Realm Therapeutics plc
("Realm Therapeutics", "Realm" or the "Company" and together with its subsidiaries, the "Group")

Interim Financial Results and Clinical Development Update

Strong Progress with Two Investigational New Drug Applications Cleared to Enter Phase II Trials and Conditional Fundraise of £19.3 million ($26 million)

21 September 2017 – Realm Therapeutics plc (AIM: RLM), a clinical stage biopharmaceutical company focused on leveraging its proprietary immunomodulatory technology, is pleased to provide a clinical development update on its two lead programmes, PR022, for the treatment of Atopic Dermatitis (AD), and PR013, for the treatment of Allergic Conjunctivitis (AC), and its interim financial results for the six months ended 30 June 2017.

The Company also announced separately today that it has successfully secured funding commitments to raise gross proceeds of £19.3 million ($26 million) through a placing (the "Placing") with new and existing investors, including a number of healthcare specialist funds based in the U.S. The Placing is conditional on shareholder approval, among other things, and a general meeting has been convened to seek approval for the transaction. (See separate announcement.)

Alex Martin, Chief Executive Officer of Realm, commented:

"We have made significant progress so far in 2017, completing two major milestones by filing INDs for Atopic Dermatitis and Allergic Conjunctivitis, both of which are now cleared by the FDA to enter Phase II clinical studies. The trials are expected to begin by the end of this year with initial top-line read outs by mid-2018. We look forward to updating the market on first patient dosing in our two lead programmes.

"We are also excited to be reporting separately on the conditional fundraising of £19.3 million ($26 million) backed by some of the world's leading healthcare investors. The funds being raised, combined with our current resources, will advance our AD and AC programmes, fund a proof-of-concept study in Acne Vulgaris and allow us to further evaluate other pipeline candidates."

CLINICAL DEVELOPMENT HIGHLIGHTS

PR022 for Atopic Dermatitis (AD):

- Filed the Company's first Investigational New Drug application (IND) for AD treatment with the U.S. Food and Drug Administration (FDA) in January 2017
- FDA cleared the Company's AD IND to enter a Phase II trial in February 2017
- Phase IIa clinical trial expected to begin Q4 2017; top-line data readout expected in mid-2018
- Presented two pre-clinical posters at Dermatology Innovation Forum in February 2017
    - Demonstrating significant anti-itch properties of the active ingredient in PR022
    - Supporting linkage between the active and reduced expression of key cytokines associated with AD and related inflammation

PR013 for Allergic Conjunctivitis (AC):

- Submitted IND application to the FDA for AC in August 2017
- FDA cleared IND to enter Phase II clinical trial in September 2017
- Phase IIb clinical trial anticipated to begin by year-end; top-line data readout expected in mid-2018
- Presented a pre-clinical data poster at the World Congress on Inflammation in July 2017 demonstrating efficacy and safety of PR013

CORPORATE AND FINANCIAL HIGHLIGHTS

- Cash and cash equivalents were $15.6 million as at 30 June 2017 (as at 31 December 2016: $21.4m)
- Investments in Research & Development (R&D) related to Continuing Operations* increased to $3.0 million (H1 2016: $1.6m) primarily driven by increased investment in research, formulation and clinical development, and regulatory activities to support two INDs
- G&A expenses in Continuing Operations* of $1.6 million were consistent with prior year (H1 2016: $1.5m)
- Royalty revenue increased to $0.6 million (H1 2016: $0.3m royalty revenue; $0.1m other revenue) due to higher underlying sales on which royalties are earned and contractual minimums from a distribution arrangement for the Company's Wound Care product
- During the first half of 2017, Alex Martin, CEO, presented at various investor and clinical conferences

** Continuing Operations comprise the Group's drug development activities, Wound Care business and costs associated with operating Realm Therapeutics plc. On 7 October 2016, Realm Therapeutics sold its Supermarket Retail business for gross proceeds of $13.5 million. Accordingly, the Supermarket Retail business' operational results for the periods ended 30 June 2016 and 31 December 2016 are presented in the Consolidated Statement of Comprehensive Income as Discontinued Operations. The Consolidated Statement of Cash Flows for the periods ended 30 June 2016 and 31 December 2016 reflect the Supermarket Retail business results and the sale within operating and investing activities.*

H1 Results and Business Update Conference Call

The Company will hold a conference call on Monday 25 September 2017, at 2 pm BST (9 am ET; 6 am PT) to discuss clinical development and financing plans and to review the H1 2017 results. To participate in the call, please use the dial-in details below:

United Kingdom Toll: +44 3333000804
United Kingdom Toll-Free: 08003589473
US Toll-Free: +1 855 85 70686
US Toll: +1 6319131422
URL for international dial in number
http://events.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf
PIN: 99120141#

Enquiries:

Realm Therapeutics plc Alex Martin, Chief Executive Officer Marella Thorell, Chief Financial Officer and Chief Operating Officer	**+44 (0) 20 3727 1000**
FTI Consulting Simon Conway / Mo Noonan	**+44 (0) 20 3727 1000**
N+1 Singer (Nominated Adviser & Broker) Aubrey Powell / Lauren Kettle	**+44 (0) 20 7496 3000**

This announcement contains reference to inside information, relating to the Placing, for the purposes of Article 7 of EU Regulation 596/2014 ("MAR"). Market soundings, as defined in MAR, were taken in respect of the Placing, with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and in the announcement of the Placing, referred to in this announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

About Realm Therapeutics
Realm Therapeutics is a clinical-stage biopharmaceutical company focused on developing novel immunomodulatory therapies to protect and improve the lives of adults and children. The Company has initiated drug development programmes, based on its proprietary hypochlorous acid technology at high concentrations. The Company believes its

formulations have novel immunomodulatory activity with potential application for the treatment of diseases in a number of therapeutic areas, including Dermatology and Ophthalmology.

About Atopic Dermatitis (AD)
AD, a serious form of eczema, is a chronic, relapsing, inflammatory disease characterised by itchy, inflamed skin, which poses a significant burden on patients' quality of life and on the overall health care system. Patients with AD have impaired function of their skin barrier, and this, combined with skin damage as a result of the intense itching and scratching associated with the disease, makes them at risk for secondary infections due to colonisation with pathogenic bacteria (particularly Staphylococcus aureus) and changes in the skin microbiome. AD affects up to 20% of children and up to 3% of adults and prevalence numbers continue to increase.

About Allergic Conjunctivitis (AC)
AC is an inflammatory disease of the conjunctiva, the membrane covering the white part of the eye, caused primarily from a reaction to an allergen such as pollen, or pet dander, or other environmental antigens, and affects up to 40% of the United States population and up to 20% of the population of Europe and Japan, including children. This inflammation results in redness, acute itching, tearing and associated nasal symptoms. Approximately 30% of AC patients do not adequately respond to the current standard of care.

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

Business Review

Realm Therapeutics is a clinical-stage biopharmaceutical company focused on developing novel immunomodulatory therapies to protect and improve the lives of adults and children. The Company has initiated drug development programmes based on its proprietary hypochlorous acid technology at high concentrations. The Company believes its formulations have novel immunomodulatory activity with potential application for the treatment of diseases in a number of therapeutic areas, including Dermatology and Ophthalmology.

The Company's Investigational New Drug (IND) application for PR022 for Atopic Dermatitis (AD), which was filed in January 2017, was allowed to proceed by the U.S. Food and Drug Administration (FDA) into a Phase IIa trial for patients with AD, which is expected to begin in Q4 2017. The Phase IIa trial will be a randomised, double-blind, vehicle-controlled, multi-centre, parallel-group study to assess the safety and efficacy of multiple doses of PR022 in 120 adult patients with mild-to-moderate AD in the US. Based on outcomes of this study, the Company intends to conduct a Phase IIb study to include adolescent patients with the goal to incorporate paediatric patients in its pivotal Phase III trials. A top-line readout for the Phase IIa programme is expected in mid-2018. Estimated peak year sales could meet or exceed $1 billion in the US alone, based on market analysis and company estimates.

Following clearance received from the FDA in September 2017 for Realm's IND for PR013 for Allergic Conjunctivitis (AC), the Company plans to initiate a Phase IIb trial in the U.S. for patients aged 10 years and older with AC. The trial will be a multi-centre, double-blind, randomised evaluation of the effectiveness of PR013 topical ophthalmic drops, compared to vehicle for the treatment of AC using a modified Conjunctival Allergen Challenge Model (Ora-CAC®) in approximately 90 subjects. For the past three decades, the Ora-CAC® model has been the accepted standard for the successful development of novel treatments of AC in the U.S. The majority of FDA approved treatments for AC used the Ora-CAC® model as the basis for their approval. If a certain level of clinical efficacy is demonstrated in the Phase IIb trial, it could become one of the two pivotal trials needed for FDA approval. The Phase IIb trial is expected to start by the end of 2017 and top-line readouts are expected in mid-2018. PR013 has estimated peak year sales of approximately $400 million in the US, based on market analysis and indications of superiority to standard of care demonstrated in Company pre-clinical models.

R&D investment is expected to increase in the second half of 2017 upon commencement of the AD and AC clinical studies.

Outlook

The Company also announced today that it has successfully secured funding commitments to raise gross proceeds of £19.3 million ($26 million) through a conditional placing with new and existing investors, including a number of healthcare specialist funds based in the U.S. The Company intends to use the net proceeds of the fundraising to advance its two lead programmes, explore its pipeline opportunities, as well as support general corporate purposes. The results of the initial Phase II trials in AD and AC will inform the prioritisation of further investments in those two indications as well as allocation of additional investments in pipeline candidates.

While the initial clinical development focus is on AD and AC and the commencement of those trials later this year, the Company is also exploring other potential applications in Dermatology and Ophthalmology, including the development of a formulation for Acne Vulgaris, PR023. The Company intends to initiate a Phase II Proof of Concept (POC) study in Acne using the proceeds from the fundraise. Acne is a chronic inflammatory skin disease that affects approximately 85% of people between the ages of 12 and 24. The Company has significant pre-clinical data showing the immunomodulatory and anti-inflammatory effects of its product both in vivo and in vitro, including IL-1b TNF-α, IL-6, and IL-12 all of which are implicated in Acne. Realm's formulations of hypocholorous acid have also demonstrated significant in vitro anti-microbial properties, which may prove beneficial in the treatment of Acne. The Company expects to leverage the IND for AD, already cleared by the FDA, to file an IND application for Acne.

While the other pipeline indications are in the early stage of evaluation, Realm believes that the anti-inflammatory and immunomodulatory properties of its formulations demonstrated to date provide scientific rationale for exploring other indications and will further evaluate the potential applications through pre-clinical models and other research. With the Company's current resources supplemented by the net proceeds expected from the placing, the Board believes that Realm is well-positioned to advance its two lead programmes while expanding its portfolio of other potential indications, all supported by its proprietary core technology.

Financial Review

As at 30 June 2017, cash and cash equivalents were $15.6 million (31 December 2016: $21.4m) with no debt (31 December 2016: $nil).

Total cash used by the Group during the six months ended 30 June 2017 was $5.9 million, primarily driven by investments in R&D and the pay-down of $1.8 million in liabilities related to the sale of the Supermarket business and general operations. During H1 2017, R&D spend was focused on formulation and clinical development related to the manufacturing development of PR022 and PR013 and toxicology and other studies to support the Company's two IND submissions. During H1 2016, Realm used $2.7 million of cash comprising $2.2 million for Continuing Operations (driven by the Company's investment in R&D) and the balance for Supermarket Retail/Discontinued Operations.

Royalty revenue increased to $0.6 million (H1 2016: $0.3m) due to higher underlying sales from which royalties are earned and contractual minimums from the distribution arrangement for the Company's Wound Care product. Other revenue was nil in 2017 (H1 2016: $0.1m).

Operating expenses for the Continuing Operations* increased to $4.6 million (H1 2016: $3.1m). This was driven by increased investments in research, formulation and clinical development and regulatory activities in support of the Company's two INDS of $3.0 million (H1 2016: $1.6m) and flat spending in G&A of $1.6 million (H1 2016: $1.5m).

EBITDA** loss for the Continuing Operations* was $3.8 million (H1 2016 loss: $2.5m) primarily due to increased investments in R&D.

The Company's Supermarket Retail business, presented as Discontinued Operations, was sold on 7 October 2016. For the six months ended 30 June 2016, Supermarket Retail revenue was $10.8 million, operating expenses were $3.5 million and EBITDA* profit was $1.5 million.

** Continuing Operations comprise the Group's drug development activities, Wound Care business and costs associated with operating Realm Therapeutics plc. As at 30 June 2016 and 31 December 2016, the Company's Supermarket Retail business was presented in the financial statements as Discontinued Operations.*
*** Earnings before interest, tax, depreciation, and share based payment expense.*

FINANCIAL STATEMENTS

Continuing operations primarily comprises investments in advancing the Company's drug development programmes and royalty revenue from the out-license of the Wound Care product. The Company's Supermarket Retail business, which was sold 7 October 2016, is presented as Discontinued Operations.

Consolidated Statement of Comprehensive Income

For the six-month periods ended 30 June 2017 and 2016 and the 12-month period ended 31 December 2016

	For the six months ended		For the year ended
	30 June 2017 Unaudited **$**	**30 June 2016** Unaudited **$**	**31 December 2016** Audited **$**
CONTINUING OPERATIONS *			
Revenue	**618,921**	361,840	866,937
Cost of sales	**-**	(47,366)	(120,906)
Gross Profit	**618,921**	314,474	746,031
Research and development expenses	**(2,999,461)**	(1,620,130)	(5,049,043)
General and administrative expenses	**(1,570,780)**	(1,451,062)	(3,003,910)
Total Operating Expenses	**(4,570,241)**	(3,071,192)	(8,052,953)
Loss from Continuing Operations before Interest and Tax	**(3,951,320)**	(2,756,718)	(7,306,922)
Finance income	**18,466**	-	2,875
Net Finance income	**18,466**	-	2,875
Loss from Continuing Operations before Taxation	**(3,932,854)**	(2,756,718)	(7,304,047)
Taxation expense on Continuing Operations	**-**	(15,260)	(26,612)
Loss from Continuing Operations	**(3,932,854)**	(2,771,978)	(7,330,659)
PROFIT FROM DISCONTINUED OPERATIONS, NET OF TAX			
Profit from Discontinued Operations including Gain on Sale	**-**	1,051,650	6,823,418
Loss Attributable to Equity Holders of the Parent	**(3,932,854)**	(1,720,328)	(507,241)
Items that Are or May Be Reclassified to Profit and Loss:			
Foreign currency translation differences for foreign operations	**9,345**	(6,183)	(11,155)
Total Comprehensive Loss Attributable to Equity Holders of the Parent	**(3,923,509)**	(1,726,511)	(518,396)
Loss per Share, Basic and Diluted	**(0.08)**	(0.03)	(0.01)
Loss per Share, Continuing Operations, Basic and Diluted	**(0.08)**	(0.06)	(0.15)

** Continuing Operations comprise the Group's drug development activities, Wound Care business and costs associated with operating Realm Therapeutics plc*

Consolidated Statement of Financial Position

As at 30 June 2017 and 2016 and 31 December 2016

	30 June 2017 Unaudited $	As At 30 June 2016 Unaudited [1] $	31 December 2016 Audited $
ASSETS			
Non-Current Assets			
Property, plant, and equipment	**205,106**	264,465	138,888
Non-current other assets	**325,917**	39,379	323,013
Total Non-Current Assets	**531,023**	303,844	461,901
Current Assets			
Inventories	**-**	-	2,902
Trade and other receivables and other current assets	**559,509**	323,098	352,315
Available for sale assets in disposal group	**-**	8,296,476	-
Cash and cash equivalents	**15,563,124**	12,769,954	21,429,871
Total Current Assets	**16,122,633**	21,389,528	21,785,088
Total Assets	**16,653,656**	21,693,372	22,246,989
LIABILITIES			
Current Liabilities			
Trade payables and other accruals	**(1,388,150)**	(1,265,150)	(3,198,875)
Available for sale liabilities in disposal group	**-**	(2,660,389)	-
Total Liabilities	**(1,388,150)**	(3,925,539)	(3,198,875)
Net Assets	**15,265,506**	17,767,833	19,048,114
EQUITY			
Share capital	**8,519,391**	8,515,641	8,519,391
Share premium	**81,417,557**	81,414,651	81,417,557
Other reserves	**103,348,176**	103,852,014	103,207,275
Retained earnings	**(178,025,850)**	(176,016,332)	(174,092,996)
Cumulative translation adjustment	**6,232**	1,859	(3,113)
Issued Capital and Reserves Attributable to Equity Holders of the Parent	**15,265,506**	17,767,833	19,048,114
Total Equity	**$ 15,265,506**	$ 17,767,833	$ 19,048,114

[1] *As at 30 June 2016, the Company's Supermarket Retail business, which was sold 7 October 2016, was presented as Operations Held for Sale in the financial statements.*

Consolidated Cash Flow Statement

For the six-month periods ended 30 June 2017 and 2016 and the 12-month period ended 31 December 2016

	For the six months ended		For the year ended
	30 June 2017	**30 June 2016**	**31 December 2016**
	Unaudited	Unaudited [1]	Audited
	$	**$**	**$**
Cash Flows from Operating Activities, Continuing Operations (2016 periods includes Continuing and Discontinued Operations)			
Loss for period	**(3,932,854)**	(2,771,978)	(507,241)
Adjustments for non-cash:			
Finance income	**(18,466)**	-	(176,572)
Share-based payment expense	**140,901**	159,123	224,633
Depreciation and amortisation	**39,456**	63,747	772,205
Write off of property, plant and equipment	**2,674**	31,416	171,739
Taxation	**-**	-	26,612
Supermarket Retail, net assets disposed	**-**	-	(5,278,528)
Operating Loss before Movement in Working Capital	**(3,768,289)**	(2,517,692)	(4,767,152)
(Increase) / Decrease in trade and other receivables	**(210,098)**	375,845	488,506
Decrease / (Increase) in inventories	**2,902**	(298)	575,694
Decrease in trade payables and other accruals	**(1,784,113)**	(10,679)	(319,882)
Decrease in taxes payable	**(26,612)**	-	-
Increase in Supermarket Retail disposal related costs payable	**-**	(347,050)	(1,093,154)
Cash Used in Operations	**(5,786,210)**	(2,499,874)	(5,115,988)
Finance income (2016 periods include Continuing and Discontinued Operations)	**18,466**	114,891	176,572
Net Cash Flow from Operating Activities	**(5,767,744)**	(2,384,983)	(4,939,416)
Cash Flows from Investing Activities			
Purchases of property, plant, and equipment	**(108,348)**	-	(844,885)
Cash used in Operations, Held for Sale-Investing Activities	**-**	(284,688)	-
Proceeds from sale of Supermarket Retail, net of costs paid	**-**	-	11,790,217
Net Cash Flow from Investing Activities	**(108,348)**	(284,688)	10,945,332
Cash Flows from Financing Activities			
Proceeds from exercise of stock options	**-**	-	6,656
Net Cash Flows from Financing Activities	**-**	-	6,656
Net (Decrease) / Increase in Cash and Cash Equivalents	**(5,876,092)**	(2,669,671)	6,012,572
Cash and Cash Equivalents at Beginning of Period	**21,429,871**	15,456,624	15,456,624
Effect of Foreign Exchange Rate Changes on Cash Held	**9,345**	(16,999)	(39,325)
Total Cash and Cash Equivalents Held at End of Period	**15,563,124**	12,769,954	21,429,871

[1] As at 30 June 2016, the Company's Supermarket Retail business was presented as Operations Held for Sale in the financial statements.

Consolidated Statement of Changes in Equity

For the six-month periods ended 30 June 2017 and 2016 and the 12-month period ended 31 December 2016

	Share capital $	Share premium $	Other reserves $	Retained earnings $	Cumulative translation adjustment $	Total $
As at 1 January 2017	8,519,391	81,417,557	103,207,275	(174,092,996)	(3,113)	19,048,114
Loss for the period	-	-	-	(3,932,854)	-	(3,932,854)
Other comprehensive loss	-	-	-	-	9,345	9,345
Total comprehensive income	-	-	-	(3,932,854)	9,345	(3,923,509)
Share-based payment movement	-	-	140,901	-	-	140,901
Transactions with owners	-	-	140,901	-	-	140,901
As at 30 June 2017	**8,519,391**	**81,417,557**	**103,348,176**	**(178,025,850)**	**6,232**	**15,265,506**
As at 1 January 2016	8,515,641	81,414,651	103,692,891	(174,296,004)	8,042	19,335,221
Loss for the period	-	-	-	(1,720,328)	-	(1,720,328)
Other comprehensive income	-	-	-	-	(6,183)	(6,183)
Total comprehensive income	-	-	-	(1,720,328)	(6,183)	(1,726,511)
Share-based payment movement	-	-	159,123	-	-	159,123
Transactions with owners	-	-	159,123	-	-	159,123
As at 30 June 2016	**8,515,641**	**81,414,651**	**103,852,014**	**(176,016,332)**	**1,859**	**17,767,833**
As at 1 January 2016	8,515,641	81,414,651	103,692,891	(174,296,004)	8,042	19,335,221
Loss for the year	-	-	-	(507,241)	-	(507,241)
Other comprehensive loss	-	-	-	-	(11,155)	(11,155)
Total comprehensive income	-	-	-	(507,241)	(11,155)	(518,396)
Issuance of shares upon option exercise	3,750	2,906	-	-	-	6,656
Reclassification following lapse of share options	-	-	(710,249)	710,249	-	-
Share-based payment movement	-	-	224,633	-	-	224,633
Transactions with owners	3,750	2,906	(485,616)	710,249	-	231,289
As at 31 December 2016	8,519,391	81,417,557	103,207,275	(174,092,996)	(3,113)	19,048,114

General Information and Basis of Preparation

Realm Therapeutics plc is incorporated in the United Kingdom. In October 2016, the Company sold its Supermarket Retail business for gross proceeds of $13.5 million. Accordingly, the Supermarket Retail business' operational results for the period through 7 October 2016 are included for the year ended 31 December 2016 in the Consolidated Statement of Comprehensive Income as Discontinued Operations. The Consolidated Statement of Cash Flows for the

period ended 31 December 2016 reflects the Supermarket Retail business results and the sale within operating and investing activities. A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed. Classification as a discontinued operation occurred upon disposal (see Note 2).

The consolidated interim financial statements of the Company as at and for the six months ended 30 June 2017 and 2016 and the consolidated financial statements as at 31 December 2016 and for the 12 months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements have been prepared in accordance with IAS 34 "*Interim Financial Reporting*" (IAS34). The financial statements do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016.

The financial statements are presented in US dollars (USD), rounded to the nearest dollar. The USD is the presentational currency as the Group's revenue and a significant portion of its expenses are denominated in USD.

The consolidated interim financial statements have been approved by the Board of Directors for issuance on 21 September 2017.

The interim financial statements for the periods ended 30 June 2017 and 2016 are unaudited and do not comprise statutory accounts within the meaning of Sections 434 and 435 of the Companies Act of 2006.

The comparative figures for the financial year ended 31 December 2016 are not the Company's statutory accounts for the financial year. The statutory accounts for the year-ended 31 December 2016, which were prepared under International Financial Reporting Standards adopted by the EU ("Adopted IFRS"), have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

Significant Accounting Policies

The accounting policies set out in the annual report and accounts for the year ended 31 December 2016 have been applied consistently throughout the Group for the purpose of these consolidated interim financial statements.

Use of Estimates and Judgments

The preparation of interim financial statements required management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Going Concern

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the reasons set out herein. The Group meets its day-to-day working capital requirements through its cash balances. As at 30 June 2017, the Group had $15.6 million of cash and cash equivalents and no debt. Although certain purchase commitments have been made to support the Company's drug development activities, the timing of investments could be delayed and the amount could be reduced, if necessary, based on the Company's cash position. Such delays or reductions would impact the timing of trials and the advancement of one or more of the Company's lead programmes.

The Company today announced that it has successfully secured funding commitments to raise £19.3 million ($26 million), gross proceeds, through a conditional placing with new and existing investors, including a number of healthcare specialist US funds. A general meeting will be held on 9 October 2017 to seek approval for the transaction. Pending shareholder approval and other conditions being met, it is expected that the proceeds from this placing will be received shortly following the general meeting.

The Directors have concluded the Group will continue to operate with sufficient funding for at least the next 12 months on the basis that certain planned investments could be delayed to preserve cash or that the proceeds received from the successful completion of the placing would supplement the current cash resources, and accordingly these interim financial statements have been prepared on a going concern basis.

Segmental Analysis

Segmental information is provided having regard to the markets served. Realm Therapeutics is a clinical stage biopharmaceutical company focused on leveraging its proprietary immunomodulatory technology. Realm has two lead programmes, based on its proprietary hypochlorous acid technology at high concentrations, in clinical development with an initial focus in both Dermatology and Ophthalmology. The Company currently has two candidates: PR022, for the treatment of Atopic Dermatitis, and PR013, for the treatment of Allergic Conjunctivitis. Additionally, the Company has royalty revenue from its Wound Care product (as a medical device) which utilises unique formulations. During the six months ended 30 June 2016 and 2017 and the year ended 31 December 2016, the Health Sciences segment represented revenue and costs related to the Company's drug development programs and wound care distribution arrangement. Discontinued Operations represent the Group's Supermarket Retail business which was sold on 7 October 2016.

An analysis of the Group's business segments for the six months ended 30 June 2017 and 2016 and the year ended 31 December 2016 is as follows.

	For the six months ended 30 June 2017		
	Health Sciences $	Company & Other (1) $	Total $
Revenue	618,921	-	618,921
Gross Profit	618,921	-	618,921
Loss before Interest, Tax, Depreciation and Share-Based Payment Expense	(2,359,096)	(1,409,195)	(3,768,291)
Interest income	-	18,466	18,466
Depreciation	(21,444)	(18,012)	(39,456)
Write-off of assets	-	(2,672)	(2,672)
Share-based payment expense	-	(140,901)	(140,901)
Loss before Tax	(2,380,540)	(1,552,314)	(3,932,854)
Total Segment Assets, excluding cash and cash equivalents, as at 30 June 2017	555,728	534,804	1,090,532

	For the six months ended 30 June 2016			
	Health Sciences $	Company & Other (1) $	Total $	Discontinued Operations: Supermarket Retail $
Revenue	361,840	-	361,840	10,794,132
Gross Profit	314,474	-	314,474	4,442,726

(Loss) / Profit before Interest, Tax, Depreciation & Amortisation, and Share-Based Payment Expense	(1,864,087)	(669,761)	(2,533,848)	1,498,867
Interest income	-	-	-	114,891
Depreciation and amortisation	(31,469)	(32,278)	(63,747)	(421,366)
Write-off of assets (2)	-	-	-	(140,742)
Share-based payment expense	-	(159,123)	(159,123)	-
(Loss) / Profit before Tax	(1,895,556)	(861,162)	(2,756,718)	1,051,650
Total Segment Assets, excluding cash and cash equivalents, as at 30 June 2016	123,101	503,842	626,943	8,296,476

	For the twelve months ended 31 December 2016			
	Health Sciences $	Company & Other (1) $	Total $	Discontinued Operations: Supermarket Retail $
Revenue	866,937	-	866,937	14,759,521
Gross Profit	746,031	-	746,031	6,028,975
(Loss) / Profit before Interest, Tax, Depreciation & Amortisation, Fixed Asset write-off and Share-Based Payment Expense	(5,955,383)	(1,000,778)	(6,956,161)	2,018,005
Interest income	-	2,875	2,875	173,697
Depreciation and amortisation	(59,345)	(66,783)	(126,128)	(646,077)
Write-off of capital assets (2)	-	-	-	(140,741)
Share-based payment expense	-	(224,633)	(224,633)	-
(Loss) / Profit before Tax	(6,014,728)	(1,289,319)	(7,304,047)	1,404,884
Taxation expense	-	(26,612)	(26,612)	-
(Loss) / Profit after Tax	(6,014,728)	(1,315,931)	(7,330,659)	1,404,884
Total Segment Assets, excluding cash and cash equivalents, as at 31 December 2016	413,108	404,010	817,118	-

(1) Company and Other include costs associated with operating Realm Therapeutics plc.
(2) Represents the write-off of certain concentrate delivery system assets, as customers purchased alternate capital equipment (generators), no longer in use.

Earnings per Share

Both basic and diluted earnings per share have been calculated using the loss attributable to the equity shareholders of the parent company as the numerator since no adjustments to losses were necessary during the six months ended 30 June 2017 and 2016 or the year ended 31 December 2016.

The Group's issued share capital at 30 June 2017 consisted of 50,165,432, 10 pence ordinary shares. The weighted average number of shares for the calculation of the Group's basic and diluted profit or loss per share for the six months ended 30 June 2017 and 2016 and year ended 31 December 2016 is as follows.

	For the six months ended		For the year ended
	30 June 2017	**30 June 2016**	**31 December 2016**
Number of Shares			
Weighted average number of ordinary shares for the purpose of basic earnings / (loss) per share	50,165,432	50,135,432	50,139,141

Weighted average number of ordinary shares for the purpose of diluted profit per share *	50,165,432	50,135,432	50,139,141

* The calculation for diluted loss per share is identical to that used for basic loss per share. The exercise of share options would have the effect of reducing the loss per share and are therefore excluded since not dilutive under the terms of IAS 33 "Earnings per Share."

Discontinued Operations

Discontinued Operations represent the Supermarket Retail business. The Supermarket Retail segment was sold in October 2016; therefore, the 2016 results are for the period ended 7 October 2016. The Supermarket Retail business was classified as Held for Sale as at 30 June 2016.

	For the six months ended 30 June 2016 $	For the year ended 31 December 2016 $
Results of Discontinued Operations		
Revenue	10,794,132	22,173,276
Cost of sales	(6,351,406)	(16,516,329)
Gross Profit	4,442,726	5,656,947
Operating Expenses	(3,505,967)	(10,107,504)
Results from Operating Activities	936,759	(4,450,557)
Finance Income	114,891	315,718
Taxation expense	-	-
Profit / (Loss) from Operations Held for Sale, net of tax	1,051,650	(4,134,839)
Basic and diluted Earnings/ (Loss) per Share from Operations Held for Sale	0.03	(0.09)

	For the six months ended 30 June 2016 $	For the twelve months ended 31 December 2016 $
Net Cash Flow from Operating Activities	(347,050)	(1,108,805)
Finance Income	114,891	315,718
Net Cash Flow from Investing Activities	(284,688)	(1,598,001)
Net Cash Used in Operations, Held for Sale	(516,847)	(2,391,088)

	As at 30 June 2016 $
Effect of Disposal on the Financial Position of the Group	
ASSETS	
Non-Current Assets	
Intangible assets	493,362
Property, plant, and equipment	1,992,998
Non-current lease receivables	581,966
Total Non-Current Assets	3,068,326
Current Assets	
Inventories	1,249,490
Trade and other receivables	3,978,660

Total Current Assets	5,228,150
Total Assets	8,296,476
LIABILITIES	
Current Liabilities	
Trade payables and other accruals	(2,660,389)
Total Current Liabilities	(2,660,389)
Net Assets Held for Sale	5,636,087

Products and Services

Realm Therapeutics is a clinical stage biopharmaceutical company focused on leveraging its proprietary immunomodulatory technology. Continuing Operations include two lead programmes, based on its proprietary hypochlorous acid technology at high concentrations, in clinical development with an initial focus in both Dermatology and Ophthalmology. The Company currently has two lead candidates: PR022, for the treatment of Atopic Dermatitis, and PR013, for the treatment of Allergic Conjunctivitis. In addition, Realm has a Wound Care product marketed through an arrangement with SteadMed Medical, and reported within the Health Sciences segment.

Risks and Uncertainties

The Group continues to be affected by a number of risks. Many risks, including those associated with the Drug Development strategy, have not changed materially since 31 December 2016 and are detailed beginning on page 9 of the Company's 2016 Annual Report, a copy of which is available on the Company's website, www.realmtx.com.

In addition to risks and uncertainties previously reported and those outlined in the Circular issued today in relation to the fundraise, if the Company is unable to successfully finalise its recent funding commitment to raise £19.3 million ($26 million), gross proceeds, it will be forced to delay or modify its clinical development programmes until alternative funding is secured.

Responsibility Statement of the Directors in Respect of the Half Yearly Financial Report

We confirm that to the best of our knowledge the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The Directors of Realm Therapeutics plc as at 31 December 2016 are listed in the Realm Therapeutics plc 2016 Annual Report. This report is available on the Company's website at www.realmtx.com. A current list of Directors is available on the Company's website at www.realmtx.com.

By order of the Board
Charles Spicer
Non-Executive Chairman

21 September 2017