Pharma Equity Group

Balance sheet de-risked, partnerships remain key

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HC ANDERSEN CAPITAL

Key Financials and Valuation

Share price

YTD:	-7.5%	1 year:	-39.2%
1 month:	2.6%	3 year:	-79.6%

Note: Closing price from 27 August 2026.
Source: S&P Capital IQ.

Financials

DKKm	2023	2024	2025	2026E*
Revenue	0.0	0.0	0.0	3.0-8.6
Growth	N/A	N/A	N/A	N/A
EBITDA	-20.4	-21.1	-16.9	N/A
EBIT	-20.6	-21.3	-17.2	-5.8 to -11.4
Cash flow	0.4	0.0	-3.7	N/A
Cash position	4.2	4.2	0.5	0.0**
Market value	439.9	233.2	114.7	106.1

Note: *Pharma Equity Group own guidance range. **Cash position reflects cash at bank and in hand at the end of H1 2026.
Source: S&P Capital IQ.

Key Pipeline Overview

Cancer type	Phase I	Phase IIa	Phase IIb
RNX-011 (Peritonitis)	Completed	Completed	Ongoing
RNX-051 (Colorectal cancer)	Completed	Completed	Ongoing
RNX-041 (Pouchitis/ Crohn's)	Completed	Completed	On hold
RNX-021, 022, 023 (Chronic wounds)	Completed	Completed	On hold

Note: Pipeline overview detailed on page 3.

Valuation Perspectives

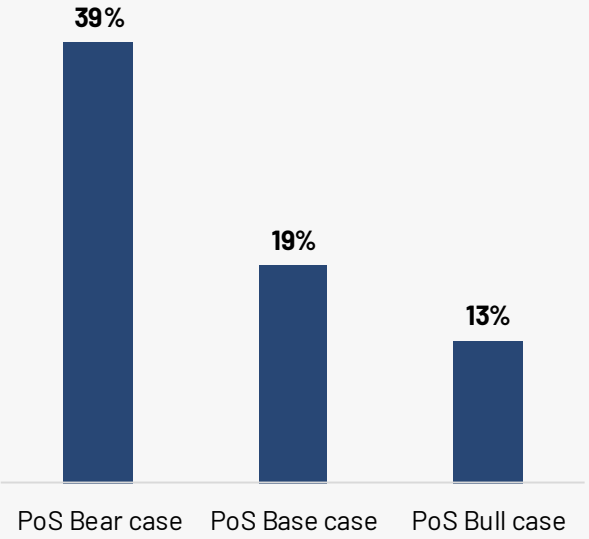
Our implied probability of success (PoS) model, based on company-guided and HCA assumptions around peak sales and pipeline commercialisation, indicates a base-case PoS of 19%, below the ~29% historical Phase II-to-launch benchmark. The share price is broadly unchanged since April, so the rise from 16% reflects our revised assumptions rather than any re-rating of the shares.

The Portinho receivable now accounts for a significant part of the valuation. At a carrying value of DKK 39.3m it equals around 30% of PEG's fully diluted market capitalisation. Adjusted for net debt, the market values the entire clinical pipeline at roughly DKK 95m, or around 15% of our modelled pipeline NPV of DKK 628m.

In our bear case, where peak market shares are halved, the implied PoS reaches 39%, above the historical benchmark. Current pricing therefore looks defensible on conservative commercial assumptions and only appears low if PEG achieves market shares in line with our base or bull case.

Funding remains the binding constraint. Convertible instruments settle in shares in all circumstances, taking our fully diluted share count to 1,482m. A first licensing agreement, first patient enrolment in RNX-011 and RNX-051 from late 2026, and cash recovery on Portinho are the triggers that would reduce uncertainty.

Model implied PoS



Investment Case – Balance sheet de-risked, partnerships remain key

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.
- An arbitral tribunal awarded PEG EUR 10.5m plus interest and costs in H1 2026. The award is final, cannot be appealed, and is enforceable in Portugal.
- RNX-051 has a finalised formulation and established production, and RNX-011 holds regulatory approval for its 32-patient pivotal trial. Both await first patient enrolment from late 2026.
- Market-specific licensing tracks in Japan, Abu Dhabi and India, backed by patent filings in nine markets, widen the partnering options beyond a single global agreement.

Key Investment Risks

- Investing in life science products is inherently risky and requires patience. PEG's valuation is concentrated in RNX-051 and RNX-011, both of which slipped by roughly a year in H1 2026. Clinical failure or unfavourable partnership terms on either would materially impact the case.
- Further pipeline development hinges on securing a partner or additional capital.. Reliance on convertible instruments means shareholder dilution,
- The arbitral award confirms PEG's Portinho claim, shifting the risk from validity to enforcement and timing.
- 2026 guidance remains tied to the timing of a first licensing agreement, which is inherently difficult to predict and may fall outside the current financial year.

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. 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 strategy. PEG has expanded its strategy to become an active consolidator within Pharma, MedTech and medical devices, 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. 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), the formulation has been finalised and production for the planned Phase IIb trial established in Germany. First patient enrolment is expected in late 2026 or early 2027, and licensing discussions continue without a stated timeline. For RNX-011 (peritonitis), regulatory approval for the pivotal 32-patient Phase IIb study was obtained in September 2025, with first patient enrolment now expected in late 2026.

In H1 2026 an arbitral tribunal issued an award confirming PEG's claim relating to the Portinho S.A. receivable, granting EUR 10.5m plus interest and costs. The award is final and enforceable in Portugal under the New York Convention. PEG raised the carrying value by DKK 5.6m to DKK 39.3m, which we include in our equity bridge.

Alongside the search for a global partner, PEG is pursuing market-specific licensing in Japan, Abu Dhabi and India, supported by patent filings entering national phase in nine markets. Discussions regarding the acquisition of Otiom A/S continue but were not referenced in the H1 2026 report.

Key triggers include a first licensing or co-development agreement, first patient enrolment in RNX-011 and RNX-051 from late 2026, and cash recovery on the Portinho receivable following enforcement in Portugal.

The main risks remain pipeline failure and a strained capital situation. Continued financing through convertible instruments makes further shareholder dilution likely, which we now reflect in a fully diluted share count. With no revenue recognised in H1 2026, the timing of a first licensing agreement remains the single largest determinant of when the group reaches cash flow generation, and that timing is not within PEG's sole control.

Pipeline Progress and Overview

CPEG'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.

Both lead programmes moved to the right in the H1 2026 report. First patient enrolment in RNX-011 is now expected in late 2026 and in RNX-051 in late 2026 or early 2027. No timeline is given for the conclusion of licensing discussions. Investor focus should 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. First patient enrolment is expected in late 2026. The addressable market is estimated at USD 1.5 to 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. The formulation has been finalised and production for the planned clinical study has been established in Germany, so the programme is operationally prepared to begin. Study protocols for an international, multicentre Phase IIb trial of over 900 patients remain in preparation, and PEG continues 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 and remains clinically deprioritised, but Reponex strengthened its position in H1 2026 with a new European patent covering the treatment of inflammatory bowel disease, including pouchitis. RNX-021, RNX-022, and RNX-023 (chronic wounds) are similarly on hold pending future capital allocation.

Alongside the search for a global partner, PEG is pursuing market-specific licensing in Japan, Abu Dhabi and India, supported by patent filings entering national phase across nine markets. These tracks are not valued in our model and represent unpriced optionality, though several smaller agreements would likely carry a lower blended royalty rate than a single global partnership.

	Phase I	Phase IIa	Phase IIb	Phase III	Category and market size*
RNX-011 (Peritonitis)	Completed	Completed	Protocol approved. First patient enrolment exp. late 2026. Total patients 32	N/A	Bacterial Peritonitis USD ~1.5 to 2.0bn
RNX-051 (Colorectal cancer)	Completed	Completed	Formulation finalized, production established in Germany. First patient enrolment exp. late 2026 to early 2027	N/A	Colorectal cancer USD ~10bn
RNX-041 (Pouchitis / Crohn's)	Completed	Completed	On hold, pending partner. New European patent granted H1 2026	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: *Based on company guided estimates from the Pharma Equity Group IPO Prospectus .

Market implied probability of success (PoS)

The model This Investment Case does not set a price target for PEG shares but instead frames the investment case through a simplified DCF model across scenarios. The model shows what probability of success (PoS) PEG's current market capitalisation implies for its pipeline reaching regulatory approval and successful commercialisation through partnerships. We include RNX-011, RNX-051 and RNX-041 (deprioritised), with the larger share of NPV derived from RNX-011 and RNX-051, both of which have completed Phase IIa. Following the H1 2026 report, we have moved expected launch out by one year, added the Portinho receivable to the equity bridge and moved to a fully diluted share count. The market-implied PoS is benchmarked against 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 – differentiated by peak market share, 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).

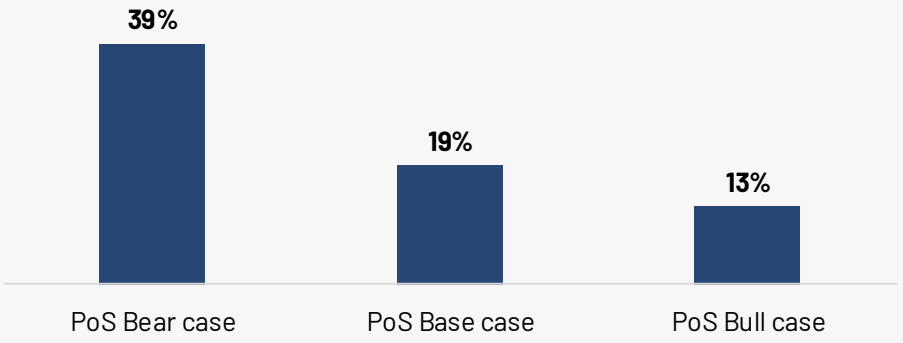
Base case scenario: We use an EBIT margin of 40% and royalty rates of 20% for RNX-011, 15% for RNX-051 and 10% for RNX-041, with peak market shares of RNX-011: 10%, RNX-041: 7.5% and RNX-051: 20%. Our base case model suggests the market currently implicitly assumes around a 19% probability of successful launch (PoS) for the product candidates, against 16% in April 2026.

The share price is unchanged over the period, so the entire increase reflects our revised assumptions, principally the one-year delay to expected launch and the move to a fully diluted share count. 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: 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 a 39% probability of successful launch (PoS) and commercialisation of PEG's active pipeline candidates, materially above the historical benchmark.

Bull case scenario: Our model estimates higher 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 a 13% probability of successful launch (PoS) and commercialisation of PEG's active pipeline candidates.

Model-implied Probability of Success (PoS)



Note: Graph is illustrative.

Equity bridge, base case (DKKm)	Aug 2026
Pipeline NPV	627.9
Portinho receivable	39.3
Net debt	-6.3
Equity value	**660.9**
Fully diluted shares (m)	1,481.8
Fair value per share (DKK)	**0.45**
Share price (DKK)	0.09

Note: Closing price from 27 August 2026.

Discussion of assumptions in DCF model (1/2)

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. 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.

Launch timing In the H1 2026 report, PEG guided first patient enrolment for **RNX-011** to late 2026 and for **RNX-051** to late 2026 or early 2027, against H1 2026 for both programmes previously. We have therefore moved expected launch for **RNX-011** and **RNX-051** from 2029 to 2030, and for **RNX-041** from 2030 to 2031. Patent expiry is unchanged in each case, so the delay shortens the commercial window rather than shifting it and reduces the modelled pipeline NPV from DKK 716 million to DKK 628 million in the base case. Further slippage would compound this effect, since the patent clock runs independently of clinical progress.

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. Note that peak market share is applied to patient numbers rather than to market value. Because the assumed price per treatment is below the implied average revenue per patient in each indication, the effective share of market revenue is different, at around 15% for **RNX-011** and around 3% for **RNX-051** at their respective peaks in the base case. 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. For simplicity we model a linear penetration curve from the expected launch year. From a cash flow timing perspective, the expected implementation of a partner strategy will bring cash flow forward to PEG before the partner obtains the expected peak market share, due to milestones paid upfront. The model ascribes no value to the market-specific licensing tracks PEG is pursuing in Japan, Abu Dhabi and India, or to the contemplated acquisition of Otiom A/S.

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%. No PoS is applied to the project cash flows in the model; instead, the model solves for the PoS implied by the current share price against a modelled fair value of DKK 0.45 per share, down from DKK 0.58 in April 2026. PEG's repositioning strategy may reflect a higher likelihood of clinical success. Alternatively, funding insecurity and dilutive capital raises can weigh negatively on implied PoS versus 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. 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. PEG has communicated expectations for an average royalty rate of 25% across partnership deals. We generally consider this high compared to industry standards. We instead model 20% for **RNX-011**, 15% for **RNX-051** to reflect a partner sharing a larger share of the Phase IIb trial of more than 900 participants, and 10% for **RNX-041** to reflect its deprioritised nature. These rates are held constant across all three scenarios. A shift towards several market-specific licensing agreements rather than one global partnership would likely lower the blended royalty rate while bringing upfront payments forward.

Discussion of assumptions in DCF model (2/2)

The Portinho receivable During H1 2026, an arbitral tribunal confirmed that PEG has a valid claim, awarding EUR 10.5 million plus interest and costs against Interpatium. The award is final, cannot be appealed and is enforceable in Portugal under the New York Convention. PEG raised the carrying value of the receivable by DKK 5.6 million to DKK 39.3 million, against a gross carrying amount of DKK 71.2 million and an expected credit loss allowance of DKK 31.9 million. We include the carrying value in the equity bridge as a non-operating asset, adding DKK 39.3 million to equity value. Contractual interest of 2% per quarter is not recognised and is not valued here. Investors should note that the write-up is modest relative to the legal outcome: management raised expected recovery rates but also increased the weighting of the partial recovery and no recovery scenarios, from a combined 15% to 30%. Backing out the note, the probability-weighted recovery of roughly 72% of principal discounted at 15% implies cash arriving over one and a half to two years, rather than the three to six months indicated by PEG's Portuguese advisers.

Capital structure and dilution The cash position remains highly constrained, with cash and cash equivalents of DKK 0.03 million at 30 June 2026 (year-end 2025: DKK 0.5 million). At 30 June 2026, the gross amount of convertible instruments classified as equity was DKK 23.2 million, converting at DKK 0.10 per share. These instruments are settled in shares in all circumstances, so the associated dilution is certain rather than contingent, and the 10% coupon is also settled in equity. We therefore model a fully diluted share count of approximately 1,482 million against 1,228 million shares outstanding, an increase of around 21%, before any new financing. Group equity of DKK 25.8 million is more than accounted for by the Portinho receivable, so the reported equity ratio of 58.4% should be read in that light. Additional dilutive financing is likely necessary to bridge the gap until cash flow break-even through partnership milestones and royalties.

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