

# Pharma Equity Group

## Exploring Opportunities for a Capital Increase



Pharma Equity Group (“PEG” or “the Company”) presented a Q2-report characterized by further advancements in the clinical development (RNX-051), effective cost management, and an intensified focus on securing additional capital. The Company is evaluating options for a capital increase, which is essential for supporting further clinical advancements and for having the financial capacity to explore potential licensing agreements. In light of facing financial pressures, PEG demonstrated robust cost control, evidenced by a 1% increase in total operating expenses Y-Y and a -27% decrease Q-Q. Looking ahead, Analyst Group will monitor the continued clinical progression, the financial position, the EMA’s decision regarding orphan drug designation for RNX-041, the receivable from Portinho S.A., and potential discussions with licensing partners concerning PEG’s strong portfolio of product candidates in Phase II. Analyst Group has made minor adjustments to the discount rate and forecasts, resulting in a revised potential present value of DKK 1.2 (1.4) per share in a Base scenario.

### Improved Cost Control Q-Q

During the second quarter, PEG reported operating costs of approx. DKK 5m, up from DKK 4.9m in Q2-23, reflecting a 1% increase Y-Y and a -27% reduction Q-Q. A detailed breakdown of the cost base reveals a decrease in R&D-expenditures of -27% Y-Y and -28% Q-Q, while administrative costs increased by 30% Y-Y but decreased sequentially by -26% compared to Q1-24. PEG upholds the Company’s guidance for FY2024, with expected EBT in the range of DKK -24 to -29 million, excluding any potential gains or losses related to the Portinho receivable. Analyst Group views the improved cost control Q-Q as crucial given the current liquidity position. However, we anticipate that increased investments in R&D will be necessary in the coming years to achieve further clinical advancements going forward.

### Legal Actions to Redeem Receivable from Portinho S.A.

PEG filed a summons with the Maritime and Commercial High Court against Portinho S.A. during Q2-24 to recover the receivable. As of the end of June, the receivable amounted to EUR 11.0m, including agreed interest, which corresponds to DKK 82.1m. Although Analyst Group has not factored this receivable into PEG’s valuation, it could be crucial for sustaining the Company financially and providing additional upside to the valuation if successfully recovered.

### Revised Valuation Range

Following minor adjustments to the discount rate (WACC) to account for increased financial risk, as well as subtle revisions to the long-term forecast, a potential present market value of DKK 1,243m is derived using an rNPV model, equivalent to DKK 1.2 (1.4) per share. Analyst Group maintains that the substantial potential in PEG’s drug candidates is not currently reflected in the Company’s valuation.

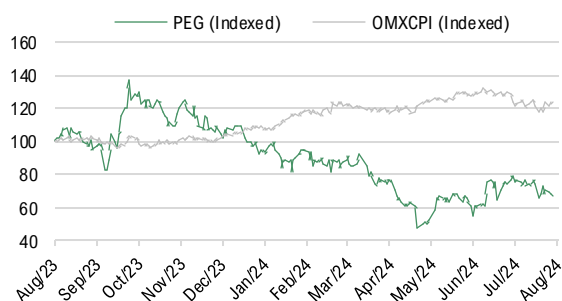
### VALUATION RANGE

**Bear** DKK 0.2      **Base** DKK 1.2      **Bull** DKK 2.1

### KEY INFORMATION

Share Price (2024-08-19)	0.25
Shares Outstanding	1,022,963,883
Market Cap (DKKm)	253.7
Net cash(-)/debt(+) (DKKm)	42.7
Enterprise Value (DKKm)	296.4
List	Nasdaq Small Cap Copenhagen
Quarterly report 3 2024	2024-11-15

### SHARE PRICE DEVELOPMENT



### TOP SHAREHOLDERS (SOURCE: THE COMPANY)

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

Estimates (DKKm)	2025E	2026E	2027E	2028E
Risk-adj. Royalties	32.7	77.4	197.1	348.7
COGS	-2.0	-2.0	-2.0	-2.0
<b>Gross profit</b>	<b>30.7</b>	<b>75.4</b>	<b>195.1</b>	<b>346.7</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>-2.8</b>	<b>43.4</b>	<b>164.6</b>	<b>317.7</b>
<b>Net Income</b>	<b>-5.8</b>	<b>32.3</b>	<b>127.6</b>	<b>247.8</b>
P/S	8.1	3.4	1.3	0.8
EV/S	9.5	4.0	1.6	0.9
P/E	-45.5	8.2	2.1	1.1
EV/EBIT	-108.4	7.1	1.9	1.0

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