7$  spores per oral dose for 7 days, showed a recurrence rate of only 5% compared to a placebo rate of 30%. 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
<b>Total</b>		<b>£9.5 million</b>

### **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 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 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 and Subscription.

### ***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 Advanced 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 the Circular. 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 the Circular 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.

<b>Director</b>	<b>Position</b>	<b>Current Number of Ordinary Shares</b>	<b>Current % Holding</b>	<b>Number of Shares subscribed for in the Fundraising</b>	<b>Resultant holding of the Enlarged Share Capital %*</b>
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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 the Circular, 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. 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 the Circular 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.

The Circular, 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 the Circular 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 the Circular 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 the Circular. 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 the Circular 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. Action to be taken

### *In respect of the General Meeting*

A Form of Proxy for use at the General Meeting is enclosed with the Circular. 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.

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 two 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 the Circular 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 4TUnk Group, 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 the Circular. The relevant CREST instructions must have settled in accordance with the instructions in the Circular 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 the Circular and the Open Offer.

## 9. 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.

## APPENDIX I – 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 bona fide 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.*

*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.*

### APPENDIX III – SHARE CAPITAL AND FUNDRAISE STATISTICS

Issue Price for each New Share	65 pence
Number of Existing Ordinary Shares in issue	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.

## APPENDIX II – DEFINITIONS

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

<b>Act</b>	the Companies Act 2006 (as amended)
<b>A&amp;B</b>	A&B (HK) Company Limited, a company with a controlling shareholder in common with CMS
<b>Admissions</b>	EIS/VCT Admission and General Admission
<b>Advance Assurance</b>	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
<b>AIM</b>	the market of that name operated by the London Stock Exchange
<b>AIM Rules</b>	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
<b>Application Form</b>	the application form relating to the Open Offer and enclosed with the circular for use by Qualifying non-CREST Shareholders
<b>Articles</b>	the articles of association of the Company in force
<b>Basic Entitlement(s)</b>	the <i>pro rata</i> entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in the circular
<b>Board or Directors</b>	the directors of the Company
<b>Circular</b>	this circular
<b>CMS or CMS Medical Ventures</b>	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)
<b>Company or Destiny Pharma</b>	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
<b>CREST</b>	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
<b>CREST member</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
<b>CREST participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3875), as amended

<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
<b>EEA</b>	the European Economic Area
<b>EIS</b>	Enterprise Investment Scheme
<b>EIS Placing Shares</b>	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
<b>EIS/VCT Admission</b>	admission of the EIS/VCT Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>EIS/VCT Placing Shares</b>	the EIS Placing Shares and the VCT Placing Shares
<b>Enlarged Share Capital</b>	the issued Ordinary Share capital of the Company immediately following the Admissions, assuming the maximum number of New Shares are issued
<b>EU</b>	the European Union
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Excess Entitlement(s)</b>	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
<b>Excess Application Facility</b>	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
<b>Excess CREST Open Offer Entitlement</b>	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 scale back in accordance with the provisions in the Circular
<b>Excess Shares</b>	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Basic Entitlement
<b>Ex-entitlement Date</b>	the date on which the Existing Ordinary Shares are marked ‘ex’ for entitlement under the Open Offer being 10 November 2020
<b>Existing Ordinary Shares</b>	the 43,865,195 Ordinary Shares in issue as at the date of announcement being the entire issued share capital of the Company prior to the Fundraise
<b>FCA</b>	the Financial Conduct Authority of the UK
<b>finnCap</b>	finnCap Ltd, the Company’s Nominated Adviser and Joint Broker

<b>Form of Proxy</b>	the form of proxy which accompanies the Circular for use in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>Fundraising or Fundraise</b>	together the Placing, the Subscription and the Open Offer
<b>General Placing Shares</b>	the 3,639,783 new Ordinary Shares to be issued pursuant to the General Placing
<b>General Admission</b>	admission of the General Placing Shares and the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>General Meeting</b>	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
<b>HMRC</b>	Her Majesty's Revenue & Customs
<b>ISIN</b>	International Securities Identification Number
<b>Issue Price</b>	65 pence per New Share
<b>Joint Brokers</b>	finnCap and WG Partners
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Link Group</b>	A trading name of Link Market Services
<b>Money Laundering Regulations</b>	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended
<b>New Shares</b>	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)
<b>Notice of General Meeting</b>	the notice convening the General Meeting
<b>NTCD-M3 or the Acquisition</b>	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
<b>Open Offer</b>	the conditional invitation to Qualifying Shareholders to apply for the Open Offer Shares at the Issue Price on the terms and conditions and, where relevant, in the Application Form
<b>Open Offer Entitlements</b>	entitlements for Qualifying Shareholders to subscribe for Open Offer Shares pursuant to the Basic Entitlement and the Excess Entitlement
<b>Open Offer Shares</b>	up to 3,133,228 new Ordinary Shares to be issued pursuant to the Open Offer
<b>Ordinary Shares</b>	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
<b>Overseas Shareholders</b>	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in Restricted Jurisdictions
<b>Placees</b>	any person who has agreed to subscribe for Placing Shares

<b>Placing</b>	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
<b>Placing Agreement</b>	the conditional agreement between the Company the Joint Brokers
<b>Placing Shares</b>	the EIS/VCT Placing Shares and the General Placing Shares to be issued pursuant to the Placing
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA
<b>Publicly Available Information</b>	any information published by the Company using a Regulatory Information Service
<b>Qualifying CREST Shareholders</b>	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
<b>Qualifying Non-CREST Shareholders</b>	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in certificated form
<b>Qualifying Shareholders</b>	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
<b>Record Date</b>	6 November 2020
<b>Regulatory Information Service</b>	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
<b>Resolutions</b>	the resolutions set out in the Notice of General Meeting
<b>Restricted Jurisdictions</b>	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
<b>Securities Act</b>	the United States Securities Act of 1933, as amended
<b>Shareholders</b>	registered holders of Ordinary Shares
<b>Subscribers</b>	Neil Clark, Nick Rodgers and Debra Barker, each a Director, CMS Medical Ventures and A&B
<b>Subscription</b>	the conditional direct subscription for Subscription Shares at the Issue Price in accordance with the Subscription Letters
<b>Subscription Letters</b>	the subscription letters between the Company and the Subscribers
<b>Subscription Shares</b>	the 3,192,307 new Ordinary Shares to be issued pursuant to the Subscription
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland

<b>uncertificated or in uncertificated form</b>	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
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>USE</b>	unmatched stock event
<b>VCT</b>	Venture Capital Trusts
<b>VCT Placing Shares</b>	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
<b>WG Partners</b>	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.