

Pharma Equity Group



Strengthened Balance Sheet Facilitates Continued Development

Following the end of Q3-24, Pharma Equity Group (“PEG” or “the Company”) secured additional funding through a directed share issue, with a significant portion allocated to debt reduction. This strengthens the Company’s financial position, providing increased flexibility to advance the development of PEG’s drug candidates while enhancing the Company’s negotiating leverage with potential licensing partners. Furthermore, PEG recently obtained patent protection in Japan, a key future market, for the treatment of colorectal cancer with RNX-051, valid until 2039. Following a reassessment of market conditions, an updated royalty rate has been applied, resulting in a potential present market value of DKK 950m, corresponding to DKK 0.8 (1.2) per share in a Base scenario.¹

Successful Capital Increase Creates Financial Flexibility

In October, PEG successfully completed a directed share issue, issuing 204,592,776 new shares at a subscription price of DKK 0.25 per share, reflecting a premium of approx. 19% compared to the prior trading day’s closing price. The gross proceeds amounted to DKK 51.1m, which included the conversion of DKK 12.6m in convertible debt. Excluding the non-cash component from the debt conversion, the cash proceeds totaled DKK 38.5m, of which DKK 25.8m was allocated to the reduction of financial debt, resulting in net cash proceeds of DKK 12.7m. This capital raise has materially strengthened the Company’s financial position, improving the balance sheet and overall capital structure, thereby enhancing financial flexibility for continued clinical development and negotiations with potential licensing partners.

Solid Cost Control

During Q3-24, the Company’s operating expenses totaled approx. DKK 5.2m (5.7), reflecting an 8% Y-Y decrease and a 5% Q-Q increase. A detailed analysis of OPEX shows that R&D expenses declined by 29% Y-Y and 3% Q-Q, while administrative expenses rose by 8% Y-Y and 10% Q-Q. The modest sequential increase in the cost base is a natural step as PEG advances its development efforts, taking strides toward securing lucrative licensing agreements. Analyst Group considers PEG’s cost management to be solid, as reflected in the maintained full-year 2024 guidance, which projects EBT in the range of approx. DKK -24m to -29m (excluding potential gains or losses related to the Portinho receivable).

Revised Valuation Range

Following a reassessment of market conditions and comparable licensing agreements, adjusted royalty rates has been applied, resulting in a potential present market value of DKK 950m, equivalent to DKK 0.8 (1.2) per share. For a detailed explanation of the revised royalty rate, please see page 4. Analyst Group remains of the opinion that the substantial potential of PEG’s drug candidates is not fully reflected in the current valuation, presenting an attractive risk/reward profile. We believe that the low liquidity of the share is one of the key factors contributing to the compressed share price.

VALUATION RANGE

Bear
DKK 0.2

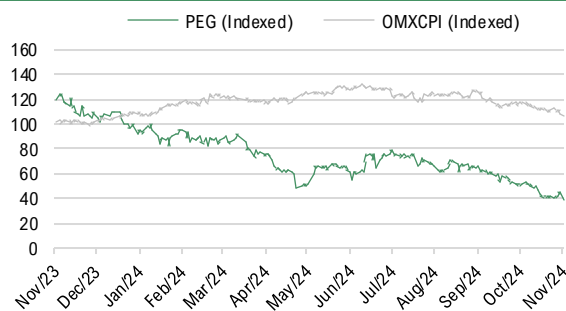
Base
DKK 0.8

Bull
DKK 1.6

KEY INFORMATION

Share Price (2024-11-18)	0.15
Shares Outstanding	1,227,556,659
Market Cap (DKKm)	184.1
Net cash(-)/debt(+) (DKKm) ²	0.7
Enterprise Value (DKKm) ²	184.8
List	Nasdaq Small Cap Copenhagen
Quarterly report 4 2024	2025-03-20

SHARE PRICE DEVELOPMENT



TOP SHAREHOLDERS (SOURCE: THE COMPANY)

= INSIDER

Finansmanagement ApS	N/A			
DMZ Holding ApS	N/A			
Niels Erik Jespersen Holding ApS	N/A			
Beier Holding ApS	N/A			
Estimates (DKKm)	2025E	2026E	2027E	2028E
Risk-adj. Royalties	24.5	58.1	147.8	261.5
COGS	-2.0	-2.0	-2.0	-2.0
Gross profit	22.5	56.1	145.8	259.5
R&D	-17.5	-16.5	-15.5	-14.0
Administrative costs	-16.0	-15.5	-15.0	-15.0
EBIT	-11.0	24.1	115.3	230.5
Net Income	-14.0	17.2	89.2	179.8
P/S	7.5	3.2	1.2	0.7
EV/S	7.5	3.2	1.3	0.7
P/E	-13.1	10.7	2.1	1.0
EV/EBIT	-16.8	7.7	1.6	0.8

¹Impacted by the dilutional effect following the rights issue and a revised royalty rate.

²The estimated net debt is based on Q3-24 figures, adjusted for an estimated monthly burn rate of DKK 1.6m, the conversion of convertible debt (DKK 12.6m), repayment of debt (DKK 25.8m), and net proceeds from the rights issue (DKK 12.7m).

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Other

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