

## Management pieces in place

While the recent departure of its CEO may have come as a surprise to investors, the key parts of a transition to address Destiny Pharma's next transactional deals may have been building to fruition for some time. Business development plus leadership of the Board and management teams are already now in place, with the focus on XF-73 remaining a constant.

### CEO transition

Destiny's recent business update included the departure of its CEO, a Board member acting as CEO on an interim basis, and the recruitment of a new Head of Business Development to spearhead the partnering efforts of Destiny's now lead asset – XF-73 for the prevention of post-surgical staphylococcal infections – in the US. In a relatively short space of time, the interim CEO has given way to the permanent appointment of Chris Tovey, who will assume the position of Destiny's CEO on September 1.

Chris joins Destiny from Jazz Pharmaceuticals and GW Pharmaceuticals (GW), and his involvement in the growth and major transactions of both companies should serve Destiny well at this time in its evolution. His role in both the development of Sativex at GW, and then its commercialisation (which attracted Jazz), brings with it the experience of a UK-listed biotech company that can develop a home-grown therapeutic asset to commercial success. Thus, Chris is well placed to shepherd a similar journey at Destiny.

### The Chairman returns

In short order after the appointment of its new CEO, Destiny announced the well-received appointment, or re-appointment, of its Chairman Sir Nigel Rudd who held the same position from 2010 until 2018 and presided over its IPO. Sir Nigel returns with the helpful gravitas of a UK industry grandee, and as a significant Destiny shareholder.

In addition, those who have rejoined a former company later in their careers will know that their activation energy in picking up the reins will be much lower than a new appointee - because many of the relationships and the products remain the same.

In the statements on their appointments, Debra Barker, Chris Tovey and Sir Nigel have all mentioned XF-73 and the US partnering opportunity. This should leave investors in no doubt of the focus of Destiny Pharma in the next year.

### Fair value unchanged

Our fair value for Destiny Pharma plc remains unchanged at £254.7m (or 279 pence per share).

Summary Financials					
£'000s, y/e 31 December	2020A	2021A	2022A	2023E	2024E
<b>Revenues</b>					
<b>EBIT</b>	-6,553	-6,287	-7,776	-7,834	-5,253
<b>Basic EPS (p)</b>	-12.0	-8.9	-9.3	-7.4	-4.5
<b>Net Assets</b>	12,436	7,509	7,626	8,487	4,308
<b>Net Cash</b>	9,744	4,646	4,903	5,941	2,895

Source: Company historic data, ED estimates.

### Company Data

EPIC	DEST
Price	34.2p
52 weeks Hi/Lo	62p / 25p
Market cap	£32.5m
ED Fair Value - per share	£254.7m / 279p
Reported cash end H2 22	£4.9m
Avg. daily volume	276k

### Share Price, p



Source: ADVFN

### Description

Destiny Pharma (Destiny) is a clinical development-stage biotech company developing novel anti-infectives to prevent and treat infections caused by sensitive and resistant bacteria and viruses.

Destiny's proprietary drug discovery platform has generated a number of active antimicrobials including its lead drug XF-73. XF-73 has successfully completed a Phase 2b clinical study under a US IND for the prevention of staphylococcal post-operative infections. In September 2020, Destiny started a preclinical collaboration to prevent COVID-19 diseases by stimulating innate immunity. In November 2020, Destiny acquired the Phase 3-ready asset NTCD strain M3 for the prevention of *C. difficile* infections (CDI).

Destiny's shares are listed on AIM.

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## FINANCIALS

Income Statement & Forecasts					
£'000s, y/e 31 December	2020A	2021A	2022A	2023E	2024E
<b>IFRS Income Statement</b>					
Total revenue					
Administration expenses	-1925	-2200	-2497	-2100	-2100
R&D	-4500	-3816	-4900	-5066	-2,900
Other income (expense)		135	154		
Share-based payments & exceptionals	-139	-406	-534	-250	-250
Depreciation & amortisation				-2	-3
<b>Reported EBIT</b>	<b>-6553</b>	<b>-6287</b>	<b>-7776</b>	<b>-7834</b>	<b>-5253</b>
<b>Reported profit before tax</b>	<b>-6481</b>	<b>-6271</b>	<b>-7712</b>	<b>-7686</b>	<b>-5074</b>
Taxation	1070	932	1208	950	950
<b>Reported Net income</b>	<b>-5411</b>	<b>-5339</b>	<b>-6504</b>	<b>-6736</b>	<b>-4124</b>
Basic EPS (p)	-11.97	-8.92	-9.27	-7.39	-4.52
Diluted EPS (p)	-11.97	-8.92	-9.27	-7.39	-4.52

Source: Company historic data, ED estimates

Balance Sheet & Forecasts					
£'000s, at y/e 31 December	2020A	2021A	2022A	2023E	2024E
<b>Assets</b>					
<b>Non-current assets</b>					
Tangible assets	18	36	25	25	26
Intangible assets	2261	2261	2261	2261	2261
Total non-current assets	2280	2297	2286	2287	2287
<b>Current assets</b>					
Trade and other receivables	1172	992	1410	1410	277
Cash and equivalents	9744	4646	4903	5941*	2895**
Total current assets	11425	5985	6501	7547	3368
<b>Total assets</b>	<b>13705</b>	<b>8283</b>	<b>8796</b>	<b>9833</b>	<b>5655</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Ordinary shares	598	599	733	943	943
Share Premium	27086	27091	33044	39431	39431
Retained earnings	-15247	-20181	-26151	-31888	-36066
Equity attributable to the company	12436	7509	7626	8487	4308
Total equity	12436	7509	7626	8487	4308
<b>Current liabilities</b>					
Trade and other payables	726	218	173	349	349
Total current liabilities	1268	773	1107	1347	1347
Total non-current liabilities					
<b>Total equity and liabilities</b>	<b>13705</b>	<b>8283</b>	<b>8796</b>	<b>9833</b>	<b>5655</b>

Source: Company historic data, ED estimates. \*Including \$1m upfront milestone from M3 licensing transaction.

\*\*including an estimated \$1m milestone from XF-73 licensing transaction

**Cash Flow Statements & Forecasts**

£'000s, y/e 31 December	2020A	2021A	2022A	2023E	2024E
Profit before taxation	-6481	-6271	-7712	-7686	-5074
Depreciation & amortisation	17	13	12	2	3
Share-based payments	139	406	534	250	250
Movements in working capital	91	-296	411		
Net cash generated by operating activities	-5492	-5090	-5892	-6631	-4050
<b>Investing activities</b>					
CapEx on tangibles & intangibles	-2264	-30	-1		-1
Acquisitions					
Other investing activities	72	16	65	147	178
Net cash used in investing activities	-2192	-15	64	147	178
<b>Financing activities</b>					
Proceeds from issue of shares	9949	7	6086	6737	
Movements in debt					
Net cash from financing activities	9949	7	6086	7522*	826**
Cash & equivalents at beginning of year	7480	9744	4646	4903	5941
<b>Cash &amp; equivalents at end of year</b>	<b>9744</b>	<b>4646</b>	<b>4903</b>	<b>5941</b>	<b>2895</b>

Source: Company historic data, ED estimates. \*Including \$1m upfront milestone from M3 licensing transaction.

\*\*Including an estimated \$1m milestone from XF-73 licensing transaction.



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