PHARMA EQUITY GROUP

Annual report

for the year ended 31 December 2023

Pharma Equity Group A/S

Slotsmarken 18, 2., 2970 Hørsholm, Denmark
Registered number: 26 79 14 13

Content

Company information

Group companies	Pharma Equity Group A/S - listed parent company Reponex Pharmaceuticals A/S - 100% owned subsidiary
Executive management	Thomas Kaas Selsø
Board of directors	Christian Vinding Thomsen, Chairman Martin Engell-Rossen, Vice Chairman Omar S. Qandeel Lars Rosenkrantz Gundorph Peter Vilmann
Registered number	26 79 14 13
Registered office	Slotsmarken 18, 2. th. 2970 Hørsholm Denmark
Website, Pharma Equity Group A/S	www.pharmaequitygroup.com
Website, Reponex Pharmaceuticals A	www.reponex.dk

Financial Calendar 2024:

4 March	Deadline for shareholder proposals - Annual General Meeting
20 March	Annual Report 2023
16 April	Annual General Meeting
16 May	Interim Report - for the tree-month period ending 31 March 2024
16 August	Interim Report - for the six-month period ending 30 June 2024
15 November	Interim Report - for the nine-month period ending 30 September 2024

CEO and Chairman letter.

The transaction between Pharma Equity Group A/S and Reponex Pharmaceuticals A/S became final when they had their first trading day on the main stock exchange in Copenhagen on 28 March 2023 through the issuance of new shares in Pharma Equity Group A/S. Reponex became, indirectly, the first new Danish biotech company in several years on the Copenhagen stock exchange.

Business model

Reponex's repositioning strategy and model makes it possible to meet the treatment needs of patients faster than conventional drug development, while at the same time significantly reducing the total development costs and risks associated with drug development. With the transaction, Pharma Equity Group now have the opportunity to attract the investors needed to realize the great potential of the business model and to get the individual drug candidates all the way to the patients, where they can help make a difference.

Reponex has six promising drug candidates under clinical development and testing in four areas, each characterized by a high therapeutic need, where Reponex is currently expected to offer better and/or cheaper treatments:

- Colorectal cancer prevention and metastasis prevention
- Prevention and Treatment of Bacterial Peritonitis (Peritonitis)
- Alleviating the symptoms of the inflammatory disorders Crohn's disease and Pouchitis
- Treatment of chronic wounds and infected chronic wounds

Reponex leads the drug candidates up to and including clinical phase 2, where a data basis has been obtained that confirms the clinical relevance of the medicine. After this, the strategy is to enter into licensing agreements with major pharmaceutical companies, which can take the drugs further in the process towards final regulatory approval for marketing and distribution.

Clinical results in 2023

In company announcement number 34 of 8 June 2023, the company provided preliminary data from the first part of a clinical trial of Pouchitis. The study investigates whether GM-CSF in combination with Metronidazole and Fosfomycin can be safely used in patients with Pouchitis. In the first part of the study, a single treatment was given topically under endoscopic monitoring to 6 patients. In the second part of the study, involving 12 patients, a daily dose for 7 days will be administered using an enema. In the first part of the clinical trial, a single application of the novel GM-CSF/antibiotic therapy developed by Reponex showed a significant improvement in symptoms and objective changes in this unpleasant and all too common inflammatory consequence of total colectomy with ileorectal anastomosis. The second part of the clinical trial looks at the results with repeated doses via enema - which may show long-term control of a condition that has been notoriously difficult to treat. And not only that: the pathology behind Pouchitis is closely related to that of Crohn's disease, and the new treatment may also prove effective as a topical treatment for Crohn's lesions in the gut. Data is expected in 2024.

In company announcement number 45 of November 16, 2023, the Company announced that it is achieving the primary endpoints in the Company's Phase 2 clinical trial of the drug candidate RNX-051.

Reponex's MEFO study addresses the treatment of patients with right-sided colon cancer and right-sided polyps (precancerous precursors) with the company's drug candidate RNX-051.

The study's primary endpoints, which relate to a quantitative change in biofilm, were achieved in the group of patients with precursors to colorectal cancer. 'Topline' results showed that the treatment with RNX-051 removes biofilm from the healthy intestinal mucosa. In patients with colorectal cancer, it also removes biofilm from the edge zone of the cancer tumour in those patients who have a particularly high amount of biofilm before treatment.

In patients with RNX-051-treated precancerous precursors, compared to untreated precursors, a higher incidence of special immune cells that are essential for the immune system's ability to prevent the development of cancer from precursors was found. Similarly, in patients with colon cancer, a more favourable combination of immune cells in the tumour was found after treatment with RNX-051. Within 2 weeks of treatment with RNX-051, it was shown that a single treatment led to an increase in the cell types known to be crucial for the immune system's killing of cancer cells.

With these results, the study has shown a mechanism that gives reason to assume that the treatment can be incorporated into future treatments that can prevent the development of cancer from precursors and try combination treatments with other treatments such as immunotherapy or similar cancer therapies. The full results of the study are expected to be fully analysed in early 2024.

Patent approvals in 2023

In Company Announcement Number 41 of October 31, 2023, the Company announced that the United States Patent and Trademark Office (USPTO) had approved U.S. Patent Application No. 16/366,898. The patent deals with a method of treating chronic wounds by applying a hydrogel containing granulocyte macrophage colony stimulating factor (GM-CSF), sucralfate and hyaluronan to accelerate wound healing.

Reponex's treatment combines three active substances that accelerate the healing of chronic wounds such as venous and diabetic leg ulcers. According to Grand View Research, the global wound care market was valued at USD 21.4 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 4.15% from 2023 to 2030. Of this, the US market accounts for approximately USD 8 billion in 2022. The chronic wounds segment had the largest share at around 60% in 2022. The patent is valid until 2039.

In Company Announcement number 42 of October 31, 2023, the Company announced that the European Patent Office (EPO) had issued an "Intention To Grant" for EU patent applications No. 15724673.7 and No. 19701467.3.

The former application, which deals with the wound healing candidate RNX-022, describes a procedure for treating chronic wounds by applying a hydrogel containing granulocyte macrophage colony stimulating factor (GM-CSF), sucralfate and hyaluronan to accelerate wound healing.

The latter application deals with the colorectal cancer candidate RNX-051, and describes a method for fighting bacterial layers (biofilm) that protect the cancerous tumor or adenomas (potential cancerous tumor) from fighting the body's own immune system in the colon or rectum.

An "Intention To Grant" indicates that the EPO intends to issue the applications as patents after some standard procedural steps have been completed and the patent is expected to be issued within 2 months with validity until 2035 and 2039 respectively.

According to the World Health Organization (WHO) and the International Agency for Research on Cancer (IARC), the global colorectal cancer market was valued at USD 9.4 billion in 2020. Every year, about 57 million new cases of adenomas are reported, and about 1.5 million new cases of colorectal cancer are reported in Western countries.

New board members

At the extraordinary general meeting on 2 November 2023, Omar S. Qandeel and Martin Engell-Rossen were elected to the Board of Directors. Omar S. Qandeel is an international businessman who focuses primarily on social impact investments and project development together with Asian, European and Middle Eastern companies and governments. Omar S. Qandeel has a very extensive international network, both clinically and in relation to potential strong strategic alliances and new investors.

Omar S. Qandeel will focus his efforts on the Board of Directors on securing financing from investors and supporting the Company's commercial expansion into new markets, including the Middle East and Asia.

Martin Engell-Rossen is best known as Denmark's leading political strategist. He has a strong background as former chief of staff in the Prime Minister's Office and special adviser to Prime Minister Mette Frederiksen. Martin Engell-Rossen was most recently Senior Vice President for Group Communication & Sustainability at Danfoss.

Martin Engell-Rossen has also held senior positions at Microsoft Denmark and TDC and has also been a partner in a Danish public affairs agency. Martin Engell-Rossen's academic foundation is a Master of Corporate Communication from Copenhagen Business School (CBS), a Master of Political Science from Aarhus University and a Master of International Relations from Jerusalem, Israel - affiliated with the University of Gothenburg in Sweden.

Organization
On June 1, 2023, Christopher Burton, MD, PhD, joined Reponex as the Company's new clinical director.

Portinho receivable
In the consolidated financial statements as of 31 December 2023, the Company has a receivable from Portinho S.A., recognised at a value of DKK 58 million.

The valuation in the consolidated financial statements as well as in the parent company's financial statements are based on the receivable amounting to EUR 9.55 million plus interest. The principal with the addition of added interest equal DKK 79 million at 31 December 2023. The difference between the new book value and the principal including added interest reflects that it may take longer time than originally anticipated before the receivable will be finally paid.

The Company's Board of Directors, elected in connection with the Company's transformation into a pharmaceutical company, and the Executive Board have for a long time had a very close dialogue with the management of Portinho S.A. regarding the redemption of the Company's receivables from Portinho S.A., which originate from the time before the Company was transformed into a pharmaceutical company.

The dialogue and additional investigations are still ongoing with, among other things, assistance from both Danish and Portuguese legal advisors.

The scope and assessment of the preliminary results of the investigation work has led to the fact that it is not possible to comment specifically on when the receivable will be repaid to the Company, but it is still considered realistic that payment will be received in time either by Portinho S.A selling the underlying assets or through necessary legal actions.

Financing

As previously announced, the Company has entered into agreements with its financial creditors, which among other things take into account a postponement of payment of the Company's receivables from Portinho S.A. The Company complies with these agreements. As a result of the postponement of the payment by Portinho S.A., the Company has continued to raise loans that will continuously support the Company's working capital. The raising of capital is successive and progressing satisfactorily.

In Company Announcement No. 03 from 25 January 2024, the Company announced completion of subscription of convertible loans at a total amount of DKK 8.914.795. In Company Announcement No. 03 from 7 February 2024, the Company announced completion of additional subscription of convertible loans at a total amount of DKK 7.100.000. The total proceeds from issuance of convertible loans thus amounts to DKK 16 million.

On this basis, Management concludes that sufficient cash and credit facilities are available at all times to service the Group’s obligations as they fall due throughout 2024. Reference is made to note 22 in the consolidated financial statments.

To further inprove the Group´s capital resources the Company expects to establish additional convertible loans continuously over the year 2024, in accordance with the overall authorization in the articles of association. The Company currently has specific dialogue with several existing/new investors about further funding in the short-term. In addition, Management is working strategically on a more comprehensive increase in the capital and the share capital structure going-forward.

Communication

Pharma Equity Group and Reponex intensified marketing and communication in several areas in 2023, including social media. A completely new communication and marketing strategy has been developed, which among other things has resulted in the development of new films about Reponex Corporate Identity, about the repositioning strategy and about the drug candidates being worked on. In collaboration with Colitis and the Crohn's Association, films have also been prepared in which patients with Crohn's talk about the disease. In mid-November 2023, Pharma Equity Group and Reponex participated in the "IPO of the Year" in London, in the company of some of Europe's largest companies. 2023 was also the start of a series of presentations around the country by Pharma Equity Group and by Reponex.

In 2023, Pharma Equity Group A/S achieved a loss after tax of DKK 24.6 million. The loss without the allowance for the Portinho S.A. receivable equals DKK 20.2 million, which is in line with expectations. As at 31 December 2023, the Group's equity equals DKK 38.9 million.

We would like to thank our dedicated colleagues, the external partners, the patients who take part in our clinical trials and our shareholders for their continued support of Pharma Equity Group.

Hørsholm 20 March 2024

Christian Vinding Thomsen, chairman

Thomas Kaas Selsø, CEO

The Group's principal activities and 2023 Achievements

The Group´s principal activities

PEG is a company listed on Nasdaq Copenhagen main stock exchange.

On 24 March 2023, PEG completed the acquisition of the entire share capital in Reponex in exchange for shares in PEG. The shares issued to the shareholders of Reponex had its first trading day on Nasdaq Copenhagen on 28 March 2023. As a result of the transaction, a legal group has been established in 2023 with PEG as the legal parent, and Reponex as a 100% owned subsidiary, and hence PEG is required to publish consolidated financial statements from 2023.

Since the now former shareholders of Reponex have become the majority shareholders of PEG, the transaction has been accounted for as a reverse take-over when preparing the consolidation reporting for the Group, where Reponex has been identified as the accounting acquirer. Hence, the consolidated interim report reflects the assets, liabilities, operations and cash flows of Reponex for the entire 2023, including reported comparative figures for Reponex, whereas the assets, liabilities, operations and cash flows of PEG are reflected in the consolidated interim report from 24 March 2023 where the transaction was completed.

In the past, the published annual reports and interim reports for PEG reflected PEG's operations on a stand-alone basis, but as a result of Reponex being identified as the accounting acquirer, the past financial results of PEG will not be reflected in the consolidated interim figures for periods before 24 march 2023.

Description of Reponex' operations

Reponex is a clinical-stage biopharmaceutical company dedicated to the development of new, effective treatments for diseases that have significant patient and social impact for which current therapy is lacking or in need of improvement. The diseases are acute or life threatening, such as bacterial peritonitis and colorectal cancer, or may be chronic diseases that reduce lifespan and the quality of life and may shorten it, including inflammatory bowel diseases or complications of chronic diseases such as the disabling non-healing skin ulcers in patients with diabetes or venous insufficiency. There is a continuing unmet medical need to improve the treatment of these difficult conditions, which is what Reponex strives to achieve.

It is Reponex's ambition to create value through the company's sustaining platform by bringing the clinical programs to a clinical stage with relevant clinical data documenting the effect of the drug candidates, that will be a strong starting point for the completion of an exclusive licensing of the company's drug candidates to global pharmaceutical companies, that can contribute to execution of the further clinical and regulatory process as well as having relevant distribution power.

Reponex is an organizational efficient company with an aggressive commercial outsourcing strategy to be as agile as possible, to meet complex and continual changes in the pharma industry. The strategy creates a cost efficient and flexible way to create relevant human resources fast, which is considered a key factor and driver of success.

It is Reponex's clinical strategy to establish collaborations with internationally leading institutions and hospitals in combination with the best experts in each of the company's specific clinical areas.

Estimates and judgements

The preparation of the consolidated and parent company financial statements require the making of estimates and judgements that effects the reporting of assets, liabilities and expenses. The estimates and judgements are reviewed on an ongoing basis. Estimates and judgements are based on historical results and on various other assumptions, which the Group believes to be reasonable under the circumstances. However, the actual result may differ significantly from the estimates.

Management has especially considered the accounting for the Reponex transaction and concluded that Reponex is the accounting acquirer and thereby the transaction is accounted for as a reverse take-over.

See note 2.1 and 2.2 for further description.

Financial performance 2023 vs. outlook for 2023

The loss excluding allowance for the Portinho receivable and before tax for the year TDKK -22,439, is in line with Management's expectations for 2023 on a loss between DKK -18 - 22m.

Key Figures

	PEG Group *2023* TDKK	Reponex *2022* TDKK	Reponex *2021* TDKK	Reponex *2020* TDKK	Reponex *2019* TDKK
Revenue	0	0	0	0	0
EBITDA	-20,411	-10,738	-8,840	-2,145	-1,947
Depreciation, amortisation and impai	-480	-539	-3,763	-157	-390
Operating profit/loss (EBIT)	-20,891	-11,277	-12,603	-2,302	-2,337
Financial income	14	0	0	0	0
Financial expenses	-1,562	-22	-251	-81	-21
Loss before fair value adjustment Portinho and tax	**-22,439**	**-11,299**	**-12,854**	**-2,383**	**-2,358**
Allowance Portinho receivable	-4,403	0	0	0	0
Loss after fair value adjustment and before tax	**-26,841**	**-11,299**	**-12,854**	**-2,383**	**-2,358**
Tax on profit / loss	2,233	1,855	2,971	878	505
Profit/loss	**-24,609**	**-9,444**	**-9,883**	**-1,505**	**-1,853**
Total assets	81,335	21,516	28,708	20,408	17,502
Investments in tangible assets	73	0	0	0	16
Equity	**38,931**	**18,911**	**27,371**	**13,428**	**14,933**
Convertible loans	7,838	0.0	0.0	0.0	0.0
Solvency ratio	47.9%	87.9%	95.3%	65.8%	85.3%
Earnings per share	-0.02	-0.01			

Since the PEG/Reponex transaction is accounted for as a reversal take-over, it is Reponex Figures which are precented as comparative figures

Comments to consolidated financial statements for 2023
PEG Group comprehensive income for 2023 consists of Reponex for whole 2023 and PEG for the period 24 March 2023 - 31 December 2023.
In 2023, the Group has continued Reponex´s work on preparing the portfolio of clinical programs being ready for commercialization in the coming years.

Revenue TDKK 0.
The Group have not had any revenue for the year and does not expect that until 2025.

Operation profit/loss (EBIT) TDKK -20,891 (2022 TDKK -11,277)
EBIT consists of research and development costs of DKK 9.1m and administrative costs of 11.9m (2022 DKK 5.5m and 5.8m).
The increase in development costs is due to strengthen the organization and development activity by employing a CCO and CMO and others. Also. the partnerships with hospitals and other external partners have been strengthened.
The increase in administrative costs is primarily due to the transaction between PEG and Reponex as costs for both the companies is included from March 24 2023. Furthermore resources have been spent on strengthen the management, administration and investor relations communications.

Allowance Portinho receivable TDKK -4,403 (2022 TDKK 0)
The value of the receivable has been ajusted down to DKK 58m at 31 December 2023 and hence the consolidated income statement reflect a an allowance of DKK 4.4m. Management is still of the opinion that the receivable in time will be recovered, but it may take longer time than anticipated when entering into the agreement which matured on 1 July 2023, which is reflected in the value assessment of the receivable at 31 December 2023.

Financial expenses TDKK 1,562 (2022 TDKK 22)
Financial expenses consist primarily of interest on subordinated convertible debt, bank debt, financials loans, and loans from related parties. Interests on subordinated convertible debt and on financials loans are accrued and will not be paid until the principals mature. If convertible debt will be converted, the conversion will also include the accrued interest.

Tax on profit / loss an income of TDKK 2,233 (2022 TDKK 1,855)
Tax income for the year consist of the expected tax refund according to the tax legislation for Reponex qualifying research and development expenses.

Equity TDKK 38,931 (2022 TDKK 18,911)
Equity at year-end amounts to DKK 38.9 million. The size of equity reflects that the PEG/Reponex transaction has been accounted for at as a reverse take-over whereby consolidated equity is in reality based on the equity Reponex.

Parent company financial statements
For the parent company the loss for year is DKK 17.9 million primarily as a result of recognising an allowance relating to the Portinho receivable of DKK 12.8 million. Parent company equity amounts to DKK 712.6 million based on the investment in Reponex being valued at cost at DKK 689 million and the Portinho receivable being valued at DKK 58 million.

The purchase price for Reponex was legally agreed at DKK 1.5 billion. For accounting purposes, the cost price for the investment has been based on the market value of the shares issued to the Reponex shareholders on the first day of trading on 28 March 2023. Management of Pharma Equity Group A/S is still of the opinion that the transaction price of DKK 1.5 billion is a fair estimation of the value of Reponex, which has been supported by updated interntal value calculations, but also supported by external valuations. Hence, even though the market capitalisation of Pharma Equity Group at 31 December 2023 of DKK 440 million indirectly implies that the value of Reponex has declined since the transaction date, Management has concluded that the value of the investment is not impaired compared to the calculated cost price of DKK 689 million.

Events occurring after the balance sheet date
New subordinated convertible loans for totally DKK 8 million have been issued in January/February 2024.

2024 Outlook and objectives

In 2024 the Group will focus on creating a solid foundation for revenue-generating activity in 2025 and forward.

This involve the following focus:

- Continue and improve development, research and regulatory activity.
- Explore opportunities for strategic partners for our various drug candidates and begin preliminary negotiations with these.
- Create a solid financial foundation.
- Increase investor relations activities and communication about the Group and Reponex.

Financial guidance for 2024 million DKK:

	2024 Guidance	2023 actual
Revenue	0	0
*Loss before tax	24 - 29	22

* In 2023, an allowance relating to the Portinho receivable on DKK 4.4m was unforeseen.

* For 2024, the expected loss does not reflect any gains/losses relating to the Portinho S.A. receivable.

Product and development programs

Repositioning known drugs into new intervention is the heart of what we do

By repositioning Reponex finds new uses for active substances that are being used in other treatments. This means that the substances are used for other treatments than it was originally designated and registered for. The advantage of this is that the active substance's basic toxicity and adverse effect profile is already known and described.

Drug candidate overview

Diseases	Drug Candidates	Clinical phase 2	License agreement: Clinical phase 3 / License Agreement	License agreement: Expected revenue
Peritonitis (Bacterial peritonitis)	RNX-011	●	○	2025
Ulcus Cruris (Chronic skin ulcers)	RNX-021 RNX-022 RNX-023	●	○	2026 2026 2027
Inflammatory bowel diseases – Chrons & Pouchitis	RNX-041	●	○	2025
Colorectal Cancer & Colon Adenoma	RNX-051	●	○	2025

Reponex have several patents for the drug candidates including these:

Candidate	Europe	US	Japan	Expiration*
RNX-011 – Bacterial peritonitis	Granted (DE, FR, IT, NL, UK)	Granted + pending	Granted	2035/2040
RNX-021 – Chronic skin ulcers	-	-	-	-
RNX-022 – Chronic skin ulcers	Granted	Granted	-	2035
RNX-023 – Chronic skin ulcers	Granted (DE, FR, IT, NL, UK)	Pending	-	2035
RNX-041 – Inflammatory bowel disease – Pouchitis	Pending	Granted	-	2035
RNX-051 – Colorectal cancer	Allowed	Pending	Pending	2039
Granted = Fully approved and valid in the respective countries				
Allowed = The application has been approved by the superior authority (European Patent office), now it is translated into different languages and must then go through the national systems.				
Pending = The application is still pending by the authority.				
*Without supplementary protection certificate. The Supplementary Protection Certificate (SPC) can potentially provide up to 5 years of additional protection if issued.				

The potential for the drug cadidates are estimated to:

	Patient basis	Global market	Global players
RNX-011	Approx. 1.2 million new cases per year in EU, US and Japan	Estimated with some uncertainty at USD 1.5 – 2 billion.	- Pfizer Inc. - Baxter International - B. Braun - Teva
RNX-021, RNX-022	Approx. 16 million patients in the EU, US and Japan	USD 19 billion (2019) USD 25 billion (expected for 2025)	- Smith & Nephew - Coloplast, ConvaTec - Mölnlycke Health Care - Integra LifeSciences Corp - B. Braun Melsungen - Leo Pharma
RNX-023	Approx. 2.5 million patients in the EU, US and Japan		
RNX-041	Approx. 2 million patients in total in the EU and US with Crohn's disease.	USD 3.6 billion (2016), USD 4.7 billion (expected for 2025)	- Takeda Pharmaceutical Co Ltd. - AbbVie Inc. - Arena Pharmaceuticals Ltd - Galapagos NC
RNX-041	Approx. 234.000 patients in total in the EU and US with pouchitis.		
RNX-051	Approx. 1.5 million new cases per year in the western world with colorectal cancer	USD 9.4 billion (2020)	- Pfizer Inc. - Hoffmann-La Roche Ltd. - Amgen Inc. - Merck & Co. Inc. - Sanofi S.A.
RNX-051	Approx. 57 million new cases per year in the western world with colon adenomas		

Sources:

RNX-011: *Mollie F et al (Ann Surg. 2017 Aug;266(2):237-241), Gessler B et al (Int J Colorectal Dis. 2017; 32(4): 549–556), Knight S R et al (Lancet 2021; 397: 387–97), Golz R A et al (JAMA Surg. 2020;155(4):330-338), Lee J H et al (J Epidemiology 2010: 2: 97-105), Strate L L et al (Gastroenterology 2019; 156(5): 1282-1298)*

RNX-021, RNX-022: *Sen C K (Adv Wound Care 2019; 8(2): 39-48), Nelson H D (Intermountain Healthcare 2017), Fortune Business Insights (2022, Mar), www.GlobalData.com*

RNX-023: *Bui et al 2018, Int J Clin Pract 72(12):e13263*

RNX-041: *Burisch J et al (J Crohns Colitis 2013;7:322-337), Anand B S et al (Medscape Apr 2022), GlobalData 2020; GDHCER251-20), Reber J D et al (RadioGraphics 2018: 38(4): 1073-1088), Dalal et al (Inflamm Bowel Dis 2018; 23:989–996)*

RNX-051: *WHO, IARC, Global Cancer Observatory (GLOBOCAN 2020), Wong MSC et al (J. CGH 2020; 18(3): 553-561), Duvvuri A et al (Gastroenterology 201; 160: 1986-1996), Meester R G S et al (Gastroenerology 2020; 159(1): 105-118), Imperiale T F et al (Gastroenterology 2018; 155: 1776-1786)*

Reponex R&D platform
At Reponex, we are focused on repositioning generic drugs for new clinical indications.
Our repositioning strategy is to secure patent protection for drugs that have previously been used systemically, in a new formulation optimized for local application. In this way, Reponex expects to substantially reduce the development risk and time to market entry, as the safety profiles of the drugs are already known and local application is anticipated to further reduce the risk of unwanted side effects. Patent protections encompassing the new formulation and clinical use of these agents, together with data exclusivity are expected to afford Reponex with the same protections and market opportunities as seen with new drugs.

Reponex plans to develop formulations and demonstrate proof of clinical concept through the completion of Phase 2 clinical studies designed in collaboration with the regulatory authorities (EMA and FDA), and clinical medical and scientific experts.

Reponex' Research Focus
Biofilms are complex communities of bacteria, which adhere to surfaces and are encased in a slimy matrix of extracellular polymeric substances.

Biofilms may interact with the host immune system, leading to chronic immune activation and the release of pro-inflammatory cytokines.

In the intestine, changes in the composition of the gut microbiota, including an overgrowth of certain bacteria, have been associated with the development of biofilms.

Not only does the organisation of bacteria in biofilms make them difficult to eradicate with traditional antiseptic or antibiotic treatment, but biofilms may also promote cancer growth and progression.

Chronic inflammation creates a microenvironment conducive to ongoing cellular damage and genetic mutations, promoting the transition from normal tissue to precancerous lesions and, eventually, to cancer. Various metabolites produced by biofilm-associated bacteria, including short-chain fatty acids and toxins, may also contribute to the progression of colorectal neoplasia.

Reponex is building a pipeline of products to address biofilm related disease both in terms of resolving difficult to treat infections (e.g., bacterial peritonitis, and chronic skin ulcers), and disease modification through the removal of biofilms in patients with pre-cancerous and cancerous colorectal disease.

Molgramostim (GM-CSF)
Granulocyte-Monocyte Colony Stimulating Factor, commonly referred to as GM-CSF, is a vital cytokine that plays a crucial role in the regulation and stimulation of the production, differentiation, and function of white blood cells, specifically granulocytes and monocytes. GM-CSF is essential for maintaining the delicate balance of the immune system, ensuring an adequate supply of immune cells to combat infections, and promoting the formation of blood cells.

Endogenous GM-CSF is produced by various cells, including macrophages, T cells, and endothelial cells, and acts as a potent signalling molecule to stimulate the bone marrow to produce and release white blood cells into the bloodstream. GM-CSF is known for its multifaceted functions, including enhancing the survival, proliferation, and maturation of granulocytes and monocytes, as well as influencing the activation and functionality of mature immune cells.

Recombinant human GM-CSF, such as molgramostim, was developed in the 1980s as a systemic treatment to boost the immune system after bone marrow transplantation. At Reponex, we are repurposing the molecule for local treatment of severe or difficult to treat infections and wound healing.

Metronidazole & Fosfomycin

Metronidazole was first introduced in the 1960s but remains a fulcrum of many antibiotic treatment regimens due to its selective activity against microorganisms thriving in low-oxygen environments (anaerobes), which are often found in chronic wounds and the intestinal tract. Metronidazole disrupts bacterial DNA synthesis resulting in bacterial cell death.

Fosfomycin was also discovered in the 1960s and is a potent antibiotic with efficacy against a diverse array of both Gram-positive and Gram-negative bacteria, by irreversibly blocking a critical component of bacterial cell wall synthesis resulting in bacterial cell death. Fosfomycin has proven particularly effective against multidrug-resistant strains, making it a crucial therapeutic option in an era marked by escalating antibiotic resistance. As the medical community confronts challenges posed by antibiotic resistance, fosfomycin's role becomes increasingly significant.

Both antibiotics are invariably administered systemically (for example, by oral or intravenous administration). At Reponex, we are working on new formulations of these agents so that they may be administered locally, at high doses directly to the site of infection. In this way, we aim to maximize bacterial killing while minimising exposure of the rest of the body to antibiotics, which can lead to unwanted side effects, inappropriate killing of harmless commensal bacteria, and an increased risk of antimicrobial resistance.

Drug Formulation
Reponex has developed proprietary formulations of GM-CSF alone or in combination with antimicrobial agents to optimise delivery of these drugs to target tissues, while minimising systemic exposure and the risk of unwanted systemic side effects.

These include gel formulations that are either pre-mixed or form during administration (in-situ), for example, when sprayed together. The in-situ gel formulations are a promising platform for the development of products intended to be administered via an endoscope. The individual components of the formulation can be administered with ease due to low viscosity, which when sprayed together form an adhesive gel that fixes to the target tissue (e.g. a polyp or specific area or inflammation).

Continued development of these formulations will be integral to optimising drug performance and securing long-term market protection.

Bacterial peritonitis
Secondary bacterial peritonitis is a severe and potentially life-threatening condition characterized by inflammation and infection of the peritoneum, the membrane lining the abdominal cavity. Secondary bacterial peritonitis results from the contamination of the peritoneal cavity due to perforation or rupture of abdominal organs. Common triggers for secondary bacterial peritonitis include perforated appendicitis, diverticulitis, gastrointestinal perforations, traumatic injuries, or postsurgical complications. The breach in the integrity of the abdominal organs allows the escape of intestinal contents containing bacteria into the peritoneal space, leading to rapid and widespread infection.

Secondary bacterial peritonitis most often presents as an emergency, accounting for approximately 1% of all acute admissions to hospital. Patients experience severe abdominal pain, tenderness, and systemic signs of infection such as fever and elevated white blood cell count. Prompt diagnosis and intervention are crucial to prevent the progression of infection, which can lead to sepsis and multiple organ failure.

The present management of secondary bacterial peritonitis involves a multifaceted approach, including surgical intervention to address the underlying source of contamination, drainage of infected fluid, and a minimum of 3 to 5 days of intravenous broad-spectrum antibiotics followed by a course of oral antibiotics.

RNX-011 is a formulation of GM-CSF in combination with broad spectrum antibiotics, metronidazole and fosfomycin, intended to be given directly to the intraperitoneal cavity during surgery. In an exploratory study funded by Reponex, patients receiving the intraperitoneal combination of GM-CSF and antibiotics, were discharged from hospital earlier (after 2-21 hours vs. 67-169 hours) and without infectious complications (0 versus 2), compared with standard of care treatment with intravenous antibiotics.

Reponex is currently planning to conduct a larger Phase 2 study in a broader patient population and is actively seeking partnerships to streamline future Phase 3 development.

Pouchitis
Inflammatory Bowel Disease (IBD) encompasses a group of chronic inflammatory conditions affecting the gastrointestinal tract, leading to persistent and often debilitating symptoms. The two primary forms of IBD are Crohn's disease and ulcerative colitis, both characterized by periods of active inflammation interspersed with periods of remission. IBD is a complex and multifactorial disorder, involving a combination of genetic, environmental, and immunological factors. IBD affects up to 7 million people globally, and the incidence is increasing.

Pouchitis is a complication that can arise in patients who undergo ileal pouch-anal anastomosis (IPAA), a surgical procedure performed to treat ulcerative colitis. IPAA involves the removal of the colon and rectum, and the creation of an internal pouch from the end of the small intestine (ileum) to serve as a reservoir for stool. This surgery is considered a standard treatment for ulcerative colitis when medical therapy fails or becomes inadequate.

Pouchitis refers to inflammation of the ileal pouch, and it represents one of the most common long-term complications following IPAA. The condition is characterized by symptoms similar to ulcerative colitis, such as increased frequency of bowel movements, urgency, abdominal cramping, and in some cases, bloody stools.

Managing pouchitis is crucial to optimizing the quality of life for individuals who have undergone IPAA for ulcerative colitis. Treatment strategies for pouchitis often include antibiotics, which can help alleviate symptoms by targeting the underlying bacterial overgrowth or imbalance within the pouch; however, a significant proportion of patients have recurrent or chronic pouchitis. In some instances, pouchitis can lead to pouch failure, and reversion to a permanent ileostomy.

RNX-041 is a formulation of GM-CSF in combination with broad spectrum antibiotics, metronidazole and fostomycin, intended to be administered by enema directly into the pouch, with the aim of restoring the balance between immune cell function and bacterial growth, and stimulating repair of the endothelium.

Reponex is currently funding an exploratory study of GM-CSF, metronidazole and fosfomycin, and is actively pursuing an Orphan Drug Designation for the continued development of RNX-041. Reponex is actively seeking partnerships to continue the clinical development of RNX-041.

Colorectal adenoma and colorectal cancer
Colorectal cancer, a significant global health concern, arises in the colon or rectum and is characterized by the uncontrolled growth of abnormal cells within the lining of the large intestine. Colorectal cancer is the third most common cancer worldwide and the second leading cause of cancer-related deaths, highlighting its impact on public health. The number of people diagnosed with colorectal cancer is expected to increase by 60% over the next 15 years.

The development of colorectal cancer is often a gradual process, typically starting as small, benign growths called polyps on the inner lining of the colon or rectum. While not all polyps transform into cancer, some may progress over time, acquiring genetic mutations that lead to malignant transformation. Early detection and removal of colorectal adenomas are essential components of colorectal cancer prevention strategies. Regular screening, such as colonoscopies, plays a crucial role in the detection and removal of adenomas, thus preventing the development of colorectal cancer. During a colonoscopy, adenomas can be identified and removed through a procedure called polypectomy.

The role of biofilms in colorectal cancer development is an area of emerging research, and while the relationship is not yet fully elucidated, there is evidence suggesting that biofilms may play a role in promoting chronic inflammation and influencing the progression of colorectal neoplasia. One example is a species of bacteria called Fusobacterium nucleatum, which is often enriched in colorectal tumours, and its presence has been associated with an increased risk of cancer and worse clinical outcomes.

RNX-051 is a formulation of metronidazole and fosfomycin, that forms an in-situ gel when sprayed directly to the intestinal wall (e.g., during colonoscopy). Reponex has funded an exploratory study of these agents in patients with adenomas or colorectal cancer. Results of these studies are expected soon and will guide further clinical development.

Reponex sees a potential of RNX-051 in endoscopic surveillance in the management of hereditary adenomatous diseases, such as Familial Adenomatous Polyposis (FAP), MUTYH-associated polyposis (MAP), and Lynch syndrome. These genetic conditions predispose individuals to the development of colorectal adenomas, significantly elevating their risk of colorectal cancer, and potentially qualify for Orphan Drug Designation.

Chronic skin ulcers

Chronic skin ulcers present a challenging and persistent medical condition that often involves impaired wound healing and an extended inflammatory response. It is estimated that 1-2% of the population will develop chronic skin ulcers during their lifetime, and between 25-50% of hospitalised patients have chronic skin ulcers. The development and perpetuation of chronic skin ulcers are influenced by a variety of factors, including vascular insufficiency, diabetes, and immune dysfunction. Recent research has shed light on the significant role that biofilms may play in exacerbating the complexity of chronic skin ulcers.

In the context of chronic skin ulcers, biofilms can form on the wound bed, comprising bacteria, fungi, and other microorganisms. These biofilms create a resilient and structured environment that facilitates bacterial colonization and persistence. Biofilms contribute to the chronicity of ulcers by promoting microbial resistance to antibiotics, hindering immune responses, and fostering an environment that sustains inflammation.

Effective treatment of chronic skin ulcers with topical antiseptics and topical or systemic antimicrobial agents is challenging owing to the number of bacterial species within a single wound, and the organisation of these colonies within the biofilm. Protracted or ineffective antibiotic treatment increases the risk of antimicrobial drug resistance.

RNX-021, RNX-022, and RNX-023 are formulations of GM-CSF alone or in combination with different antimicrobial agents aimed at restoring immunological balance within the wound micro-environment through the removal of bacteria and dead tissue and stimulating the formation of new epithelium resulting in wound healing.

1. Corporate Governance

Pharma Equity Group remains focused on good corporate governance, having implemented the recommendations, except for four recommendations, from the Committee of Corporate Governance (Komitéen for god Selskabsledelse) for companies listed on the Nasdaq Copenhagen exchange.

The Management of Pharma Equity Group believes that the Company operates in compliance with guidelines and recommendations that support the Company's business model and can create value for the Company's stakeholders.

Regularly and at least once a year, the Management monitors adherence to the recommendations on corporate governance to ensure the best possible use of and compliance with the recommendations and legislation.

In accordance with Section 107 b of the Danish Financial Statements Act, Pharma Equity Group has published a statutory report on Corporate Governance for the financial year 2023 on the Company's website:

Corporate Governance Report 2023

1.1 The Board of Directors

The Pharma Equity Group is managed in a two-tier structure composed of the Board of Directors and the Executive Management.

The Board of Directors is responsible for the overall strategic management and the financial and managerial supervision of the Company, as well as for regular evaluation of the work of the Executive Management. The Board of Directors also ensures that the Company is properly managed as required by the Articles of Association, other guidelines, policies and applicable rules and regulations. Furthermore, the Board of Directors makes decisions on all unusual matters or matters with far-reaching implications.

The Board of Directors defines guidelines for the distribution of responsibilities between the Board of Directors and the Executive Management but does not participate in the day-to-day management of the Company. The duties of the Board of Directors are described in the Rules of Procedure.

The Executive Management is appointed by the Board of Directors, which lays down their terms and conditions of employment and the framework for their duties. The Executive Management is responsible for the day-to-day management of the Company in compliance with the guidelines and directions issued by the Board. The day-to-day operations do not include transactions of an unusual nature or of material importance to the affairs of the Company. As of December 31, 2023, the Executive Management consisted of Thomas Kaas Selsø, CEO.

1.2 Composition of the Board of Directors

The General Meeting, which is the Company's supreme authority, elects between three and seven members to the Board of Directors. The Board of Directors elects a Chairperson and a Vice Chairperson. The members elected by the shareholders hold office for terms of one year at a time and may be re-elected.

The members of the Board of Directors are nominated and stand for election on the basis of their specific qualifications and experience of relevance to the Company. Thus, the Board of Directors is composed with a view to ensuring an optimum combination of professional industry experience in general, in research and development, in IP rights and conclusion of contracts, in sales and marketing, as well as in finance and economics.

More than half of the Board members are considered independent in order for the Board of Directors to be able to act independently.

Each Board member's special qualifications may be found on the Company's website.

In 2023, the Board of Directors, impacted by the PEG/Reponex transaction as well as the various changes in the composition of the Board, held eighteen Board meetings. Six meetings are planned for 2024 in accordance with the Board of Directors' annual plan, which may be changed at any time to allow for additional meetings or as deemed necessary.

In 2023, Pharma Equity Group acquired Reponex Pharmaceuticals A/S. Accordingly, several changes to the Board of Directors were made throughout 2023. As of December 31, 2023, the Board of Directors consists of 5 members elected by the shareholders.

In section 4 is an overview of the members of the Board of Directors and term.

1.3 Board Committees

- **Audit Committee** with the following members: Christian Vinding Thomsen, Chair, Lars Gundorph, Peter Vilmann, Omar Qandeel and Martin Rossen.
- **Nomination and Remuneration Committee** with the following members: Lars Gundorph, Chair and Christian Vinding Thomsen.
- **Business, Research and Development Committee** with the following members: Peter Vilmann, Chair and Omar Qandeel.

More information about the committees, including the terms of reference which specify the tasks and responsibilities for each of the committees are available on the Company's website: https://pharmaequitygroup.com/our-board-committees-are-smaller-groups-of-advisory-people-who-holds-the-purpose-of-advising-the-board-on-a-specific-area-of-operations/

1.4 Diversity in the Management

In 2023, the Board of Directors (first-tier management level) had both male and female members. However, by 31 December 2023, the Board of Directors consists only of 5 male members, whereby the female share is of 0% (2022 3 members 0%). In its search for new board candidates, gender distribution is considered, together with other relevant competencies for election at the annual general meeting in 2024. It is the Company's goal to achieve equal gender representation in the Board of Directors by 2026 at the latest.

By the end of 2023, the Executive Board consists of 1 male person (end 2022 female share: 0%). The Company has no other employees than the CEO. At group level, in addition to the CEO of the parent company, other key management persons consist of 2 male persons. As long as the parent company only has one employee, policy for gender allocation is not applicable for the second-tier management level. If the parent company expands its organization and more people is employed by the parent company, and depending on the management structure that will be implemented, the Board of Directors expects that the target for gender allocation for the second-tier management will be based on equal gender representation.

With the current legal structure, the Board of Directors are focused on having equal gender representation for the second-tier management group on a group level by 2026 at the latest.

Based on the current legal and management structure for the Company and the Group, the actual gender allocation and the targets can be summarized as follows:

	2023 allocation (male/female)*	Target (male/female)
Pharma Equity Group A/S Board of Directors	5/0	Equal representation by 2026 at the latest**
Pharma Equity Group A/S Executive Board and other key management personnel	1/0	Equal representation to the extent that more than one person is employed by the Company**
The Group Executive Board for the parent and other key management personnel in parent and subsidiaries	3/0	Equal representation by 2026 at the latest**

* The Company applies the exemption rule whereby allocation only is shown for 2023. In future years, the table will be expanded each year until a 5-year history can be presented.

** Equal representation means 50-50% in case of even number of Directors and 40-60% in case of uneven number of Directors.

1.5 Evaluation of the Board

According to the Board of Directors Annual Plan, the Board conducts an annual self-evaluation. The evaluation covers, among other things, the Board's work, accomplishments and composition. The Chair heads the annual evaluation, which is conducted at least every third year by an external consultant. The process, whether it is facilitated internally or by external consultants, evaluates topics such as board dynamics, board agenda, quality of the material that is submitted to the Board, discussions at the Board meetings, the chair's leadership of the Board, strategy, Board composition and Board competencies. Typically, the process is further facilitated by each Board member filling out a detailed questionnaire, and the Board members are asked to score to which extent they agree with the individual questions. The results of the questionnaire are then discussed at a subsequent Board meeting, and the individual comments submitted are used in the planning and handling of future Board meetings.

As there have been several changes to the Board of Directors throughout 2023, the assessment has been performed on a continuous basis in 2023. The year-end assessment conducted by the Board of Directors concluded that additional competencies with regards to financing are required and that further development and continued optimization of Board work and delegation of tasks within the Board are a matter of focus in 2024.

1.6 Remuneration Policy and Remuration Report

The remuneration of the Board and the Executive Management is governed by the Remuneration Policy approved by the General Meeting in 2023.

In accordance with section 139 b in the Danish Companies Act, Pharma Equity Group has prepared a Report on the remuneration of the individual members of the Board and Executive Management in 2023.

Link to Remuneration Policy: https://pharmaequitygroup.com/remuneration-policy/

Link to Remuneration Report Remuneration Report 2023

1.7 Business Ethics and Data Ethics Policy

Pharma Equity Group focuses on Business Ethics. Accordingly, to ensure corporate oversight of the Company's global business ethics compliance risks, the Company has adopted a Code of Conduct and a Data Ethics Policy in 2023. The Code of Conduct and Data Ethics Policy is available to external stakeholders via our website and employees will in

Link to Code of Conduct https://pharmaequitygroup.com/our-code-of-conduct-guidelines/

Link to Data Ethics Policy https://pharmaequitygroup.com/data-ethics-policy-2/

2. Corporate social responsibility

As a company deeply committed to corporate social responsibility, we prioritize actions that reflect our dedication to the broader economic, societal, and environmental interests. At the heart of our operations are our patients, who constitute our DNA and our primary stakeholders.

Our innovative repositioning strategy focuses on converting existing medications into locally administered drugs, enhancing the targeted delivery, safety, and efficacy beyond what is currently available as standard care. This approach not only addresses specific healthcare needs more effectively but also aligns with our long-term vision of creating economic value for our primary stakeholders while fostering a sustainable and health-centric future.

Our commitment to corporate social responsibility (CSR) is embedded in our mission to develop new effective medicines for the local treatment of serious, acute, and chronic inflammatory diseases that have significant consequences for patients and society and for which there is currently no optimal treatment. Our mission is inspired by patients and the opportunity to address their unmet medical needs.

Pharma Equity Group has a small internal organization but is still committed to doing everything we can to ensure that our efforts benefit our direct stakeholders (patients, shareholders, business partners, and colleagues) as well as society. Our CSR policy focuses on areas most relevant to our core business:

• Quality in relation to research, development, and product supply activities - We adhere to the highest standards of quality by always following international development and safety guideline and do comprehensive risk assessments in all our research, development, and product supply efforts."

• Putting patients first - Our main priority in drug developments is product quality. This prioritization promotes patient safety and efficacy, meeting their needs with no compromise.

• Creating strong business partnerships – Our business partnerships have been there since the foundation.

• Environmental conditions, including the company's work to reduce climate impacts from the company's activities – We actively work to minimize our environmental footprint and reduce climate impact in all our operations. This commitment is especially evident in the assessment process of new potential vendors, where we rigorously inquire about their environmental footprint to ensure alignment with our sustainability goals.

• Working environment, employee well-being, and diversity –Our goal is to cultivate a welcoming culture where diversity is celebrated, and every employee is satisfied and feels valued.

• Respect for human rights - We uphold the highest standards of human rights in every aspect of our operations, ensuring fairness, personal data protection and equity.

• Anti-corruption and bribery - We strictly enforce policies against corruption and bribery to maintain integrity and trust in all our dealings.

• Business ethics – Our business ethics guide us to conduct our activities with honesty, integrity, and transparency for all stakeholders.

At this stage, the Group is focused on ensuring progress for its product candidates and ensure that revenue generating activities expectedly can start from 2025. Hence, up to now the Board of Directors have defined policies as listed above, but as a matter of prioritisation, the policies have not yet been translated into direct actions, and as a result it is currently too early to report on what results have been achieved to date.

Considering the character of the Group's current activities, the risks relating to environment and climate, human rights, anti-corruption are also assessed to be insignificant as of today, and hence risk of any negative impact arising from these topics is considered remote in the current situation.

For a more general description of the Group's risk management assessment and risk management activities, reference is made to the separate description in the "Risk management" paragraph of the Management's review.

We work to create a better life for patients and are proud to be working with the Colitis – Crohn Foreningen (CCF), which is a part of our CSR.

3. Risk Management

The Company's policy is to identify and mitigate risks deriving from the Company's operations and to establish appropriate level of internal controls and reporting processes, and to establish sufficient insurance coverage where possible and as deemed necessary in the circumstances.

The Board of Directors is responsible for the risk management strategy and the overall risk management framework and policies. The Board, advised by the Audit Committee as appropriate, manages risks and reviews the effectiveness of the risk management and internal control and financial reporting systems and processes. Management believes that all significant elements of risk have been identified and addressed.

At least once a year, the Audit Committee evaluates the risks connected with the financial reporting process, including the presence of internal controls, policies and guidelines. The Committee assesses the Group's organizational structure, including the risk of fraud and the measures to be taken to reduce and/or eliminate such risk. In that regard, any incentive or motive from the Executive Management to manipulate earnings or perform any other fraudulent action is discussed.

The Group's internal controls and guidelines provide a reasonable but not absolute certainty that unlawful use of assets, loss and/or significant errors or deficiencies in relation to the financial reporting process can be avoided. The Board of Directors has decided not to institute an internal audit function at Pharma Equity Group, based on its assessment that the Company's size and complexity does not necessitate such a function.

Pharma Equity Group is considering the establishment of a whistleblower scheme, which gives employees and other stakeholders the opportunity to report serious wrongdoing or suspicions thereof in an appropriate and confidential manner, and with a secure procedure for handling any whistleblower cases.

Pharma Equity Group's value chain consists primarily of IP-rights and research and development. By the nature of our business, we are exposed to a variety of risks along the value chain.

Pharma Equity Group has a thorough risk management and mitigation process, whereby Pharma Equity Group is managing the risks through risk identification, risk monitoring and risk mitigation. The process will in 2024 be an integrated part of the Pharma Equity Group operational procedures and the management processes. The Audit Committee, which includes Finance and Risk areas, will own and overseas the risk management process and will closely monitor the risks on a quarterly basis, including selected deep dives on specific risks. The Board of Directors will receive regular risk updates from The Audit Committee which will be taken into consideration in the Board's overall decisions about the company strategy.

The formal process ensures both bottom-up and top-down identification and handling of risks. In this process key risks are first identified through a bottom-up process including description of the risks and mitigating actions taken to reduce either the likelihood of occurrence or the potential impact. Residual risk after agreed mitigating actions is further mitigated by insurance where this is relevant and possible. All risks will have assigned risk owners, normally at the Executive level, and assigned risk-responsible employees who monitor and mitigate the risks closely.

The table below summarizes some of the key risks that are important to Pharma Equity Group's business including examples of mitigating actions.

Risk Area	Risks	Mitigating Actions
Risks relating to the acquisition and integration of Reponex Pharmaceuticals	Risks related to due diligence investigations on Reponex Pharmaceuticals not having revealed all risks, which, if materialized, may impact the factors considered in contributing value to Pharma Equity Group or result in unforeseen difficulties or costs of integrating Reponex Pharmaceuticals into the Pharma Equity Group.	Pharma Equity Group has not observed an increased risk in relation to the integration of Reponex.

Risk Area	Risks	Mitigating Actions
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate.	Risks related to clinical trials if results from the early clinical trials are not repeated in more extensive clinical trials, if Reponex' current and future clinical trials will not prove a risk benefit ratio or sufficient clinical benefit for Reponex Pharmaceuticals to be able to subsequently sell its products to partners or customers or obtain regulatory approvals or if, clinical trial results may prove inadequate to draw any conclusions and may have to be repeated.	When preparing a more extensive clinical trials Reponex Implement a meticulously designed clinical trial strategy that accounts for potential variations in patient populations, ensuring robustness and reliability of results also in relation to previously obtained data. Exhaustive literature search and key opinion leaders are the foundation for designing clinical trials which build on top of previous data and to ensure more knowledge of safety and efficacy in relation to regulatory demands, which adds value to the products. Another important step is early engagement with regulatory authorities to foster early and ongoing communication with regulatory bodies to align on trial endpoints, methodologies, and expectations. This step also minimizes regulatory surprises and ensures that trial designs align with the evolving regulatory landscape. Lastly, in some cases (if needed) comprehensive preclinical assessments will be conducted to add additional knowledge of the data from early clinical trials to ensure that the mode of action and proof of concept of products is even better understood and causing the wanted output. This step adds more understanding of project to minimize risk related to setup of more extensive clinical trials and add additional value to the product.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to increased development costs as a consequence of either delays or unsatisfactory results from clinical trials, which may lead to increased cash burn for Reponex and Pharma Equity Group compared to estimates.	Navigating the complexities of clinical trials is inherent in pharmaceutical development, and the associated financial risks demand meticulous attention. Evaluating the depth of financial planning underscores the company's proactive stance in anticipating and addressing potential cost escalations. Risk factors such as delays or unsatisfactory results, are integrated into the financial projections to ensure the company are foresight and prepared for contingencies. In the event of trial delays, it is important for Reponex to have an adaptive financial strategy dealing with contingencies. Firstly, a planned budget for clinical trial can include and financial overhead, creating a financial room for contingencies. Secondly, the deal with the clinical sites/CRO can have a payment structure based on the number of patients treated, which minimizes the cash burn if any delays pauses the treatment of patients. As the design of the upcoming clinical trials is a blinded placebo controlled data won't be available after all patients have been treated and data have been interpreted. To minimize risks of unsatisfactory data, the development of the protocol more specifically defining clinical outcome measures is very important, which is done in collaboration with authorities and key opinion leaders. This gives Reponex the best foundation for collecting data, which reflects the safety and efficacy of the products. In case of unsatisfactory results Reponex have done scenario planning, with clear defined operational tasks to understand the unsatisfactory data and why it had happened together with a strategic plan for the company to proceed on.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Repositioning Risks related to repositioning of established clinically proven active pharmaceutical ingredients if Reponex Pharmaceuticals never succeeds with any particular product candidate and as a result, never succeeds in creating a marketable product	The risk for Reponex to never succeed in creating a marketable product is not related to the repositioning strategy of the company. Reponex R&D and company strategy revolves around recombining, rerouting and repurpose already existing drugs and to proof they are efficacious and safe. The strategy minimizes early development steps, which shortens the need for time and finances compared to traditional drug development. Reponex Drug candidates will undergo clinical testing as traditional developed drugs. This elucidate that the risk of never succeeding in creating a marketable product is not related to the repositioning strategy, but the related to the safety, efficacy and usability of the product like all other development drugs in clinical testing. Reponex out licensing strategy also entails that prior to a phase 3 clinical trial a licensing partner have been identified to continue the clinical development of the product. Depending on the structure of the licensing agreement, Reponex have received payments and transferred the risked of getting market authorization to the licensing partner.

Risk Management

Risk Area	Risks	Mitigating Actions
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to the projection of the addressable market and the commercial potential of the product candidates which may reduce their commercial value if Reponex Pharmaceuticals' projection of the addressable market and commercial potential for its product candidates are not accurate.	In the development phase it is important to Reponex to have close communication with potential stakeholders of their products this entails patients, physicians and market analytics. This frequent communication helps the company to monitor and adjust its market projections in response to evolving market dynamics, and incorporate mechanisms to ensure proactive adjustments. The use of external sources and their validation enhances confidence in the accuracy and reliability of market projections used and presented by Reponex.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to the repayment of the Portinho S.A receivable, which if not paid in full or in time may force Pharma Equity Group to use a large part of the current cash and credit facilities available on the day-to-day operations of the Group and for settlement of existing creditors, including banks and other financial lenders, if other cash or financing resources are not available.	The Company's Board of Directors, which was elected in connection with the transition of the Company to a pharma-company, and Executive Management have, since the Reverse Take-over 28/3-2023 had a very close dialogue with the management of Portinho S.A. regarding settlement the of the Company's receivable from Portinho S.A. This dialogue and investigation are still ongoing with, among other things, both Danish and Portuguese legal advice. The scope and assessment of the preliminary results of the investigation work has led to the conclusion that it is still the expectation that the receivable will be paid, but it will take longer time than anticipated when entering the agreement which matured on 1 July 2023. If needed, Management is considering various legal actions including taking back shares in Portinho and the sell the shares or underlying assets to third parties to recover the outstanding amount.
Risks relating to the financial position of Pharma Equity Group and Reponex Pharmaceuticals:	Risks related to financing needs and capital for Reponex Pharmaceuticals if delays in clinical trials or product development results in delayed revenues and increased costs, negatively affecting future expected cash flows.	Pharma Equity Group has not observed delays in the clinical programs in relation to the announced expectations in the prospectus of February 27, 2023, regarding revenue streams expectedly to flow-in from 2025 and beyond.
Risks relating to the financial position of Pharma Equity Group and Reponex Pharmaceuticals:	Risks related to the financial situation of Pharma Equity Group if the Portinho S.A receivable is not paid in full or on time.	In relation to the capital resources of Pharma Equity Group, the Company has entered into agreements with its financial creditors, which among other things take into account a postponement of payment of the Company's receivable from Portinho S.A. The Company complies with these agreements. As a result of the postponement of the payment by Portinho S.A., the Company has continued to take out loans that will continuously support the Company's working capital. The supply of loans is successive and progressing satisfactorily, as further described on page 4 and in note 22.

4. Shareholder information

Master data:

Stock Exchange:	Nasdaq Copenhagen main stock exchange
ISIN Code:	DK0061155009
Symbol:	PEG
LEI Code:	2138008SUI4D917FKN20
CVR no	26791413
Share capital DKK	1,022,963,883
Denomination	DKK 1.00
No. of shares/votes	1,022,963,883
Negotiable	Yes
Voting restrictions	No

Pharma Equity Group shares and capitalization

On 31 December 2023, PEG has a nominal share capital of DKK 1,022,963.883 consisting of 1,022,963,883 shares of each
In connection with the transaction between PEG and Reponex, BDO state-authorized audit firm prepared a non-cash
PEG is followed by Danske Bank Equity Research DK, by HC Andersen Capital DK and by Analyst Group in Sweden. See the full analyzes and valuations on the PEG website

https://pharmaequitygroup.com/stock-information/

Shareholding structure

PEG´s shareholders are preliminary residents of Denmark. On December 2023 the following shareholders held more

- Beier Holding ApS, Holsted (7,59% of votes and shares)
- Biopharma Holding ApS, Hørsholm (20,05% of votes and shares)

Rest of the shares are spread out on approximately 1,700 shareholders end of 2023.

Management shareholding and market value 31 December 2023

Name	*Number of shares	Percentage of share capital	Value 31 December 2023 TDKK
Thomas Kaas Selsø, CEO, PEG	1,822,474	0.18%	784
Christian Vinding Thomsen, Chairman of the Board, PE	1,233,605	0.12%	530
Martin Engell-Rossen, Vice Chairman of the Board,PEG	0	0.00%	0
Omar S. Qandeel, Board Member,PEG	0	0.00%	0
Peer Vilmann, Board Member, PEG	0	0.00%	0
Lars Rosenkrantz Gundorph, Board Member, PEG	21,351,475	2.09%	9,181
Troels Peter Troelsen, Board Member, Reponex	21,944,945	2.15%	9,436
Charlotte Pahl, Board Member, Reponex	3,694,210	0.36%	1,589
Total Management shareholdings	50,046,709	4.89%	21,520

* Including shares held in entities controlled by them

Authorizations to the Board of Directors according to Articles of Association for PEG:

Until 27 April 2028 (AOA 4.1 A), the Board of Directors is authorized to increase the Company's share capital at one or more times by up to a nominal amount of DKK 50,000,000. The increase may be implemented by way of full cash contribution, by conversion of debt or by contribution of other assets than cash, including by way of contribution of an existing business. The capital must be increased with pre-emption rights for existing shareholders. The current authorization amount is DKK 50,000,000.

Until 31 August 2024 (AOA 4.1 B), the Board of Directors is authorized to increase the Company's share capital at one or more times by up to 1,100,000,000 shares of a nominal value of DKK 1 each. The increase may be implemented by way of full or partial cash contribution, by conversion of debt and/or by contribution of other assets than cash, including by way of contribution of an existing business. The capital must be increased without pre-emption rights for existing shareholders as it is a directed issue. In the case of contribution in cash or conversion of debt, the capital increase must as a minimum be made at the market price calculated as the average of the last three trading days prior to the subscription. The current authorization amount is 122,652,375 shares.

Until 31 August 2024 (AOA 4.1 C), the Board of Directors is authorized to increase the Company's share capital at one or more times by up to a nominal amount of DKK 50,000,000 by issuing new shares. The increase may be implemented by way of full cash contribution, by conversion of debt or by contribution of other assets than cash, including by way of contribution of an existing business. The capital must be increased without pre-emption rights for existing shareholders and at least at market price. The current authorization amount is DKK 48,172,800.

Until 31 August 2024 (AOA 4.2), the Board of Directors is authorized to allow the Company to issue warrants at one or more times. The warrants must not grant the right to subscribe for shares in the Company of a nominal value exceeding DKK 50,000,000. The warrants must be issued without pre-emption rights for existing shareholders and on an arm's length basis; however, the Board of Directors is entitled to issue shares in the Company at a favourable price with respect to shares of a nominal value of DKK 5,000,000. The current authorization amount is DKK 50,000,000.

Until 31 August 2026 (AOA 4.3 A), the Board of Directors is authorised to allow the Company to raise loans at one or more times against bonds or other debt instruments granting the lender the right to convert its debt into shares in the Company (convertible loans). The convertible loans must not grant the right to subscribe for shares in the Company of a nominal value exceeding DKK 50,000,000. The convertible loans must be raised without pre-emption rights for the Company's existing shareholders and on an arm's length basis; however, the Board of Directors is entitled to issue shares in the Company at a favourable price with respect to shares of a nominal value of DKK 5,000,000. The current authorization amount is DKK 26,094,503; among this, a nominal value of DKK 4,150,000 may be issued at a favorable price.

Until 23 August 2024 (AOA 4.3 B), the Board of Directors is authorised to allow the Company to raise loans at one or more times against bonds or other debt instruments granting the lender the right to convert its debt into shares in the Company (convertible loans). The convertible loans must not grant the right to subscribe for shares in the Company of a nominal value exceeding DKK 6,000,000. The Board of Directors may re-issue issued but unutilised convertible loans that may no longer be converted. The convertible loan must be raised without pre-emption rights for the Company's existing shareholders and on an arm's length basis; however, the Board of Directors is entitled to issue shares in the Company at a favourable price with respect to shares of a nominal value of DKK 5,000,000. The current authorization amount is DKK 5,535,387; among this, a nominal value of DKK 4,535,387 may be issued at a favorable price.

The Board of Directors is authorised to lay down the specific terms and conditions for the capital increases under the above authorisations and to make any such amendments to the Company's articles of association as may be required as a result of the Board of Directors' exercise of the said authorisations. Any exercise of the authorisations set out in articles 4.1 to 4.3 requires unanimity among the members of the Board of Directors.

Please the Company´s Articles of Association for the whole wording and utilized authorizations.

5. Pharma Equity Group Board of Directors and CEO at 20 March 2024

Name	Christian Vinding Thomsen	Mating Engell-Rossen	Omar S. Quandeel	Lars Rosenkrantz Gundorph	Peter Vilmann	Thomas Kaas Selsø
Position	Chairman	Vice Chairman	Board Member	Board member	Board member	CEO
Year of birth	1975	1975	1961	1960	1952	1973
Nationality	Danish	Danish	Saudi Arabia	Danish	Danish	Danish
Gender	Male	Male	Male	Male	Male	Male
First election	2023	2023	2023	2023	2023	2023
Committee	Audit committee Chair, Nomination & Remuneration committee	Audit committee	Audit committee and Business, Research and Development committee	Audit committee and Nomination and Remuneration committee, Chair	Audit committee and Business, Research and Development committee, Chair	
Independent	No	No	Yes	No	Yes	No
Special competencie	Legal compliance within Regulatory Life Science, Healthcare, M&A and Corporate Law, as well as experience with publicly traded companies.	Strategic communication	Extensive international network, both clinically and in relation to potential strong strategic alliances and new investors, primarily the Middle East and Asia.	Risk management, Marketing	Special knowledge about the Company's drug candidates.	Management, Financing, accounting, M&A as well as experience with publicly traded companies.
Current positions	Chairman of the Board of KT Stålindustri A/S, Reponex Pharmaceuticals A/S, Winmed A/S. Board member of Repoceuticals A/S, Loeven Advokatpartner-selskab and AKI Therapeutics A/S	Board member of Wise Home A/S, Vega rec ApS, Dansk Eksport- og Investeringsfond (EIFO) and Koncertvirksomhedens Fond	Chairman of the board of Nippo Trading Company ltd, United Arab Emirates, KONUX, Japan. Board member of Nihon AD Capital Investment, Japan, CEO of Summit Financial Services Ltd., Saudi Arabia	Chairman of the Board of North Pensionsagentur ApS. CEO of Gundorph Holding ApS, City-Hoteller Tyskland ApS	Board member of GEAbetes ApS and CEO of Speciallæge Vilmann ApS	CEO of Reponex Pharmaceuticals A/S, Ideal Finance Holding ApS and Ideal Finans ApS
PEG shares 31.12.2023	1,233,605	0	0	21,351,475	0	1,822,474
Overview of Meetings:						
Board	13/13	2/3	2/3	13/3	11/11	13/13
Audit Committee	3/3	1/1	1/1	1/1	2/2	3/3
Nomination & Remuneration committee	1/1	N/A	N/A	1/1	N/A	N/A
Business Research & Development committee	N/A	N/A	1/1	N/A	1/1	N/A

Statement of the Board of Directors and Executive Management

The Board of Directors and Executive Management have today considered and approved the Annual Report of Pharma Equity Group A/S for the financial year 1 January 2023 – 31 December 2023 for the Group and the Parent company.

The consolidated financial statements and parent company financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position as of 31 December 2023, and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January 2023 – 31 December 2023.

In our opinion, the Management review includes a fair review of the development of the Group's and the parent company's operations, financial and non-financial matters, the results for the year, and the Group's and the parent company's financial position, as well as a review of the principal risks and uncertainties to which the Group and the parent company are exposed.

In our opinion, the annual report with the file name PharmaEquityGroup-2023-12-31-en.zip is prepared in accordance with the ESEF Regulation.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hørsholm, 20 March 2024

Executive Management

Thomas Kaas Selsø, CEO

Board of Directors

Christian Vinding Thomsen
Chairman

Martin Engell-Rossen
Vice Chairman

Omar S Qandeel

Lars Rosenkrantz Gundorph

Peter Vilmann

Independent auditor's report

To the shareholders of Pharma Equity Group A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Pharma Equity Group A/S for the financial year 1 January – 31 December 2023, which comprise statements of comprehensive income, financial position, changes in equity and cash flows, and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor
We were initially appointed as auditor of Pharma Equity Group A/S on 10 February 2023 for the financial year 2022. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 1 year up until the financial year 2023.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and parent company financial statements for the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the consolidated and parent financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated and parent company financial statements.

Key audit matters	How our audit addressed the key audit matter
Capital resources In 2023, the Company has not received payment from Portinho S.A as further explained in note 2.1 to the consolidated financial statements. Management has considered that sufficient capital resources are available to cover the cash outflow from the expected loss in 2024. We have identified the sufficiency of capital resources as a key audit matter as forecast of cash outflows is based on Management's judgements and estimates. Reference is made to note 22 to the consolidated financial statements.	Our procedures in relation to the assessment of sufficiency of the Group's capital resources included: - Reviewing and challenging the key assumptions in Management's forecasted cash flows for 2024; - Agreeing the Group's debt facilities to supporting documents with focus on the agreements that support that maturity date can be deferred if no payment will be received from Portinho S.A in 2024; - Obtained documentation for credit facilities and convertible loans obtained in 2024; - Assessing the appropriateness of the disclosures included in note 22 to the consolidated financial statements.

Portinho S.A receivable The carrying value of the Portinho S.A receivable is DKK 58 million. The principal of the receivable and accrued interest in total amount to DKK 79.1 million. The receivable measured at amortized cost. We refer to notes 2.1 and 14 to the consolidated financial statements and note 2 in the parent company financial statements. Due to the uncertainty as to whether Management's assessment of the recoverability and the timing of when this realistically will take place, and the complexity of determining net realization value, we consider the measurement of the Portinho S.A receivable to be a key audit matter.	Our procedures in relation to the assessment of the net realisable value of the Portinho S.A receivable included: – Reviewing Management's documentation of its dialogue with representatives of Portinho S.A including confirmation of outstanding amount and accrued interest as of 31 December 2023; - Reviewing and challenging Management's documentation and support for its assessment that the Portinho S.A receivable in time will be recovered; - Testing and evaluating the appropriateness of the model used to determine the net realisable value of the receivable including challenging the reasonableness of the key assumptions such as timing of when the receivable realistically is expected to be recovered and testing and challenging the discount rate used to calculate the the net realisable value; – Assessing the appropriateness of the disclosures included in notes 2.1 and 14 to the consolidated financial statements and note 2 in the parent company financial statements.

Parent company financial statements: Impairment assessment of investment in Reponex Pharmaceuticals A/S The carrying value of investment in subsidiary is DKK 689 million and consists of shares in Reponex Pharmaceuticals A/S, which is measured at cost price. We refer to note 2 in the parent company financial statements. We have identified the potential impairment of the investment in Reponex Pharmaceuticals A/S in the parent company financial statements as a key audit matter due to the significance of the investment in the parent company financial statements and the complexity and subjective nature of Management's determination of the recoverable amount.	Our procedures in relation to the assessment of the recoverable amount of the investment in Reponex Pharmaceuticals A/S included: – Reviewing Management's impairment test of the investment in Reponex Pharmaceuticals, including progress of the development of the underlying product candidates; - Evaluate the appropriateness of the model used by management to calculate the recoverable amount for Reponex Pharmaceutical A/S; - Assess and challenge the reasonableness of the key assumptions such as likelihood that partnership agreements will be entered, royalty rates, market size and market shares, timeline and discount rates; - Reviewing and comparing external valuations of Pharma Equity Group A/S – and thereby indirectly valuations of Reponex Pharmaceuticals A/S – with the valuations prepared by Management; – Assessing the appropriateness of the disclosures included in note 2 of the parent company financial statements

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the consolidated and parent company financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated and parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated and parent company financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the consolidated and parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated and parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and parent company financial statements
Our objectives are to obtain reasonable assurance as to whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and parent company financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated and parent company financial statements, including the note disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation
As part of our audit of the consolidated financial statements and parent company financial statements of Pharma Equity Group A/S, we performed procedures to express an opinion on whether the annual report of Pharma Equity Group A/S for the financial year 1 January – 31 December 2023 with the file name PharmaEquityGroup-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.
- Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:
- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Ccompany's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;

- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Pharma Equity Group A/S for the financial year 1 January – 31 December 2023 with the file name PharmaEquityGroup-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 20 March 2024

BDO
Statsautoriseret Revisionsaktieselskab
CVR no. 20 22 26 70

Kim Mücke
State authorized public accountant
MNE No. Mne10944

Consolidated statement of comprehensive income

Note		PEG Group* 2023 TDKK	Reponex 2022 TDKK (restated)
4	**Revenue**	0	**0**
	Production costs	0	0
	Gross profit	**0**	**0**
	Research and development costs	-9,082	-5,497
	Administrative costs	-11,809	-5,780
	Operating profit/loss (EBIT)	**-20,891**	**-11,277**
14	Allowance Portinho receivable	-4,403	0
7	Financial income	14	0
8	Financial expenses	-1,562	-22
	Profit/loss before tax	**-26,841**	**-11,299**
9	Tax on profit/loss for the year	2,233	1,855
	Net profit/loss for the year	**-24,609**	**-9,444**
	Other comprehensive income/loss	0	0
	Total comprehensive income/loss	**-24,609**	**-9,444**
10	Earnings per share (EPS basic), DKK	-0.02	-0.01
10	Diluted earnings per share (EPS-D), DKK	-0.02	-0.01

* PEG Group consolidated comprehensive income for 2023 consists of Reponex for whole 2023 and PEG for the period 24 March 2023 - 31 December 2023.

Consolidated statement of financial position

Note	ASSETS	PEG Group 31-12-2023 TDKK	Reponex 31-12-2022 TDKK
			(restated)
	Non-current assets		
11	Intangible assets	13,598	13,860
12	Tangible assets	55	0
12	Right-of-use assets	452	582
	Total non-current assets	**14,105**	**14,442**
	Current assets		
14	Receivable Portinho S.A.	58,000	0
15	Other receivables	2,344	802
15	Prepaid expenses	423	1,587
9	Current tax receivable	2,233	1,855
16	Cash and cash equivalents	4,231	2,830
	Total current assets	**67,231**	**7,074**
	Total assets	**81,335**	**21,516**

Note	EQUITY AND LIABILITIES	31-12-2023 TDKK	31-12-2022 TDKK
			(restated)
17	Share capital	1,022,964	830
17	Other reserves	-984,033	18,081
	Total equity	**38,931**	**18,911**
18+19	Subordinated convertible debt	7,838	**0**
12	Lease liabilities	234	295
	Total long-term liabilities	**8,072**	**295**
	Trade payables	10,202	1,606
19	Bank debt	4,085	0
19	Financial loans	17,847	0
12	Lease liabilities	217	286
20	Other liabilities	1,981	418
	Total current liabilities	**34,332**	**2,310**
	Total liabilities	**42,404**	**2,605**
	Total equity and liabilities	**81,335**	**21,516**

	Share capital	Share premium account	Other reserves	Total equity
Statement of changes in equity				
01-01-2022 - 31-12-2022				
Equity Reponex as at 31-12-2021	830	0	26,542	27,371
Change in accounting policy - (see note 1.1)	0	0	766	766
Adjusted Equity Reponex as at 01-01-2022	**830**	**0**	**27,308**	**28,137**
Net profit/loss	0	0	-9,444	-9,444
Share based payments	0	0	217	217
	0	**0**	**-9,227**	**-9,227**
Dividends	0	0	0	0
Transactions with owners	**0**	**0**	**0**	**0**
Equity Reponex as at 31-12-2022	**830**	**0**	**18,081**	**18,910**
				0
Statement of changes in equity				
01-01-2023 - 31-12-2023				
Equity Reponex as at 01-01-2023	830	0	18,081	18,910
Net profit/loss	0	0	-24,609	-24,609
	0	**0**	**-24,609**	**-24,609**
Capital increase from warrants exercised	20	12,684	0	12,704
Costs related to warrants exercised	0	-512	0	-512
Transfer of share premium	0	-12,172	12,172	0
Reversal of share capital Reponex 24-03-2023	-850	0	850	0
PEG Group, Equity 24-03-2023 (see note 5)	45,616	0	-10,948	34,668
Shares issued to Reponex shareholders 24-03-2023	977,348	0	-977,348	0
Costs related to issue of shares to Reponex shareholders	0	0	-2,232	-2,232
Dividends	0	0	0	0
Transactions with owners	**1,022,134**	**0**	**-977,505**	**44,629**
Equity PEG Group as at 31-12-2023	**1,022,964**	**0**	**-984,033**	**38,931**

Consolidated cash flow statement

Note		PEG Group* 2023 TDKK	Reponex 2022 TDKK (restated)
	Profit/loss before tax	-26,841	-11,299
	Adjustment of non-cash transactions:		
	Depreciation, amortisation and impairment losses	480	539
	Share based payments	0	217
	Allowance relating to Portinho S.A	4,403	0
	Financial income	-14	0
	Financial expenses	1,517	22
	Change in working capital:		
	Receivables	-1,358	160
	Trade payables	2,021	860
	Prepaid expenses	1,164	-403
	Other liabilities	1,564	147
	Net cash used in operating activities before net financials	**-17,065**	**-9,757**
	Financial income received	14	0
	Financial expenses paid	-1,428	-22
	Corporate tax refund	1,855	1,484
	Net cash used in operating activities	**-16,624**	**-8,295**
	Purchase of tangible assets	-73	0
	Net cash used in investing activities	**-73**	**0**
	Lease instalments	-200	-278
	Repayment bank loans	-3,326	0
	Repayment financial loans	-1,000	0
	Subordinated convertible loan, obtained	8,000	0
	Financial loans, obtained	5,248	0
	Share issue costs paid	-3,854	0
	Proceeds from capital increases, exercise of warrants	12,192	0
	Net cash received from financing activities	**17,060**	**-278**
	Total cash flows for the year	**363**	**-8,573**
5	Cash and cash equivalents PEG upon transaction date	1,037	0
	Cash and cash equivalents beginning of year	2,830	11,403
	Cash equivalents end of year	**4,231**	**2,830**
	Cash and cash equivalents, end of year, comprise:		
	Cash and cash equivalents	4,231	2,830
	Total	**4,231**	**2,830**

* PEG Group consolidated cash flow statement for 2023 consists of Reponex for whole 2023 and PEG for the period 24 March 2023 - 31 December 2023.

1. Accounting policies

1.1 Basis of preparation

The consolidated report for the year 1 January –31 December 2023 (”2023”) has been prepared in accordance with IFRS Accounting Standards ("IFRS"), as adopted by the EU, IFRIC interpretations and with those parts of the Danish Financial Statements Act applicable to listed companies.

IFRS is subject to amendments and interpretations by the IASB and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. The consolidated report for 2023 complies with each IFRS that is mandatory for accounting periods ending on 31 December 2023.

The consolidated report have been prepared on the going concern basis and have been prepared under the historical cost convention.

The principal accounting policies are set out below.

Accounting for Reponex transaction:
On 24 March 2023, Pharma Equity Group A/S (”PEG”) acquired the entire share capital in Reponex Pharmaceuticals (”Reponex”) in exchange for shares in PEG and whereby the shareholders of Reponex have become the majority owner of PEG. The acquisition of Reponex means that PEG from 24 March 2023 is required to publish consolidated financial statements. In the past, PEG's financial reporting has been on a stand-alone basis.

With the Reponex shareholders becoming the majority owners of PEG, Reponex has been identified as accounting acquirer for the purposes of the consolidated financial statements. Hence, the consolidated report reflects the assets, liabilities, operations and cash flows of Reponex for the entire 2023, including reported comparative figures, whereas the assets, liabilities, operations and cash flows of PEG are reflected in the consolidated report from 24 March 2023 where the transaction was completed. Hence, this is an important change compared to the past. For the reporting of historical financial figures for PEG, these are reported as comparative figures in the parent financial statements.

Also, Reponex has applied IFRS in the past, and there have been no changes in the accounting principles and the application of IFRS for 2023 compared to the accounting principles applied by Reponex in the past, except for a change in the accounting for development projects and presentation of inventories as described below.

Change in the accounting for development projects:
Reponex has a pipeline of biotech development projects in the form of product candidates in phase 2. The Group plans to out-license their product candidates to partners when this is considered feasible and commercial attractive.

Until 2020, Reponex capitalized certain development costs relating to the then ongoing development projects. Due to the general uncertainty as to whether final approvals will be obtained, and thereby the inherent uncertainty relating to the value of the ongoing development projects, Reponex ceased to capitalize further development costs from 2021, and from 2021 the then capitalized development costs have been subject to amortization on a straight-line basis over 14 years being the remaining life-time (in 2021) for underlying patents.

Considering that the development is still ongoing for the product candidates, Management has reconsidered the accounting policy adopted in 2021, and Management has concluded that it is inappropriate to amortize the capitalized development costs since amortization imply that the development has been completed and the related intellectual properties have been taken in use, which is not yet in fact the case. On this basis, with effect from 2023 the amounts capitalized in the past are now presented as “Development projects in progress” rather than “Completed development projects”. The change is accounted for as a change in accounting policy with retroactive impact from 2021 where the previous practice was introduced, and hence the comparative figures for 2021 and 2022 have been amended accordingly by reversing the amortization charges recognized in 2021 and 2022. As a consequence of the changed accounting, the capitalized development costs will be tested annually for impairment. See note 2.2 and note 11.

The change can be summarized as follows:

Effect of change in Accounting policy	2023		2022	
	Amounts under new policy TDKK	Amounts under previous policy TDKK	Amounts under new policy TDKK	Amounts under previous policy TDKK
Consolidated income statement:				
Research and development costs	-9,082	-9,848	-5,497	-6,263
Operating profit/loss (EBIT)	-20,891	-21,657	-11,277	-12,043
Tax on profit/loss for the year	2,233	2,233	1,855	1,855
Net profit/loss for the year	-24,609	-25,375	-9,444	-10,210
Total comprehensive income/loss	-24,609	-25,375	-9,444	-10,210
Consolidated Statement of financial position:				
Intangible assets	13,598	11,301	13,860	12,328
Total equity	38,931	36,634	18,911	17,379
Total balance sheet	81,335	79,038	21,516	19,984

Change in presentation inventories / prepaid costs
In the financial report for Reponex for 2022, an amount of TDKK 1,592 was presented as inventory under current assets. The amount consists of purchased and not yet used drugs and materials to be used in the testing and documentation of the development of the different drug candidates. With effect from 2013 such purchases not yet consumed are recognized and presented as prepaid costs. The 2022 figures have been adjusted accordingly.The change in classification does not have any influence of the result nor the equity for the year.

1.2 Foreign currency translation
Functional and presentation currency
The financial statements are presented in DKK, which is also the functional currency of the Group.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the balance sheet date.

1.3 Revenue and segments
The Group has not yet engaged in revenue generating activities and hence no revenue is recognized in the financial statements.

Currently, Management regard the Group to operate in one segment, and hence no segment disclosures are provided.

1.4 Research and development costs
Research and development costs primarily comprise internal and external costs related to development activity. The costs include external consultants, employee costs, materials and registration work regarding patents.

1.5 Administrative costs
Administrative costs comprise costs incurred during the year concerning management and corporate costs, including costs concerning administrative staff, the executive board, stock exchange costs, investor relations and IT etc.

1.6 Net financials
Net financials comprise interest, currency gains/losses, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax repayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts that relate to the respective financial years. Fair value changes relating to the Portinho S.A receivable is due to the financial nature of the receivable also included in Net financials.

1.7 Share based employee remuneration
In the past, Reponex has issued equity-settled share-based remuneration plans for its employees and member of the board of directors. The last plan was settled in February 2023 with an equity inflow of DKK 12.7m in Reponex. As per 31.12 2023 there are no ongoing share-based remuneration plans.

In the past, the share-based remuneration plans have been recognized as an expense with a corresponding credit to retained earnings. If vesting periods or other vesting conditions applied, the expense was allocated over the vesting period, based on the best available estimate of the number of share expected to vest.
Upon exercise of warrants, the proceeds received, net of any directly attributable transaction costs, have been allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium, and where the share premium amount is immediately reclassified to retained earnings as allowed under the Danish Company Law.

1.8 Intangible assets
Development projects and patents
Patents and development costs recognised in the balance sheet are measured at cost less accumulated amortization and any write-downs for impairment. Patents and finalized development projects are amortized over the remaining lifetime of the patents with 2021 as the starting year for amortization where the patents had a remaining life time of 14 years. Amortization methods, useful years and residual values are reviewed every year. Reference is made to note 1.1 above where a change between completed and ongoing development projects is described inluding reversal of amortisation recognised in the past. Further reference is made to note 2.2 where the most significant estimations relating to development projets and patents are described.

Gain and loss from the sale of intangibles are calculated based on the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the income statement as other operating income or other operating expenses.

1.9 Tangible assets
Tangible fixed assets are measured at cost less accumulated depreciation and any write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

If the depreciation period or the residual value is changed, the effect on deprecation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use. The cost of an asset is divided into separate components when relevant. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is recognized on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Equipment	3-5 years	0%

Gain or loss derived from the disposal of tangible fixed is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Gain or loss is recognised in the income statement as other operating income or other operating expenses.

1.10 Leased assets and leasing liabilities
The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short-term leases and leases of low value. For these leases, lease payments are recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses . The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of the Group's corresponding assets such as equipment. In addition, right-of-use assets are periodically reduced by impairment losses, if any.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate con not be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:
- Fixed payments.
- Variable payments, if any, dependent on an index or rate.
- The exercise price of a purchase option, if any, if it is reasonably certain that the option will be exercised.
- Amounts expected to be payable under residual value guarantees, if applicable.

The lease liabilities are subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

1.11 Impairment testing of intangible assets and tangible assets
The carrying amounts of both intangible and tangible assets are subject to an annual impairment assessment in order to disclose any indication of impairment beyond those expressed by amortisation and depreciation.

If indications of impairment are are assessed to exist, impairment tests are carried out for each individual asset or group of assets (cash-generating unit).

Developments projects in progress and any intangible assets with indefinite lives will be impairment tested annually, no matter whether or not there are any indication of impairment.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. Reference is made to note 2.2 and 11 for a discussion of the impairment assessments and impairment testing applied for 2023 for intangible assets.

1.12 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments (currently not relevant) are classified into the following categories upon initial recognition:
1) loans and receivables (amortized costs)
2) financial assets at fair value through profit or loss (FVTPL) - currently not relevant
3) held-to-maturity (HTM) investments - currently not relevant.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Reference is made to note 2.1 and 14 in relation to the measurement of the Portinho receivable following that reverse take-over accounting has been applied for the PEG/Reponex transaction.

1.13 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, including any expected tax refund under the tax credit system for development activities. As described in note 9, current tax in 2022 and 2023 only relates to recognition of tax credit from the Group's development activities.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group`s forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

As further described in note 9, no deferred tax assets have been recognized at 31.12.2023 and 31.12.2022.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

1.14 Cash and cash equivalents
Cash and cash equivalents comprise on demand bank deposits.

1.15 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and fully paid in.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. As allowed under Danish corporate laws, share premium is presented as part of retained earnings, since share premium is a available for dividend distribution and can be used to cover negative free reserves.

Retained earnings includes all current and prior period retained profits and losses and share-based employee remuneration as well as transfers of share premium.

All transactions with owners are recognized separately within equity.

Dividend distributions payable to shareholders are included in other liabilities when the dividends have been approved at a general meeting prior to the reporting date.

2 Significant accounting estimates and judgements
For 2023, Management has especially applied significant accounting estimates and judgements as follows:

2.1 Accounting for PEG/Reponex transaction
Reverse take-over
As of 24 March 2023, PEG acquired 100% of the share capital in Reponex by issuing 977,347,625 shares of DKK 1 each in a rights issue to the shareholders of Reponex after which the shareholders in Reponex owned approx. 95% of the total share capital in PEG. On this basis, Reponex has been identified as the accounting acquirer for the purposes of the preparation of the consolidated financial statements, and the transaction is accounted for as a reverse take-over. Reference is made to note 5 for further information.

Measurement of Portinho S.A receivable at transaction date
PEG's receivable from Portinho S.A has been outstanding for some years. In 2021 it was agreed to defer payment of the outstanding amount to 1 July 2023 at the latest.

As a result of the PEG/Reponex transaction being accounted for as a reverse take-over, PEG's Portinho S.A receivable has been subject to a separate fair value measurement exercise at the transaction date, since IFRS rules, in a reverse take-over transaction, require identifiable assets and liabilities of PEG to be recognised and measured at their fair values at the transaction date. Management has considered various ways of determining a relevant and reliable fair value of the receivable, and concluded that fair value of the receivable extracted from the market value of PEG, just prior to the transaction, represented the most relevant and reliable fair value of the receivable at the transaction date:

- Just prior to the transaction, PEG in reality only had one asset and did not have any operations, and hence, the market value of PEG to a large extent reflected the market's valuation of the receivable.
- Due to the nature of the receivable, Management has concluded that a separate fair value assessment of the receivable, including making use of outside experts, would be subject to significant uncertainty, and thereby such valuation would not be a better or more reliable reflection of the receivable's fair value than the fair value which could be extracted from the market value of PEG just prior to the completion of the transaction.
- Management has considered whether the market value of PEG just prior to the completion of the transaction included a value relating to the shell of PEG being an empty stock listed company. Management has noted that the price per share of PEG has decreased after the completion of the transaction and the listing of the shares issued to the Reponex shareholders. Although the development in the stock price for the PEG shares after the listing of the new shares is a result of multiple elements, Management finds that the development in the share price – among other things – indicate that the market had not assigned a substantial value to the upcoming Reponex transaction in the stock price for PEG prior to the completion of the PEG/Reponex transaction, and hence Management finds that it is reasonable to assume and conclude that the value of the stock shell is not material, and hence no value for stock shell has been identified and recognized in the 2023 consolidated financial statements.

By determining the fair value by extracting it from the market value of PEG just prior to the completion of the transaction, the Portinho S.A receivable was valued at DKK 62.4 million at 24 March 2023 (the transaction date).

Measurement of Portinho SA receivable at balance sheet date
Portinho S.A did not pay the receivable at 1 July 2023. Representatives of PEG have been in regular dialogue with representatives of Portinho S.A to find solutions for securing that the receivable and ensuring it will be recovered. During the dialogue between the Company´s Board of Directors and the management of Portinho S.A. the exact receivable amount has been confirmed as per 31 December 2023 to EUR 10.6m (approximately DKK 78.9m including added interest). As part of the dialogue, interest rate going forward from 1 July 2023 has been agreed to 2% per quarter. Before reassessing the value of the receivable, see below, the carrying value of the receivable at 31 December 2023 equaled DKK 65.8m including added interest for the period 1 April – 31 December 2023 of DKK 3.4m.

Based on the regular dialogue with representatives from Portinho S.A, Management finds that it is reasonable to expect that the receivable will be recovered in time. However, since Portinho S.A was not able to settle the receivable at the agreed maturity and still has not honored the receivable, Management has reassessed the value of the receivable. The key assumptions applied include:
(i) Despite the fact that the amount has not yet been received, based on the dialogue with representatives of Portinho S.A and assessment of the realistic value of underlying development projects, Management is still convinced that the amount in time will be received from Portinho S.A including interest. Among others, reference is made to Company Announcements No. 36 from 30 June 2023, No. 39 from 25 September 2023, and No. 46 from 28 November 2023 .
(ii) Management has looked at various ways of securing the full settlement of the receivable and the realistic timeframes for the various scenarios. This includes balancing giving Portinho time to complete the selling of the company or the underlying assets or other ways of securing funding to be able to settle the debt to PEG, and considering using legal actions or taking the shares in Portinho S.A back and sell the shares to third parties, etc.
(iii) Management has calculated present values for the various scenarios applying a discount rate that reflect the uncertainty in the timeframe which especially is due to uncertainty relating to the timeframe for Portinho S.A obtaining cash-flows from its underlying development projects.

By applying this methodology, Management has assessed the estimated net realisable value of the receivable to be DKK 58m at 31 December 2023, and hence the consolidated income statement reflects an allowance loss of DKK 7.8m (of which DKK 3.4m relates to the interest for the period 1 April – 31 December 2023), whereby the net allowance equals DKK 4.4m.

Portinho receivable as a financial resource
The receivable represents a significant expected financial resource to the Group, and hence Management has also made assessments of consequences if the receivable is not paid at the agreed due date. As further outlined in note 19, the majority of the Group's short-term financial loans fall due concurrently with the receipt of payment from Portinho S.A, and as further outlined in note 22, this will ensure that the Group has sufficient financial resources available to executing on its plans for the foreseeable future and settle those financial obligations which falls due in 2024 even without receiving any payment from Portinho S.A in 2024.

2.2 Accounting for development costs
The Group is engaged in development activities relating to various product candidates and as such, for financial reporting purposes, the Group makes estimates as to whether the development costs meet the requirements for capitalization, or whether the costs incurred should be expensed as incurred. Reponex' development projects are all ongoing with the target of entering into partnerships with third parties who will bring the products to the market based on license agreements securing the Group revenue in the form of upfront license payments and ongoing license payments.

With effect from 2021 the then Reponex Management assessed that development costs incurred in 2021 and onwards did not meet the capitalization criteria in IAS 38 "Intangibles" and hence all development costs incurred from 2021 and onwards have been expensed as incurred. Despite Management has positive expectations for all ongoing product candidates, inherent significant uncertainty exist as to the future commercial and economical potential, including whether regulatory approvals will be obtained as a key success factor. Hence, Management has determined that it is considered most appropriate to expense all development costs as inclurred also in 2023.

Also from 2021, Reponex began amortization of the amounts capitalized in the past of totally DKK 11.0m. As described in note 1.1, management has reassessed this accounting policy and concluded that it is inappropriate to recognize amortization charges as long as the product candidates are under development and no income generating activities take place. Hence past amortization charges have been reversed applying the rules for changes in accounting policy with retroactive adjustment of comparative figures.

As a result of reclassifying the development projects to be projects in progress, IAS 38 requires that these ongoing projects are tested for impairment at least annually by comparing the carrying amounts with the recoverable amounts where the recoverable amounts are the higher of fair value less cost of disposal and value in use.

Management has performed an impairment test based on the rNPV-model ("risk adjusted net present value"), which is considered to be the appropriate model for determining fair value for life science development projects in its early stages. The rNPV-model is a variant of the discounted cash-flow model. The model has been applied for each of the product candidates under development in Reponex. Using this method, the value of the product candidates is the net present value of the forecasted cash flows where the cash flow projections are based on estimated market size, market share, treatment price, time to market, patent lifetime, royalty rate and development cost. The royalty rate has generally been set using an average of 25%.

To arrive at the net present value, the cash flow projectsions have been discounted based on a risk-adjusted discount rate based on cost-of-capital with the addition for risk factors like development risk and risks relating to the estimations applied for market size, market share, treatment price, time to market, patent portfolio, partnerships, etc. The cost-of-capital has been set at 11,2% and including the risk factors, the risk-adjusted discount rate has been set at 22.0%.

The model is inherently subject to significant uncertainty since the actual figures may differ significantly from the estimates applied, including risk such as product candidates will not obtain regulatory approvals or Reponex will not be able to enter into partnerships with third-party pharmaceutical companies, which is key to bring the product candidates to the market and thereby a key assumption for obtaining royalties in the future.

At this stage, it is Management's assessment that the development of all product candidates are progressing satisfactory and Management believes that it is both realistic and achievable that partnership agreements will in time be entered for all or most of the product candidates, and that the risk-adjusted discount rate appropriately takes into consideration the multiple risks associated with all of the product candidates, but also with due consideration that the potential earnings for the product candidates should partnerships be entered and should the assumptions about the market size, market share, treatment price, life time of the products/patents, etc. be materialised as assumed, the value of the royalty earnings will far exceed the rNPV determined for each of the products.

In the base case, applying an average royalty rate of 25% and discounting future cash-flows with 22.0%, the value of the Reponex development projects has been determined to be DKK 1.6 bn, which thereby implies that the value of the development projects in progress is not impaired.

Sensitivity has not been disclosed due to the considerable head room between the calculated NPV and the carrying value of development projects in progress.

3. Nature of operations

The object of the Company is, without geographical limitation, to be a holding company for companies with Life Science activities and to invest in shares admitted to trading on a regulated trading venue or multilateral trading facility and unlisted shares as determined by the Board of Directors with a view to achieving long-term value added subject to appropriate risk diversification and other related activities.

Currently the Group, through Reponex, is a clinical-stage pharmaceutical company dedicated to the development of new, effective treatments for diseases that have significant patient and social impact and for which current therapy is lacking or in need of improvement.

The diseases may be acute and life threatening, such as bacterial peritonitis or colorectal cancer, or may be chronic diseases that spoil the quality of life and may shorten it, such as inflammatory bowel diseases, or complications of chronic diseases such as the disabling non-healing skin ulcers in patients with diabetes or venous insufficiency. The Group has 6 drug candidates in clinical phase 2
Pharma Equity Group A/S is incorporated in Denmark and listed on Nasdaq main list.

4. Revenue and segment information.

No revenue has been recognized in 2023 and 2022. Currently, Management regard the Group to operate in one segment, and hence no segment disclosures are provided at this stage.

5. PEG/Reponex transaction

On 24 March 2023, PEG completed the acquisition of the entire share capital in Reponex in exchange for shares in PEG, and whereby the shareholders of Reponex became the owners of approx. 95% of the share capital of PEG.

As consideration for the acquisition, PEG issued 977,347,625 new PEG shares of DKK 1 each. For legal purposes, the transaction price for Reponex was agreed to DKK 1.5 billion. For accounting purposes, the transaction price is based on the the market price for the issued shares at the first day of listing on 28 March 2023, as this is considered to approximate and to be the best estimate of the market price for the shares when these were legally issued on 24 March 2023.

Under the provisions and requirements of IFRS, Reponex has been identified as the accounting acquirer due to:
- Following the completion of the transaction, the shareholders of Reponex became the majority shareholders of PEG,
- Going forward the Group's primary activities will consist of the Reponex activities,
- After the completion of the transaction, a new CEO was appointed coming from the Reponex structure and two out of three PEG board members resigned, and hence the majority of persons of the executive management and Board of Directors going forward after the transaction date was related to Reponex or elected after the Reponex shareholders have taken over the majority of the Group.

As a result of Reponex being identified as the accounting acquirer, the transaction is accounted for as a reverse take-over when preparing the consolidated financial statements for PEG. This has the following accounting consequences:
- The existing shareholders in PEG receive from an accounting perspective a consideration equal to their share of PEG based on the market value of PEG just prior to the completion of the transaction. Calculations indicate a fair value of the consideration DKK 34.6 million based on the stock price for the PEG shares just prior to issuing new PEG shares to the Reponex shareholders.
- The existing shareholders in PEG, immediately prior to the transaction, are – in regard to the consolidated financial statements of PEG Group – treated as new shareholders, which are reflected as an equity increase equal to fair value of the shares received by the existing shareholders in PEG as outlined in the statement of movements in equity.
- All identifiable assets and liabilities in PEG are reassessed to fair value and recognized in the consolidated financial statements from 24 March 2023. Assessment of fair value of the net assets in PEG equaled DKK 34.7 million.

The key considerations for measuring PEG identifiable assets and liabilities as of the transaction date can be summarized as follows:
- As described in note 2.1 Management has extracted the fair value from PEG's market value just prior to the transaction date, and on this basis the fair value of the Portinho S.A receivable has been determined to amount to DKK 62.4 million at the transaction date.
- Fair value of liabilities has been determined to approximate the nominal value of the identifiable liabilities, including added interest for interest bearing liabilities, based on interest rates for interest bearing liabilities are considered in all material respects to reflect credit risk and period until all such liabilities will be settled. For trade payables and other liabilities, fair value has also been considered to be equal the underlying nominal value of the debts considering that normal short term payment terms have been agreed for these debt items.

When determining the accounting for the PEG/Reponex transaction, Management considered whether there was an excess value between fair value of the consideration to the existing PEG shareholders and the fair value of the assets and liabilities in the existing PEG, which according to IFRIC agenda decision should be expensed, as a share-based payment, in the consolidated financial statements as the value of PEG's stock shell.

The fair value of the consideration to the existing PEG shareholders have been allocated in full to identifiable PEG assets and liabilities as of the transaction date, and thereby there is neither a positive nor a negative excess value to be separately accounted for including that no separate share-based payment element has been identified

The PEG/Reponex transaction and the related presentation of the consolidated statement of financial position end March 2023 (approximation of transaction date) can be summarized as follows:

	Reponex TDKK	*PEG fair value of assets and liabilities and consideration* TDKK	*Elimination* TDKK	*PEG Group* TDKK
Non-current assets				
Intangible assets	12,071	0	0	12,071
Tangible assets	69	0	0	69
Right-of-use assets	510	0	0	510
Equity investments in Reponex	0	689,030	-689,030	0
Tax receivable	536	0	0	536
Total non-current assets	**13,185**	**689,030**	**-689,030**	**13,185**
Current assets				
Receivable Portinho S.A.	0	62,403	0	62,403
Other receivables	841	184	0	1,024
Prepaid expenses	1,642	0	0	1,642
Current tax receivable	1,855	0	0	1,855
Cash and cash equivalents	11,041	1,037	0	12,079
Total current assets	**15,379**	**63,624**	**0**	**79,003**
Total assets	**28,565**	**752,654**	**-689,030**	**92,188**
Total Equity	**26,708**	**723,699**	**-689,030**	**61,376**
Liabilities				
Lease liabilities, long-term	222	0	0	222
Trade payables	816	8,197 *	0	9,013
Bank debt	0	7,411	0	7,411
Financial loans	0	6,996	0	6,996
Loan from shareholders	0	6,352	0	6,352
Lease liabilities, Short-term	288	0	0	288
Other liabilities	531	0	0	531
Total liabilities	**1,857**	**28,955**	**0**	**30,812**
Total equity and liabilities	**28,564**	**752,654**	**-689,030**	**92,188**

*Trade payables include accrued transaction costs and costs related to the listing of the newly issued shares to the Reponex shareholders, including costs related to the preparation of the prospectus, of totally DKK 6.6m. These costs have been incurred by PEG prior to the transaction date, and as a result of applying reverse takeover for the transaction, these transactions costs do not appear from the consolidated statement of change in equity, but they appear from the cash flow statements when being paid and they appear seperately in the parent stand-alone financial statements.

6. Staff costs	*2023* TDKK	*2022* TDKK
Wages and salaries	5,529	2,180
Share based payments	0	217
Pensions	382	117
Social security costs	17	20
Total	**5,928**	**2,534**

Staff costs are presented as follows in the income statement

Research and development costs	2,173	0
Administrative costs	3,756	2,534
Total	**5,928**	**2,534**

Average number of employees in the period	6	3
Total	**6**	**3**

Remuneration of Directors	TDKK	TDKK
Board of Directors	838	0
CEO	2,554	1,757
Other Key Management Personnel	0	0
Total remuneration for Directors	**3,391**	**1,757**

Share based employee remuneration

In February 2023, warrant holders of Reponex exercised 203.266 warrants resulting in a cash equity inflow of DKK 12,7 million after which there are no outstanding warrants. The expense of the program was allocated over the original vesting period where the expense was determined using Black-Scholes formula as follows:

Grant date	**27 Aug 2020**
Vesting period ends (original agreement)	15 Sept 2023
Share price (DKK) at date of grant	45.00
Volatility	20.58%
Option period	3.7 years
Risk-free rate	-0.34%
Fair value (DKK) per option at grant date	2.255
Exercise price (DKK) at date of grant	62.50

The standard volatility was calculated on the basis of daily returns on pharmaceutical companies on STOXX 24 months before the grant of warrants. As the risk free rate, the 10-year treasury bond rate was used based on the average in August 2020.

The value of the warrants program was calculated to TDKK 543 which was to be allocated over the vesting period. As part of the preparation of the PEG/Reponex transaction where the warrants program was changed to be exercised before the transaction date, Reponex decided to recognise the remaining value in full in its 2022 financial statements, hence no cost has been recognised in 2023.

7. Financial income	*2023* TDKK	*2022* TDKK
Misc. interest income	14	0
Total	**14**	**0**

8. Financial expenses	*2023* TDKK	*2022* TDKK
Interest expenses on loans measured at amortized cost	1,517	0
Interest expenses lease liabilities	45	22
Total	**1,562**	**22**

9. Tax	*2023* DKK	*2022* DKK
Tax on profit/loss for the year:		
Current tax	-2,233	-1,855
Change in deferred tax	-1,417	-1,296
Deferred tax asset not capitalized	1,417	1,296
Total	**-2,233**	**-1,855**

Under Danish tax legislation, the Group can apply for tax credit based on qualifying research and development expenses. For 2023, the expected tax credit is expected to be TKKK 2,233 (TDKK 1,855 in 2022 - amount was receieved in November 2023).

Reconciliation of effective tax rate:			
Loss before tax		-26,841	-11,299
Tax computed on the loss before tax at a tax rate of 22%		-5,905	-2,654
Permanent differences and not capitalized tax asset		-170	-497
Non capitalized tax asset		4,236	1,128
Total - Effective tax rate	**6.9%**	**-1,840**	**-2,023**

Current tax asset		
Tax credit receivable	-2,233	-1,855
Current tax asset, total	**-2,233**	**-1,855**

Deferred tax is related to the following assets and liabilities:
Deferred taxes arising from temporary differences are summarised below:

Intangible assets	2,662	2,551
Tangible assets	12	0
Tax losses carried forward	-32,750	-4,067
Deferred tax asset not capitalized	30,076	1,516
Total deferred tax	**0**	**0**

The Group has accumulated tax losses of DKK 147m the value of which equals DKK 31.7m (tax rate 22%). The value of the tax losses have not been recognised on the balance sheet. Any recognition awaits that the Group will become profitable on a sustainable basis.

The tax losses can to a large extent only be utilised by the legal entity who has had the tax losses. Tax losses incurred after 24 March 2023 can be used by both companies in the Group. The access to utilizing the tax losses can be summarised as follows:

	2023	*2022*
	TDKK	TDKK
Reponex value of tax losses carried forward	4,321	4,067
PEG value of tax losses carried forward	24,808	0
Group value of tax losses carried forward	3,621	0
Unrecorded deferred tax asset	**32,750**	**4,067**

10. Earnings per share

	PEG Group	Reponex
	2023	*2022*
	TDKK	TDKK
		(restated)
Profit/loss for the year	**-24,609**	**-9,444**
Interest convertible loan	126	0
Profit/loss for the year for the purpose of diluted EPS	**-24,609**	**-9,444**
Average number of shares (in thousands) Reponex	2,522	8,295
Exchange rate applied in reverse take-over	115	115
Average number of shares (in thousands) Reponex until reverse-take over date (1)	**290,030**	**953,972**
Average number of shares (in thousands) PEG from reverse-take over date	790,345	0
Average number of treasury shares (in thousands)	-15	0
Average number of shares (in thousands) PEG after reverse-take over date (2)	**790,330**	**0**
Average number of shares (in thousands) full year (1+2)	**1,080,360**	**953,972**
Effect of convertible loans (note 18)	8,192	0
Effect of warrants issued (Reponex)	0	203
Diluted average number of shares (in thousands)	1,088,551	8,499
Exchange rate applied in reverse take-over	n.a	115
Diluted average number of shares (in thousands)	**1,088,551**	**977,348**
Earnings per share of DKK 1.00 (DKK)	**-0.02**	**-0.01**
Diluted earnings per share of DKK 1.00 (DKK)	**-0.02**	**-0.01**

11. Intangible assets

	Patents and licenses TDKK	Development projects in progress TDKK	Total TDKK
		(restated)	*restated)*
Financial year 2022			
Cost as at 01-01-2022	5,822	11,031	16,853
Cost as at 31-12-2022	**5,822**	**11,031**	**16,853**
Amortisation and impairment losses as at 01-01-2022	2,731	0	2,731
Amortisation for the year	262	0	262
Amortisation and impairment losses as at 31-12-2022	**2,993**	**0**	**2,993**
Carrying amount as at 31-12-2022	**2,829**	**11,031**	**13,860**
Financial year 2023			
Cost as at 01-01-2023	5,822	11,031	16,853
Cost as at 31-12-2023	**5,822**	**11,031**	**16,853**
Amortisation and impairment losses as at 01-01-2023	2,993	0	2,993
Amortisation for the period	262	0	262
Amortisation and impairment losses as at 31-12-2023	**3,254**	**0**	**3,254**
Carrying amount as at 31-12-2023	**2,567**	**11,031**	**13,598**

Reference is made to note 1.1 where it is described that Reponex and thereby the Group has concluded that since all development projects are ongoing, the accounting for the development projects has changed with retroactive effect so that amortization charges are not recognized as long as projects are still under development and no revenue generating activities have started. Past recognized amortization has been reversed retroactively. The above table hence reflects the updated accounting for development projects in progress.

As a result of changing the classification of development projects to be projects in progress, IAS 38 requires that these ongoing projects are tested for impairment at least annually by comparing the carrying amounts with the recoverable amounts where the recoverable amounts are the higher of fair value less cost of disposal and value in use. As stated in note 2.2. Management has concluded that the development projects recognized on the statement of financial position are not impaired.

Patents are amortized over the remaining life of underlying patents and thereby allocating the cost over the period where Reponex obtains protection and exclusivity to use the knowhow that the patents represent.

12. Tangible assets, right-of-use assets and leasing liabilities	*31-12-2023* TDKK	*31-12-2022* TDKK
Equipment		
Cost 01-01	16	16
Additions during the year	73	0
Disposals	0	0
Cost 31-12	**89**	**16**
Depreciation and impairment losses 01-01	16	16
Depreciation for the year	18	0
Disposals	0	0
Depreciation and impairment losses 31-122	**34**	**16**
Carrying amount 31-12	**55**	**0**
Right-of-use assets		
Cost 01-01	860	474
Additions	652	386
Disposals	-860	0
Cost 31-12	**652**	**860**
Depreciation and impairment losses 01-01	278	0
Depreciation for the year	200	278
Disposals	-278	0
Depreciation and impairment losses 31-12	**200**	**278**
Carrying amount 31-12	**452**	**582**
Leasing liabilities		
Balance 01-01	582	474
Additions	652	386
Termination of leases	-582	0
Interest	45	22
Payments	-245	-300
Balance 31-12	**452**	**582**
Leasing amounts included in the income statement		
Low value and short terms leases	0	0
Interest expense leases	45	22
Depreciation right-of-use assets	200	278
Total leasing costs	**245**	**300**

13. Financial assets and liabilities

Financial assets	*31-12-2023*	*31-12-2022*
	TDKK	TDKK
Loans and other receivables (carried at amortised cost)		
Receivable Portinho S.A.	58,000	0
Other receivables	2,344	802
Cash and cash equivalents	4,231	2,830
Other short term financial assets	**64,575**	**3,632**
Total financial assets	**64,575**	**3,632**

Financial Liabilities	*31-12-2023*	*31-12-2022*
	TDKK	TDKK
Financial liabilities carried at amortised costs		
Trade and other payables	12,401	2,310
Bank debt	4,085	0
Financial loans	17,847	0
Long term interest bearing liabilities	8,072	295
Total financial liabilities	**42,405**	**2,605**

The fair value of the above financial assets and liabilities are deemed approximate to their book values due to their relative short term nature as at 31 December 2023 and 31 December 2022 and where interest levels for interest bearing financial assets and liabilities are at arms-length-terms applying level 3 in IFRS 9 to determining fair values.

	31-12-2023	*31-12-2022*
	TDKK	TDKK
14. Receivable Porthino S.A		
Development in principal and added interest		
Principal (EUR 9.55 millio)	71,300	71,300
Added interest beginning of year	3,999	2,550
Interest added for the year	3,802	1,449
Added interest end of year	7,801	3,999
Total principal and added interest	79,101	75,299
Development in carrying value		
Value beginning of year	70,750	63,500
Allowance adjustment 24-03-2023	-8,347	n.a
Value at 24-03-2023 (transaction date)	62,403	n.a
Interest added for the year	0	1,449
Allowance adjustment for the year recognized in income statement	-4,403	5,801
Value end of year	58,000	70,750

The receivable from Portinho S.A matured on 1 July 2023 without receiving payment.

Portinho S.A has confirmed to owe €10,6 million (DKK 79,1 million) to Pharma Equity Group at 31 December 2023 including added interest. The receivable accrued interest with 2% p.a until 1 July 2023 and from 1 July 2023 the interest has been increased to 2% per quarter.

Management of Pharma Equity Group has been in regular dialogue with representatives of Portinho S.A. Based on this dialogue, Management is confident that the receivable in time will be recovered based on the value of underlying assets, where the realization of underlying assets have been delayed, but realization at values securing full payment to Pharma Equity Group is still considered realistic and achievable, but with uncertainty as to when transaction(s) will be finally closed.

Considering that Portinho S.A was not able to settle the receivable at the agreed maturity and still has not honored the receivable, as further described in note 2.1, based on the expectation that the recoverability realistically will take longer time than originally expected, Management has reassessed the estimated net realisable of the receivable to be DKK 58m at 31 December 2023, and hence the consolidated income statement reflects an allowance of DKK 7.8m (of which DKK 3.4m relates to the interest for the period 1 April – 31 December 2023), whereby the net allowance equals DKK 4.4m.

	31-12-2023	*31-12-2022*
	TDKK	TDKK
15. Prepayments and other receivables		
Prepayments for drugs and consumables*	413	1,587
Other prepayments	9	0
VAT receivable	1,990	802
Other receivables	354	0
Non-financial assets	**2,767**	**2,389**

*Prepayments for drugs and materials were in 2022 clasified as inventory. Reference is made to note 1.1 for description of why the changed classification is considered more appropriate.

	31-12-2023	*31-12-2022*
	TDKK	TDKK
16. Cash and cash equivalents		
Bank deposits	4,231	2,830
Total	**4,231**	**2,830**

17. Equity and development in number of shares

Share capital

PEG share capital consists of 1,022,963,883 ordinary shares of DKK 1.00 each. The shares are fully paid up. All shares are equally eligble to receive dividends and repayment of capital and each share represents one vote at the shareholders' meeting.

Changes in number of shares and share capital PEG	*Ordinary (A)-shares	*B-Shares	Share capital
	1000 shares	1000 shares	TDKK
As per 01-01-2023	9,328	9,328	18,655
Convertible debt converted to share capital	1,768	1,768	3,535
Elimination of A/B share classes	11,095	-11,095	0
Bonus shares issued	22,190	0	22,190
Rights issue	1,237	0	1,237
Shares issued to Reponex shareholders	977,348	0	977,348
Total numbers of shares and share capital as per 31-12-2023	**1,022,965**	**0**	**1,022,965**

Treasury shares

The Company holds 14,722 treasury shares (2022: 14,722) representing less than 0.00% of the share capital. No treasury shares have been acquired or sold in 2023.

Regarding shares issued to Reponex shareholders reference is made to note 5 PEG/Reponex transaction.

Capital management policies and procedures.

The Company's primary long-term capital management objectives are to provide a satisfactory return to shareholders. In the short-term and mid-term, until Portinho receivable has been recovered, and until revenue will begin to flow-in and cash-flow from operations will be sufficient to cover investment activities and financial commitments, Management has a strong focus on securing the recoverability of the Portinho receivable, and to secure that sufficient funds are available to carry-out its development and other operating activities as planned in the short-term and mid-term.

The Company monitors capital on the basis of the carrying amount of equity plus financial borrowings less cash and cash equivalents as presented on the statement of financial position.

In 2023, the Group obtained equity funding of totally DKK 9,6m through a combination of Reponex warrants holders exersing warrants to share capital, PEG share issue just before PEG/Reponex transaction and less costs related to PEG/Reponex transaction. In addition, in 2023, the Group has obtained loans as a combination of regular financial loans from related parties of DKK 5.2m and through the issue of subordinated convertible loans resulting in proceeds of DKK 8m. In 2024, the Group has issued additional subordinated convertible loans resulting in additional proceeds of DKK 8m.

As further described in note 22, with the terms established for existing funding and the terms for the funds provided in 2023 and early 2024, including available credit facilities, Management has concluded that the Group has sufficient capital resources to secure that the Group can carry-out its plans for 2024 and settle its financial commitments as they fall due in 2024, even without receiving any payment from Portinho S.A and without seeking additional funding or taking other extraordinary actions.

To further inprove the Group´s capital resources the Company expects to establish additional convertible loans continuously over the year 2024, in accordance with the overall authorization in the articles of association. The Company currently has specific dialogue with several existing/new investors about further funding in the short-term. In addition, Management is working strategically on a more comprehensive increase in the capital and the share capital structure going-forward.

18. Subordinated convertible loans	*31-12-2023* TDKK	*31-12-2022* TDKK
Subordinated convertible loan	8,192	0
Amortised loan costs	-354	0
Subordinated convertible loan - long term	**7,838**	**0**

The subordinated convertible loans were established in the period 5 September 2023 - 14 November 2023.

The loans were granted as subordinated loan capital and is therefore subordinated to PEG´s other creditors, except for any other corresponding subordinated loan capital.

The lenders' right to convert the loans into shares in PEG may be exercised for a period of 30 days commencing 23 calendar months after the conclusion of the convertible loan ("the Exercise Period").

The loans bear an interest of 3.25 % per quarter and remains without instalments until the expiry of the exercise period, after which PEG must repay the loans including interest within 60 days, though PEG may extend the loan period by 12 months.

PEG may choose to pay the loan including interest by issuing shares (conversion of the debt instrument)
For one of the subordinated convertible loans of TDKK 1,000 interest must be paid on quarterly basis and PEG does not have the possibility to extend the loan period by 12 months. Furthermore, the lender of this loan can chose to be repaid in cash. Other terms are identical to the other loans.

The loans give the lenders the right to convert the loans into shares in PEG. The conversion rate is 1.00 per share of DKK 1.00. The new shares will be issued with the same rights as the existing shares.

In 2024, PEG has issued additional subordinated convertible loans as follows:

	Interest per quarter	Conversion exercise period	Conversion price	Amount TDKK
Loans issued 2024	3.25%	January - February 2026	DKK 1:1	8,015
				8,015

If loans are converted, the new shares will be issued with the same rights as the existing shares.

The Company can choose to settle the loans including added interest in PEG shares.

Interest are added to the loan balance and no instalments are paid until exercise period commence, at which time the loans mature or are converted. The Company may extend the loan period by 12 months.

19. Borrowings

	Bank debt TDKK	Financial loans TDKK	Loans from related parties TDKK	Subordinated convertible debt TDKK	Total
Financial year 2022					
Carrying amount 01.01.2022	0	0	0	0	0
Movements	0	0	0	0	0
Carrying amount 31.12.2022	**0**	**0**	**0**	**0**	**0**
Financial year 2023					
Carrying amount 01.01.2023	0	0	0	0	0
Non cash-changes:					
Borrowings PEG upon transaction date	7,411	11,828	1,519	0	20,758
Transfer of classification	0	1,519	-1,519	0	0
Transfer of loan amount	0	-1,000	0	1,000	0
Interest accrued	0	251	0	192	443
Loan costs capitalised as part of loans	0	0	0	-354	-354
Cash changes:					
Instalments	-3,326	0	0	0	-3,326
New loans	0	5,248	0	7,000	12,248
Carrying amount 31.12.2023	**4,085**	**17,847**	**0**	**7,838**	**29,769**
Breakdown of borrowings					
Long-term liabilities	0	0	0	7,838	7,838
Curent liabilities	4,085	17,847	0	0	21,932
Carrying amount 31.12.2023	**4,085**	**17,847**	**0**	**7,838**	**29,769**
Average interest rate 2023 pa.	10.7%	4.5%	7.7%	13.3%	

The classification of long-term and short-term debt is based on the agreed payment plans. For some of the loans, repayment of the loans mirrors the payment received from Portinho S.A. Hence some parts of the repayment of debt can be deferred if no payments are received from Portinho S.A in 2024. See note 22 for further information.

20. Other liabilities	*31-12-2023* TDKK	*31-12-2022* TDKK
A-tax (withholding tax) and other social costs	457	80
Holiday pay	109	58
Salaries and bonus	1,026	0
Other liabilities	389	280
Other liabilities - current	**1,981**	**418**

21. Related party transactions

PEG has debts to shareholders provided in the past of totally DKK 1.5 million, which will be settled when the Portinho S.A receivable is paid. These shareholders also holds interests in Portinho S.A. Interest expense for 2023 equals DKK 0.

In January 2023, PEG converted loan of DKK 3.5 million to share capital. The convertible loan was provided in the past by a company owned by the former chairman of the Board of PEG, and who later on and until 31 March 2023 was CEO of PEG.

The law firm related to the current chairman of the Board of Directors; Christian Vinding Thomsen, has in 2023 received fees from PEG for legal assistance of DKK 1.8 million.(2022 DKK 0)

Board Member Peter Vilmann has in 2023 received fees from Reponex for consulting services fee of TDKK 25.

Vice-chairman of the Board of Directors Martin Engel-Rossen has in 2023 received fees for consulting services from PEG of TDKK 167.

22. Capital resources

	Balance 31-12-2023 TDKK	*Consequence of delay of Portinho payment* TDKK	*Capital resources with delay of Portinho payment* TDKK
Short term financial assets:			
Receivable Portinho S.A.	58,000	-58,000	0
Other receivables	2,344	0	2,344
Current tax receivable	2,233	0	2,233
Cash and cash equivalents	4,231	0	4,231
Total short term capital assets	**66,808**	**-58,000**	**8,808**
Current Liabilities:			
Trade payables	10,202	-977	9,225
Bank debt	4,085	-1,195	2,890
Financial loans	17,847	-17,847	0
Loan from shareholders	0	0	0
Lease liabilities	217	0	217
Other liabilities	1,981	0	1,981
Total current liabilities	**34,332**	**-20,019**	**14,313**
Total net cash outflow 2024 relating to current assets and current liabilities 31.12.2023	**32,476**	**-37,981**	**-5,505**
Outlook 2024			
EBITDA			**-20,181**
Expected net working capital impact, end 2024			**6,639**
Interest costs		**-4,457**	
Interest costs not payable in 2024		**3,187**	**-1,270**
Total expected cash outflow 2024			**-20,317**
Additional capital recourses available:			
Convertible loans, obtained in 2024			8,015
Unused credit facilities			12,637
Total additional capital recourses			**20,652**
Expected net cash end 2024			**335**

In case the Portinho S.A receivable will be paid in 2024, the Group will have sufficient funds to carry-out its plans for 2024 without any need for searching for additional funding.

However, as described in note 2.1, the recoverability of the Portinho S.A receivable may take longer time than originally anticipated. Hence, Management has taken various initiatives to secure sufficient funding to be able to execute on its plans for 2024 without receiving payment from Portinho S.A. As described in note 17, in 2023, the Group obtained equity funding of totally DKK 9,6m through a combination of (i) Reponex warrants holders exercising warrants to share capital, and (ii) PEG share issue just before PEG/Reponex transaction and less costs related to PEG/Reponex transaction. In addition, in 2023, the Group has obtained loans as a combination of regular financial loans from related parties of DKK 5.2m and through the issue of subordinated convertible loans resulting in proceeds of DKK 8m. In the first months of 2024, the Group has obtained new subordinated convertible loans resulting in additional proceeds of DKK 8m.

The above table of capital resources reflects:
1) Net cash outflow from current assets and current liabilities as of 31.12.2023 which will be settled in 2024 based on the expectation that no cash inflow will result from the Portinho S.A receivable in 2024;
2) Cash outflow from from the budget/outlook 2024 approved by the Board of Directors considering that revenue is not expected to be generated until 2025;
3) Cash inflow from the loans issued in the first part of 2024 and available credit facilities of DKK 12.6 million.
4) If needed, Management will be able to reduce expected costs and thereby reduce forecasted cash outflow.

With the funding received so far in 2024 and with the available credit facilities, the Group has sufficient funds to carry-out its planned activities for 2024 and settle its financial commitments as they fall due in 2024, even without receiving any payment from Portinho S.A, Management concludes that it is appropriate to prepare the consolidated and parent company financial statements on a going-concern basis.

To further improve the Group's capital resources, the Company expects to establish additional convertible loans continuously over the year 2024, in accordance with the overall authorization in the articles of association. The Company currently has specific dialogue with several existing/new investors about further funding. In addition, Management is working strategically on a more comprehensive increase in the capital and the share capital structure going-forward.

23. Assets pledged and provided as security

Portinho receivable with a carrying value of DKK 58m at 31 December 2023 (see note 14) is provided as security for bank debt with an amount up to DKK 4m, and secondarily as security for financial loans with an amount up to DKK 20m including unused drawing rights (amount per 31.12.2023).

24. Contingent liabilities

To the best of management's knowledge, the Group is not involved in any lawsuites, arbitration cases or other matters which could have a material impact on the Company's financial position or result of operations.

25. Financial risks and financial instruments

Risk management policy
Management manages the Group's financial risks. The management of the Group's risks is included in the management's day-to-day monitoring of the Group. The Group is exposed to various financial risks, which result from its operating activities. The Company does not actively engage in the trading of financial assets and financial derivatives.

Credit risk
Credit risk primarily relates to the Portinho S.A receivable which has been outstanding for multiple years. Reference is made to note 2.1 and 14 which in further detail describes background for the receivable still being outstanding and the fair value reassessment performed by management as of 31 December 2023. The maximum credit risk relating to the receivable corresponds to the carrying value, which has been determined based on a discounted basis based on assessed time frame before receivable at the latest expectedly will be recovered.

Interest rate risks
Bank loans, financial loans, loans from related parties and subordinated convertible debt all have a fixed interest rates, and hence the interest rate risk is deemed to be minimal, and hence sensibility disclosures are not deemed relevant.

Foreign currency risk
The Group incur certain costs in other currencies than DKK, though the level of such costs are limited, and hence the Group is not considered to be subject to special currency risks and exposures at the moment.

Liquidity risk
The Group's liquidity risks cover the risk that the Group is not able to meet its liabilities as they fall due. Reference is made to the information in note 22.

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest:

	Within 1 year TDKK	1-2 year(s) TDKK	2-5 years TDKK	Over 5 years TDKK	Total TDKK
As at 31 December 2022					
Trade payables	1,606	0	0	0	1,606
Lease liabilities	286	295	0	0	581
Other payables	418		0	0	418
Total	**2,310**	**295**	**0**	**0**	**2,605**

	Within 1 year TDKK	1-2 year(s) TDKK	2-5 years TDKK	Over 5 years TDKK	Total TDKK
As at 31 December 2023					
Trade payables	10,202	0	0	0	10,202
Bank debt	4,085				4,085
Financial loans	17,847				17,847
Loans from related parties	0				0
Subordinated convertible debt	0	0	7,838		7,838
Lease liabilities	217				217
Other payables	1,981	234	0	0	2,215
Total	**34,332**	**234**	**7,838**	**0**	**42,404**

All financial liabilities as at 31 December 2023 and 2022 are measured at amortised cost.

The classification of long-term and short-term debt is based on the agreed payment plans. For some of the loans, repayment of the loans mirrors the payment received from Portinho S.A. Hence some parts of the repayment of debt can be deferred if no payments are received from Portinho S.A in 2024. See note 22 for further information.

26. Fee to the group auditor	*2023* TDKK	*2022* TDKK
Statutory audit	275	210
Other assurance engagements	250	100
Tax and VAT advisory services	25	0
Other services	70	8
Fee to the Group auditor	**620**	**318**

BDO Statsautoriseret Revisionsaktieselskab has been auditors for PEG for both 2022 and 2023. In this note, the 2022 figures represent fee information for PEG rather than fee information for Reponex, since this is considered more relevant comparative information for this specific note. In 2023, other assurance engagements represent review of Q1 2023 consolidated interim report and issue of non-cash contribution report in connection with the PEG/Reponex transaction. In 2022, other assurance engagements represented audit of of half-year interim report 30 June 2022. In 2023, other services represent high level review work relating to Q2 and Q3 interim quarterly reports (without issue of any assurance reports) and accounting advisory. In 2022, other services represented accounting advisory.

27. Adoption of the annual report for publication

At the board meeting held on 20 March 2024, the Board of Directors adopted the Annual Report for publication. The Annual Report is presented for the shareholders' approval at the annual shareholders' meeting to be held on 16 April 2024.

28. Events occuring after the balance sheet date

New subordinated convertible loans for totally DKK 8.0m have been issued in January/February 2024

Parent Company statement of comprehensive income

Note		Note Group	PEG *2023* TDKK	PEG *2022* TDKK
3	**Revenue**		450	**0**
	Production costs		0	0
	Gross profit		**450**	**0**
	Administrative costs		-5,119	-4,275
	Operating profit/loss (EBIT)		**-4,669**	**-4,275**
2,10	Allowance Portinho receivable		-12,750	5,801
5	Financial income		0	2,949
6	Financial expenses		-1,892	-996
	Profit/loss before tax		**-19,311**	**3,479**
7	Tax on profit/loss for the year		0	0
	Net profit/loss for the year		**-19,311**	**3,479**
	Other comprehensive income/loss		0	0
	Total comprehensive income/loss		**-19,311**	**3,479**

Parent Company statement of financial position

ASSETS

Note		Note Group	31-12-2023 TDKK	31-12-2022 TDKK
	Non-current assets			
2, 9	Investment in subsidiary		689,030	0
	Total non-current assets		**689,030**	**0**
	Current assets			
10	Receivable Portinho S.A.		58,000	70,750
11	Other receivables		797	140
12	Cash and cash equivalents		2,293	182
	Total current assets		**61,090**	**71,072**
	Total assets		**750,120**	**71,072**

EQUITY AND LIABILITIES

Note		Note Group	31-12-2023 TDKK	31-12-2022 TDKK
	Share capital		1,022,964	18,655
	Other reserves		-311,760	27,390
13	**Total equity**		**711,204**	**46,045**
	Subordinated convertible debt	18-19	7,838	0
	Total long-term liabilities		**7,838**	**0**
	Trade payables		7,543	2,186
	Payable to group companies		1,416	0
	Bank debt	19	4,085	7,409
	Financial loans	19	17,847	10,378
	Loans from related parties	19	0	1,519
	Subordinated convertible debt		0	3,535
14	Other liabilities		187	0
	Total current liabilities		**31,078**	**25,027**
	Total liabilities		**38,916**	**25,027**
	Total equity and liabilities		**750,120**	**71,072**

note		Share capital	Other reserves	**Total equity**
	Statement of changes in equity			
	01-01-2022 - 31-12-2022			
	Equity as at 01-01-2022	18,655	23,911	42,566
	Net profit/loss	0	3,479	3,479
		0	**3,479**	**3,479**
	Dividends	0	0	0
	Transactions with owners	**0**	**0**	**0**
	Equity as at 31-12-2022	**18,655**	**27,390**	**46,045**
	Statement of changes in equity			
	01-01-2023 - 31-12-2023			
	Equity as at 01-01-2023	18,655	27,390	46,045
	Net profit/loss	0	-19,311	-19,311
		0	**-19,311**	**-19,311**
	Convertible debt converted to share capital	3,535	0	3,535
	Bonus shares issued	22,190	-22,190	0
	Rights issue	1,237	0	1,237
9	Shares issued to Reponex shareholders 24-03-2023	977,348	-288,318	689,030
	Share issue costs	0	-9,332	-9,332
	Dividends	0	0	0
	Transactions with owners	**1,004,309**	**(319,839)**	**684,470**
	Equity as at 31-12-2023	**1,022,964**	**-311,760**	**711,204**

Note		*2023* TDKK	*2022* TDKK
	Profit/loss before tax	-19,311	3,479
	Adjustment of non-cash transactions:		
	Reversed provisions	0	-1,500
	Allowance relating to Portinho	12,750	-5,801
	Financial income	0	-1,449
	Financial expenses	1,892	996
	Change in working capital	1,279	1,930
	Net cash used in operating activities before net financials	**-3,390**	**-2,345**
	Financial expenses paid	-1,718	-529
	Net cash used in operating activities	**-5,108**	**-2,874**
	Net cash used in investing activities	**0**	**0**
	Proceeds from subordinated convertible debt	8,000	0
	Repayment bank loan	-3,324	0
	Repayment financial loan	-1,000	0
	Financial loans, obtained	6,613	0
	Loans from shareholders	0	3,056
	Share issue costs paid	-4,307	0
	Proceeds from capital increases	1,237	0
	Net cash received from financing activities	**7,219**	**3,056**
	Total cash flows for the year	**2,111**	**182**
	Cash and cash equivalents beginning of year	182	0
	Cash equivalents end of year	**2,293**	**182**
	Cash and cash equivalents, end of year, comprise:		
	Cash and cash equivalents	2,293	182
	Total	**2,293**	**182**

Notes to parent financial statements og the Parent Company

Note

1 Significant accounting policies and significant accounting estimates and assessments

1.1 Basis of preparation
The separate financial statement of the parent company have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and additional requirements under the Danish Financial Statements Act (Class D).

The accounting policies for the financial statements of the parent company are unchanged from the previous financial year. The accounting policies are the same as for the consolidated financial statements with the supplementary accounting policies for the parent described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

Note disclosures have only been included in the Parent Financial Statement where amounts differ from the consolidated financial statements.

The parent company financial statements are presented in DKK, which is considered the functional currency of the parent company.

2. Significant accounting estimates and judgements
For 2023, Management has especially applied significant accounting estimates and judgements in the following areas:

Investment in subsidiary
Investments in subsidiary is recognised and measured at cost. The investment is examined at year-end for any impairment indicators. In the event of any indication of impairment, an impairment test is performed.

As of 24 March 2023, PEG acquired 100% of the share capital in Reponex Pharmaceuticals A/S ("Reponex" by issuing 977,347,625 shares of DKK 1 each in a rights issue to the shareholders of Reponex. For legal purposes, the transaction price for Reponex was agreed to DKK 1.5 bn. For accounting purposes, the transaction price is based on the the market price for the issued shares at the first day of listing on 28 March 2023, as this is considered to approximate and to be the best estimate of the market price for the shares when these were legally issued on 24 March 2023. On this basis the purchase price for Reponex was determined to equal DKK 689m.

At 31 December 2023, the market capitalisation of Pharma Equity Group A/S was approx. DKK 440m which implies that the value of the investment in Reponex could be impaired.

Reference is made to note 2.2 in the consolidated financial statements which describes the impairment assessment performed at group level for development projects in progress. Considering that the value of Reponex is deemed to be identical to the value of its development projects (adjusted for other assets and liabilities in Reponex), same impairment analysis has been used to test the value of the investment in Reponex. As disclosed in note 2.2 in the consolidated financial statements, Management has assessed the NPV of Reponex' development projects to equal DKK 1.6bn, which value in all material respects also represents the value of the investment in Reponex, though adjusted for income tax of 22% on the underlying future earnings, whereby NPV after tax has been calculated to approx. DKK 1.2bn, which exceeds the book value of the investment.

The value calculated for Reponex, implies that the equity of Pharme Equity Group would exceed the market capitalisation of Pharma Equity Group. It is management's assessment that this difference is primarily a result of the share being quite illiquid and that current market capitalisation reflects that the market is waiting for the Company can issue announcements about the further progress of the product candidates and eventually announcements of the Company having entered into partnerships with pharmaceutical companies as the basis for generating future royalty income.
In addition, Management has noted that two external parties who are following the Pharma Equity Group share have published non-binding valuation indications, which do not differ much from the rNPV calculated by Management.

Receivable Portinho S.A
In the stand-alone financial statements for 2022 for PEG, the receivable from Portinho S.A was valued at DKK 70.8 million based on a discounting of the amount expected to be paid on 1 July 2023 at the latest.
As stated in consolidated financial statements, the receivable has not yet been paid.
Reference is made to note 2.1 and 14 in the consolidated financial statements where it is described that Management has assessed the net realisable value of the receivable to be DKK 58 million. On this basis the Company has recognised an allowance of DKK 12.8m.

3. Revenue	2023 TDKK	2022 TDKK
Management fees from Reponex	450	0
Total	**450**	**0**

4. Staff costs	2023 TDKK	2022 TDKK
Wages and salaries	1,172	2,300
Pensions	40	0
Social security costs	5	0
Total	**1,217**	**2,300**

Staff costs are presented as follows in the income statement:

Administrative costs	1,217	2,300
Total	**1,217**	**2,300**

	2023 Number	2022 Number
Average number of employees in the period	1	1
Total	**1**	**1**

Remuneration of Key Management	2023 TDKK	2022 TDKK
Board of Directors	763	800
CEO	454	1,500
Other Key Management Personnel	0	0
Total	**1,217**	**2,300**

5. Financial income	01-01-2023 - 31-12-2023 TDKK	01-01-2022 - 31-12-2022 TDKK
Interest income Portinho S.A.	0	1,449
Reversal provisions	0	1,500
Total	**0**	**2,949**

6. Financial expenses	2023 TDKK	2022 TDKK
Interest expenses on liabilities measured at cost	1,841	996
Interest to group company	51	0
Total	**1,892**	**996**

7. Tax	*2023* DKK	*2022* DKK
Tax on profit/loss for the year:		
Current tax	0	0
Change in deferred tax	-5,388	0
Deferred tax asset not capitalized	5,388	0
Total	**0**	**0**
Reconciliation of effective tax rate:		
Loss before tax	-19,311	3,479
Tax computed on the loss before tax at a tax rate of 22%	-4,248	765
Permanent differences	1	214
Change in non-capitalized deferred tax asset	4,248	-979
Total - Effective tax rate (0.0%)	**0**	**0**

	2023 TDKK	*2022* TDKK
Deferred tax is related to the following assets and liabilities:		
Deferred taxes arising from temporary differences are summarised below:		
Amortized loan costs	78	0
Tax losses carried forward	-27,143	-26,200
Deferred tax asset not capitalized	26,680	26,200
Total deferred tax	**-385**	**0**

The Company has an accumulated tax loss of DKK 121m the value of which equals DKK 27m (tax rate 22%). The value of the tax losses have not been recognised on the balance sheet. Any recognition awaits that the Company will become profitable on a sustainable basis.

Tax losses incurred after 24 March 2023 can be also be used by by Reponex, in which case, Reponex would pay a tax contribution for the use of the Company's tax losses.

8. Financial assets and liabilities

Financial assets	*31-12-2023* TDKK	*31-12-2022* TDKK
Loans and other receivables (carried at amortised cost)		
Receivable Portinho S.A.	58,000	70,750
Other receivables	797	140
Cash and cash equivalents	2,293	0
Other short term financial assets	**61,090**	**70,890**
Total financial assets	**61,090**	**70,890**

Financial liabilities	*31-12-2023* TDKK	*31-12-2022* TDKK
Financial liabilities carried at amortised costs		
Trade and other payables	7,730	2,186
Payable to group companies	1,416	0
Bank debt	4,085	7,409
Financial loans	17,847	10,378
Loans from related parties	0	1,519
Subordinated convertible debt current liability	0	3,535
Subordinated convertible debt long-term liability	7,838	0
Total financial liabilities	**38,916**	**25,027**

The fair value of the above financial assets and liabilities are deemed approximate to their book values due to either their relative short term nature as at 31 December 2023 and 31 December 2022 or where interest levels for interest bearing financial assets and liabilities are at arms-length-terms applying level 3 in IFRS 9 to determining fair values.

9. Investment in subsidiary	*31-12-2023* TDKK	*31-12-2022* TDKK
Cost as at 01-01-2023	0	0
Additions	689,030	0
Total	**689,030**	**0**

The subsidiary consists of Reponex Pharmaceuticals A/S (Hørsholm, Denmark) that has been 100% owned since 24 March 2023. Reference is made to company announcement no. 16 of 24 March 2024.

For legal purposes, the transaction price for Reponex was agreed to DKK 1.5 billion. For accounting purposes, the transaction price is based on the fair value the market price for the issued shares at the first day of listing on 28 March 2023, as this is considered to approximate and to be the best estimate of the market price for the shares when these were legally issued on 24 March 2023. On this basis the purchase price for Reponex was determined to equal DKK 689 million.

Specification of cost price of the investment in Reponex		
Transaction price 977,347,625 shares of each DKK 1.57	1,534,435	0
Value adjustment to fair value in connection with the transaction	-845,405	0
Total	**689,030**	**0**

The value of the investment has been subject to an impairment test where it is concluded that the investment is not impaired. Reference is made to note 2.

10. Receivable Portinho S.A	*31-12-2023* TDKK	*31-12-2022* TDKK
Receivable Portinho S.A.	58,000	70,750
Total	**58,000**	**70,750**

Reference is made to note 2 of the parent company financial statements and note 2.2 and 14 in the consolidated financial statements.

11. Other receivables	*31-12-2023*	*31-12-2022*
	TDKK	TDKK
VAT	797	140
	797	**140**

The net carrying value of other receivables is considered to be a reasonable approximation of fair value.

12. Cash and cash equivalents	*31-12-2023*	*31-12-2022*
	TDKK	TDKK
Bank deposits	2,293	182
Total	**2,293**	**182**

13. Other liabilities	*31-12-2023*	*31-12-2022*
	TDKK	TDKK
A-tax (withholding tax) and other social securities	143	0
Salaries	44	0
Other liabilities - current	**187**	**0**

14. Related party transactions

Reference is made to note 21 in the consolidated financial statements for transactions with related parties. Note 21 in the consolidated financial statements does not reflect transactions between the parent company and Reponex, which are eliminated in the consolidated financial statements. These transactions can be summarised as follows:

	2023	*2022*
	DKK	DKK
Management fees from Reponex	450	0
Interest expense Reponex	51	0
Debt to Reponex at 31.12.	1,416	0

15. Contingent liabilities

As from 24 March 2023, the parent company became jointly taxed with Reponex with the parent company as the administration company of the joint taxation. According to the joint taxation provisions of the Danish Corporation Tax Act, as from 24 March 2023 the parent company is therefore liable for income taxes etc. for the jointly taxed entities, and obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. Corporate income tax payable for the Danish jointly taxed companies amounted to DKK 0k at 31 December 2023.

16. Financial risks and financial instruments

Reference is made to note 25 in the consolidated financial statements.

	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2022					
Trade payables	2,186	0	0	0	2,186
Bank debt	7,409	0	0	0	7,409
Financial loans	10,378	0	0	0	10,378
Loans from related parties	1,519	0	0	0	1,519
Subordinated convertible debt	3,535	0	0	0	3,535
Total	**25,027**	**0**	**0**	**0**	**25,027**

All financial liabilities as at 31 December 2022 are measured at amortised cost.

	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2023					
Trade payables	7,543	0	0	0	7,543
Payable to group companies	1,416	0	0	0	1,416
Bank debt	4,085	0	0	0	4,085
Financial loans	17,847	0	0	0	17,847
Subordinated convertible debt (see note 2!	0	0	7,838	0	7,838
Other payables	187	0	0	0	187
Total	**31,078**	**0**	**7,838**	**0**	**38,916**

All financial liabilities as at 31 December 2023 are measured at amortised cost.

The classification of long-term and short-term debt is based on the agreed payment plans. For some of the loans, repayment of the loans mirrors the payment received from Portinho S.A. Hence some parts of the repayment of debt can be deferred if no payments are received from Portinho S.A in 2024. See note 22 in the consolidated financial statements for further information.