

# Pharma Equity Group



## Aims to Strengthening the Company's Financial Position

Pharma Equity Group ("PEG" or "the Company") continues to make clinical progress, as demonstrated by the positive final results obtained from the Phase II clinical proof-of-concept trial (RXN-051). Additional highlights include the granted patents for RXN-051 and RXN-022 in the EU. The cost base remained consistent with Q4-23, and PEG maintains the Company's guidance of an EBT in the range of DKK -24 to -29m for 2024E, which is in line with our estimates. The burn rate increased during the quarter, as did the need for capital to sustain operations, which is reflected in the additional convertible loans totaling DKK 8.4m during Q1-24. Looking ahead, we will monitor the clinical progress and the EMA's decision on receiving approval for RXN-041 regarding orphan drug designation. Additionally, hiring the right personnel could accelerate licensing agreements, serving as a near-term catalyst. Analyst Group leaves the forecast unchanged and reiterates the motivated potential present value of DKK 1.4 (1.4) per share in a Base scenario.

### Clinical Progression and Granted Patents

During Q1-24, the Company obtained positive final results from the Phase II clinical proof-of-concept trial of the drug candidate RXN-051, known as the MEFO study. The results indicate a clear path forward to assess whether treatment with RXN-051, as a single or repeated dose, in patients with intestinal adenomas, will prevent the formation of adenomas. The IP portfolio is strengthened by the EPO's approval of patents for colorectal cancer (RXN-051) as well as drug compositions for promoting the healing of wounds (RXN-022), with validity extending until 2035 and 2039, respectively. Analyst Group considers the clinical and IP developments as crucial operational steps, positioning the Company more favorably in terms of discussions with potential licensing partners.

### Changes in the Capital Structure

PEG is currently exploring the possibility of strengthening the Company's balance sheet through a capital increase at market price, which, according to Analyst Group, is a necessary step to secure the financial headroom needed to act opportunistic, particularly regarding clinical development and exploring licensing agreements. The cash balance amounted to DKK 2.2m at the end of March, while net debt increased from DKK 25.5m at the end of Q4-23 to DKK 36.6m at the end of Q1-24. Moreover, the unused credit facility amounted to DKK 10m at the end of March.

### Valuation Remains Intact in a Base Scenario

Analyst Group's forecast is unchanged but includes some adjustments to the LoA in the Bear scenario to reflect the uncertainty regarding the regulatory process and give a more realistic picture of the wide range of potential outcomes. However, Analyst Group maintains the opinion that the vast potential in PEG's drug candidates is not reflected in today's valuation and hence reiterates our motivated potential present value of DKK 1.4 (1.4) per share in a Base scenario.

#### VALUATION RANGE

**Bear**  
DKK 0.3

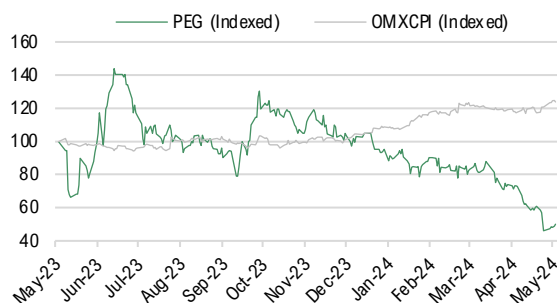
**Base**  
DKK 1.4

**Bull**  
DKK 2.3

#### KEY INFORMATION

Share Price (2024-05-17)	0.21
Shares Outstanding	1,022,963,883
Market Cap (DKKm)	209.7
Net cash(-)/debt(+) (DKKm)	36.6
Enterprise Value (DKKm)	246.3
List	Nasdaq Small Cap Copenhagen
Quarterly report 2 2024	2024-08-16

#### SHARE PRICE DEVELOPMENT



#### TOP SHAREHOLDERS (SOURCE: THE COMPANY)

Biopharma Holding ApS	N/A
Beier Holding ApS	N/A
Niels Erik Jespersen Holding ApS	N/A

Estimates (DKKm)	2025E	2026E	2027E	2028E
Risk-adj. Royalties	36.7	87.1	221.7	392.2
COGS	-2.0	-2.0	-2.0	-2.0
<b>Gross profit</b>	<b>34.7</b>	<b>85.1</b>	<b>219.7</b>	<b>390.2</b>
R&D	-17.5	-16.5	-15.5	-14.0
Administrative costs	-16.0	-15.5	-15.0	-15.0
<b>EBIT</b>	<b>1.2</b>	<b>53.1</b>	<b>189.2</b>	<b>361.2</b>
<b>Net Income</b>	<b>-1.8</b>	<b>39.9</b>	<b>146.8</b>	<b>281.8</b>
P/S	5.7	2.4	0.9	0.5
EV/S	6.7	2.8	1.1	0.6
P/E	-118.1	5.3	1.4	0.7
EV/EBIT	201.1	4.6	1.3	0.7

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