Pharma Equity Group

Partnerships key to de-risk the investment case

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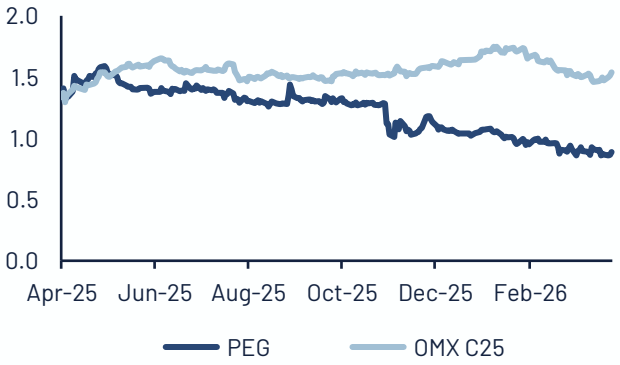
Key Financials and Valuation

Share price



YTD	-12.8%	1 year:	-35.1%
1 month:	-2.3%	3 years:	-47.4%

Note: The data are based on the closing price of the PEG shares as of 31 March 2026. Source: S&P Capital IQ Pro.

Financials

DKKm	2024	2025	2026E
Revenue	0.0	0.0	3.0-8.6
Revenue growth	NA	NA	
R&D costs	-9.0	-5.1	
EBIT	-21.3	-17.2	-5.8 to -11.4
EBIT margin	NA	NA	
Net income	-25.4	-42.4	
Cash flow from Operations	-21.0	-17.7	
Net debt	6.8	7.6	

Source: S&P Capital IQ Pro and Pharma Equity Group Annual Report 2025

Pipeline Overview

	Phase I	Phase IIa	Phase IIb
RNX-011 (Peritonitis)	Completed	Completed	Ongoing
RNX-051 (Colorectal cancer)	Completed	Completed	Ongoing
RNX-041	Completed	Completed	On hold
RNX-021, RNX-022, RNX-023	Completed	Completed	Deprioritized

Note: RNX-041 currently deprioritized with focus on finding a partner for RNX-011 and RNX-051

Valuation Perspectives

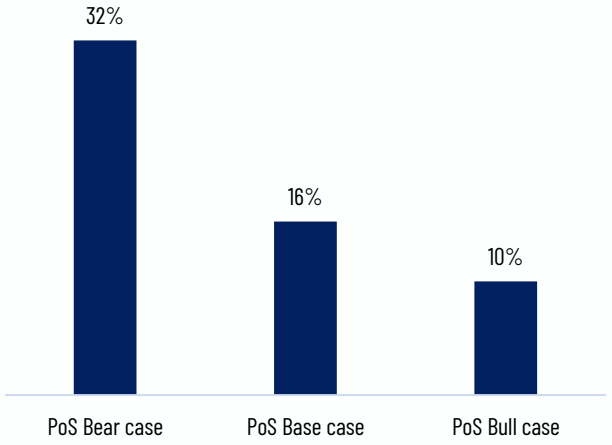
Our implied probability of success (PoS) model, based on company-guided and HCA assumptions around peak sales and pipeline commercialisation, indicates a base-case PoS of 16%, significantly below the ~29% historical Phase II-to-launch benchmark.

A below benchmark PoS, especially given the lower clinical risk of a repositioning strategy, could partly be explained by the markets expecting high levels of future financing risk via additional capital raises and/or a lower confidence in clinical success and commercialization in-line with the assumptions set out on page 5.

A below-benchmark implied PoS is not uncommon for developing-stage biotech companies, given a challenging funding environment. PEG's cash position remains constrained (DKK 0.5m at year-end 2025), though DKK 18.2m of convertible instruments were classified as equity during 2025 and a DKK 2.2m loan was secured in early 2026. One or more partnership agreements would provide greater visibility on the path to break-even and reduce the likelihood of a large dilutive capital raise.

Clinical progress in the RNX-011 Phase IIb trial (first patients expected H1 2026) and/or a partnership agreement for RNX-051 (expected H1 2026) are key triggers to reducing uncertainty and unlocking value.

Model-implied PoS



Investment Case – Partnerships key to de-risk the investment case

Key Investment Reasons

- Drug repositioning strategy based on previously approved APIs reduces clinical risk, while out-licensing post-Phase II avoids costly late-stage trials and commercialisation.
- 2026 could bring significant news flow that could derisk/increase value in pipeline. Advanced RNX-051 partnership discussions expected to conclude in H1 2026, with a licensing agreement likely generating revenue via up-front payment. RNX-011 is expected first patient enrolment in the Phase IIb trial with 32 patients in H1 2026.
- The expanded Life Science consolidator strategy focusing on acquiring cash flow positive assets can derisk the case compared to pure play high risk biotech.

Key Investment Risks

- Investing in life science products is inherently risky and requires patience. PEG's valuation is concentrated in two lead Phase II programs; RNX-051 and RNX-011, clinical failure or unfavourable partnership terms on either would materially impact the investment case.
- Highly strained cash position (DKK 0.5m at year-end 2025) with operations financed through convertible loans. The likelihood of dilutive capital raises either via additional convertible debt or direct issues are highly likely.
- The book value of the Portinho receivable remains in arbitration with repeated postponements and was written down in 2025 to DKK 33.7 (against a principal and interest value of DKK 92.7m). Further delays or an adverse ruling would lead to greater dilution.

Company description: Pharma Equity Group (PEG) is a Danish Life Science investment company listed on Nasdaq Copenhagen since March 2023, led by CEO Christian Henrik Tange following a leadership transition in 2025. Through its subsidiary Reponex Pharmaceuticals, PEG has a pipeline of Phase II drug candidates targeting peritonitis, colorectal cancer, inflammatory bowel disease, and chronic wounds, based on a drug repositioning and reformulation strategy. PEG has expanded its strategy to become an active consolidator within Pharma, MedTech, and medical devices, supported by a newly established Investment Committee and strengthened Board, with a focus on Nordic innovation addressing significant unmet medical needs.

Investment case: PEG's investment case centres on de-risking its pipeline through clinical development and strategic partnerships, while diversifying into revenue-generating assets. The repositioning strategy – repurposing known, safe compounds for new therapeutic applications – aims to lower clinical risk, and the out-licensing model post-Phase II reduces execution risk and capital requirements.

For RNX-051 (colorectal cancer), PEG is in advanced partnership discussions expected to conclude in H1 2026, covering licensing structures and co-development of an international Phase IIb trial of over 900 patients. Trial initiation and first patient enrolment is expected in Q2/Q3 2026. For RNX-011 (peritonitis), regulatory approval for a pivotal Phase IIb study was obtained in September 2025. First patient enrolment expected in H1 2026, after undergoing study adjustments to sharpen clinical endpoints in line with partner requests.

Discussions relating to the acquisition of Otiom A/S (EV DKK 15m, primarily share-for-share) represents a strategic shift toward building a diversified Life Science portfolio. If completed, Otiom's ~DKK 8m revenue and near break-even profile would provide PEG with its first revenue-generating asset and reduce reliance on external financing while the Reponex pipeline matures.

Key triggers include the conclusion of RNX-051 partnership negotiations (H1 2026) and subsequent trial initiation (Q2/Q3 2026), RNX-011 Phase IIb first patient enrolment (H1 2026), and progress on portfolio expansion including the Otiom discussions.

The main risk in the investment case surrounds the two common factors in biotech. Risk through pipeline failures and a strained capital situation, increasing the risk of substantial shareholder dilution.

Pipeline Progress and Overview

PEG's pipeline is built on a drug repositioning strategy, repurposing previously approved active pharmaceutical ingredients (APIs) for new therapeutic applications. Because the safety and toxicity profiles of these compounds are already established, clinical risk is generally considered lower than for de novo drug development. The company's focus is on advancing RNX-011 and RNX-051 toward partnership-ready inflection points, while deprioritised assets remain available for future development once capital and partnerships allow.

The near-term catalyst is the conclusion of advanced RNX-051 partnership discussions, expected in H1 2026. Investor focus will centre on whether PEG can secure its first licensing or co-development agreement, which would validate the out-licensing strategy and provide visibility on the path toward cash flow generation through milestones and royalties.

RNX-011: targets secondary bacterial peritonitis, a life-threatening intra-abdominal infection with high mortality and limited effective local therapies. The pivotal Phase IIb trial received regulatory approval in September 2025 and is expected to enrol 32 patients, with the primary endpoint focused on reducing serious postoperative complications. The addressable market is estimated at USD 1.5–2.0bn*.

RNX-051: targets the treatment and prevention of colorectal cancer, an addressable market of approximately USD 10bn*. Phase IIa (MEFO study) demonstrated strong efficacy in reducing bacterial biomass/biofilm and increasing T-cell prevalence. Study protocols for an international, multicentre Phase IIb trial of over 900 patients are in sub-final draft, and PEG is in advanced discussions with potential industrial partners regarding co-development and licensing structures.

RNX-041: targets inflammatory bowel disease (pouchitis/Crohn's disease), an estimated USD 4.7bn* market. The program has completed Phase IIa but is currently deprioritised, with PEG focusing resources on RNX-011 and RNX-051. RNX-021, RNX-022, and RNX-023 (chronic wounds) are similarly on hold pending future capital allocation.

	Phase I	Phase IIa	Phase IIb	Phase III	Category and market size*
RNX-011 (Peritonitis)	Completed	Completed	Study design being refined – first patient enrolment exp. H1 2026 - total patients 32	N/A	Bacterial Peritonitis USD ~1.5–2.0bn
RNX-051 (Colorectal cancer)	Completed	Completed	Advanced partnership discussions. Conclusion exp. H1 2026	N/A	Colorectal cancer USD ~10bn
RNX-041 (Pouchitis / Crohn's)	Completed	Completed	On hold – deprioritised, pending partner	N/A	IBD / Pouchitis USD ~4.7bn
RNX-021, RNX-022, RNX-023 (Chronic wounds)	Completed	Completed	On hold	N/A	Chronic skin ulcers – USD 9.4bn

Note: Note: *Based on company guided estimates from the Pharma Equity Group IPO Prospectus

Market implied probability of success (PoS)

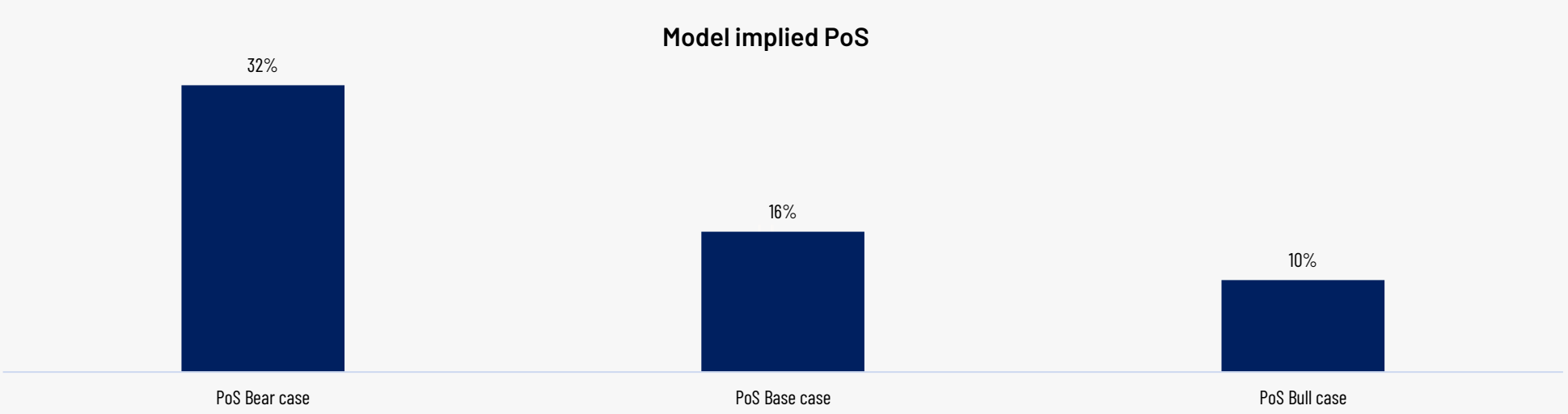
The model This one-pager does not aim to determine a price target for PEG shares but rather provides investment perspectives using a simplified DCF model across different scenarios. The model indicates the extent to which PEG's current market capitalisation reflects the implied probability of success (PoS) for its pipeline to achieve regulatory approval and successful commercialisation through partnerships. We include RNX-011, RNX-051, and RNX-041 (deprioritised) in the model, with the larger share of NPV derived from RNX-011 and RNX-051, which have completed Phase IIa. The market-implied PoS is compared to the historical average likelihood of ~29% for a Phase II drug candidate reaching a successful launch, based on biostatistics.

We model three scenarios – bear, base, and bull – are simulated using peak market share as the main differentiator, while assumptions on EBIT margin, royalty rates, discount rate, launch date, and time to peak market share are held constant across all scenarios (see table).

Base case scenario: In the base case scenario, we use an EBIT margin of 40%, maintain our royalty rate assumptions for 20%, with peak market shares of RNX-011: 10%, RNX-041: 7.5%, and RNX-051: 20%. Our base case model suggests that the market currently implicitly assumes there is around a 16% probability of successful launch (PoS) for the product candidates. This compares to a historical average level of success of 29% for drug development projects currently in Phase II trials across all types of indications, noting that PEG's pipeline candidates have completed Phase IIa and are therefore more clinically developed than the benchmark baseline.

Bear case scenario In the bear case scenario, our model estimates lower peak market shares of RNX-011: 5.0%, RNX-041: 5.0%, and RNX-051: 10.0%. The remaining model assumptions are maintained, including EBIT margin, royalty rates, launch date, and time to peak market share. Based on our bear case model, the market currently implicitly attributes around 32% probability of successful launch (PoS) and commercialization of PEG's active pipeline candidates.

Bull case scenario In the bull case scenario, our model estimates lower peak market shares of RNX-011: 15.0%, RNX-041: 15.0%, and RNX-051: 30.0%. The remaining model assumptions are maintained, including EBIT margin, royalty rates, launch date, and time to peak market share. Based on our bull case model, the market currently implicitly attributes around 10% probability of successful launch (PoS) and commercialization of PEG's active pipeline candidates.



Note: Graph is illustrative.

Discussion of assumptions in PoS model

Market size and market growth The addressable market sizes of the different pipeline projects used in the model are company-guided by PEG, based on publicly available documents such as its IPO prospectus, presentations, or conference calls. We assume a midpoint market size of USD 1.5-2.0 billion for Bacterial Peritonitis (RNX-011), The market size for the Crohn's disease/pouchitis indication (RNX-041) is expected to grow to around USD 4.7 billion in 2025. Finally, the market size for the treatment and prevention of colorectal cancer (RNX-051) is currently around USD 10 billion. We apply a conservative growth rate of 2% to each market and a negative growth rate to PEG's market share of -50% following patent expiry for each indication to reflect increased competition and avoid an unrealistic compound effect in the value of future cash flows.

Market share and revenue Various levels of peak market share are assumed to reflect factors such as the addressable share of the market, product strength (unmet need), market competition, patent protection, and more. Adjusting peak market share is our primary differentiating factor between the base, bear, and bull scenarios.

Our base case assumes a peak market share for Bacterial Peritonitis (RNX-011) of 10%, based on strong Phase IIa efficacy, significantly improving patient discharge times following surgery. For the inflammatory bowel disease project (RNX-041), we assume a peak market share of 7.5%, as it initially targets only pouchitis, the smaller portion of the overall market. Lastly, for the treatment and prevention of colorectal cancer (RNX-051), we assume a 20% peak market share, reflecting strong Phase IIa (MEFO) study efficacy data to reduce bacterial biomass/biofilm and increase T-cell prevalence, which could significantly improve patient outcomes if successful. Generally, a high market share is difficult to obtain immediately after product launch; however, for simplicity reasons, we model a linear penetration curve from the expected launch year. From a cash flow timing perspective, it is important to understand that the expected implementation of a partner strategy will bring forward cash flow to PEG before the partner obtains the expected peak market share due to milestones paid upfront.

Discount rate The model uses a discount rate of 15%, reflecting the generally high level of investment risk and uncertainty typically associated with forecasting future cash flows from biotech companies. The development of the different indications probably reflects different levels of uncertainty, but the model uses the widely accepted 15% within the industry.

Probability of successful launch (PoS): Based on historical data from Biostatistics research containing 5,764 pipeline projects across all indications in pharmaceutical and biotech companies, the average historical likelihood of a pipeline project passing from Phase II through to launch with FDA clearance is around 29%. PEG's repositioning strategy may reflect a higher likelihood of clinical success. Alternatively, funding insecurity and possible dilutive capital raises can weigh negatively on implied POS vs a benchmark.

EBIT–margin and royalty rates According to the S&P Capital IQ financial system, five-year average EBIT margins within major pharmaceutical and biotech companies are approximately 30%. Looking at biotech companies specifically, the five-year average is approximately 50%, reflecting generally more focused business models, which are often based on higher economies of scale and partnership or out-licensing deals, which is also the strategy for PEG. However, to be conservative, the model assumes an EBIT margin of 40%, which reflects that PEG will continue to have some development, sales, and administrative costs even when various partnership deals have been made.

In addition to an estimated EBIT margin of 40%, PEG has communicated expectations for an average royalty rate of 25% across partnership deals. We generally consider this high compared to industry standards and other assumptions in the market. We instead model a 20% royalty rate for RNX-011, a 15% RNX-051 to reflect a partner sharing a larger share of the Phase II trial of >900 participants, and a 10% royalty rate for RNX-041 to reflect its deprioritized nature. High royalty rates may be attainable, despite partner funding requirements, given the pipeline assets' novel medical therapeutic approach and lower clinical risk due to repositioning. However, we remain cautious awaiting further details from an expected partnership deal in 2025, which can clarify the royalty rate and milestone potential of its agreements.

Capital increases The cash position remains highly constrained, with PEG ending 2025 at DKK 0.5m (2024: DKK 4.2m). During 2025, multiple convertible loan issuances were executed and DKK 18.2m of convertible instruments were classified as equity. In early 2026, a DKK 2.2m loan was secured to strengthen near-term liquidity. Management assesses sufficient funds for at least 12 months from year-end 2025, even without Portinho payment, supported by parallel financing initiatives including licence agreement negotiations, equity investor discussions, and further convertible loans. The Portinho receivable carries a book value of DKK 33.7m (gross claim: DKK 92.7m), though a resolution remains subject to ongoing arbitration. Additional dilutive financing is likely necessary to bridge the gap until cash flow break-even through partnership milestones and royalties.

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