



**Consolidated
interim report**

for the 3 month-period ended 31 March 2024

Pharma Equity Group A/S

Slotsmarken 18, 2., 2970 Hørsholm, Denmark

Registered number: 26 79 14 13

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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/S	www.reponex.dk

Chairman and CEO letter

Key points from Q1-24 report (period 1 January - 31 March 2024)

On 16 May 2024, the Board of Directors and the Executive Management of Pharma Equity Group A/S ("PEG", "the Company" or "the Group") considered and approved the interim report of the Group for the period 1 January – 31 March 2024 ("Q1 2024 Report"). The report has not been audited or reviewed.

Clinical results

Shortly after the end of Q1, the Company's subsidiary, Reponex Pharmaceuticals A/S (Reponex), was able to report very positive final results from the clinical phase 2 proof-of-concept trial of the drug candidate RNX-051, the MEFO study, based on the high-level summary received from Reponex' clinical site. Reference is made to company announcement no. 11 from 15 April 2024.

Reponex's MEFO study is concerned with the treatment of patients with right-sided colon cancer and right-sided colon polyps/adenomas (precancerous cursors) with drug candidate RNX-051. Reponex' clinical collaborators who conducted the study reported that, based on the results of the MEFO study, there appears to be a clear way forward to determine whether treatment with RNX-051 as a single and even repeated dose in patients with intestinal adenomas will lead to the prevention of adenomas.

Products and patents

On 22 January 2024, the Company announced in Company Announcement No. 2 that the Company's subsidiary, Reponex Pharmaceuticals A/S (Reponex) had announced that the European Patent Office (EPO) had approved EP patent application no. 3740286 which includes Reponex's innovative treatment method. The patent deals with drug compositions for the elimination of bacterial promoters of colorectal cancer by intraluminal application (RNX-051). The treatment method focuses on fighting the bacterial layer, also known as biofilm, which protects cancerous tumors in the colon or rectum. By defeating this protective barrier, the treatment seeks to make the cancer cells more susceptible to the body's own immune system.

On 5 March 2024, the Company announced in Company Announcement No. 6 that the Company's subsidiary, Reponex Pharmaceuticals A/S (Reponex) had announced that the European Patent Office (EPO) had approved EP patent application No. 3145533 for Reponex's Wound Healing Drug (RNX-022). The treatment method consists of topical application of a hydrogel containing granulocyte macrophage colony stimulating factor (GM-CSF), sucralfate, and hyaluronan to accelerate wound healing. The combination helps stimulate the proliferation of cells related to the healing process and tissue regeneration.

Financial overview

For the first 3 months of 2024, Pharma Equity Group A/S realized a loss after tax of DKK 7.2 million, which is in line with expectations for the period. At 31 March 2024, equity amounts to DKK 31.8 million.

Outlook

We maintain the previously announced guidance for 2024, a loss before tax in the range of DKK 24 million to DKK 29 million for the Group. The outlook does not reflect any recovery of the Portinho S.A. receivable.

Market Maker Agreement

In company announcement no. 9 of 22 March 2024, the Company announced that the Company entered into an agreement with Danske Bank on the exercise of market maker in the PEG share.

Receivable from Portinho S.A.

The Group's receivable from Portinho S.A has a principal amount of EUR 9.55m with a carrying amount 31 March 2024 of DKK 58m, unchanged from 31 December 2023.

As announced in company announcements no. 39 from 25 September 2023, no. 46 from 28 November 2023 and no. 7 from 20 March 2024, the payment from Portinho S.A. has been postponed according to the original due date, which was 1 July 2023. As of 15 April 2024, the Company has filed a summon with the Maritime and Commercial High Court against Portinho S.A. in relation to recovery of the receivable of EUR 9.55m plus interest. The Company's Portuguese lawyer, in cooperation with the Company's Danish lawyer, has also initiated various preliminary and protective legal actions and investigations in Portugal in relation to securing payment of the receivable.

Capital resources

In the period 1 January 2024 – 31 March 2024, DKK 8.4m in convertible loans have been subscribed for and paid to the Company. The loans are granted as subordinated loans and are thus subordinated to the Company's other creditors, except for any other equivalent subordinated loans. Please refer to company announcement no. 4 of 7 February 2024 for further details of the convertible loans.

Management has assessed its financial resources based on its expected costs and investments for 2024, and on this basis, Management is concluding that sufficient funding is available to continue the operations of the Group as planned. Bridge financing has since 1 January 2024 created loans for DKK 8.4 million. As per 31 March 2024, the Company has an unused credit facility of DKK 10 million.

By company announcement no. 15 of 8 May 2024, the Company has convened an extraordinary general meeting on 3 June 2024 regarding a proposal to reduce the share capital from DKK 1,022,963,883 to 102,296,388.3 by changing the share size from DKK 1.00 to DKK 0.10. Thus, the number of shares will remain the same. The amount of the reduction will be transferred to a special reserve, which will be part of the free reserves within equity.

By company announcement no. 16 of 8 May 2024, the Company has announced that the Board of Directors of the Company is exploring the possibilities of strengthening the Company's working capital through a capital increase at market price if the above mentioned capital reduction (company announcement no. 15 of 8 May 2024) is adopted at the convened extraordinary general meeting on 3 June 2024.

Online presentation of the Q1-24 quarterly financial statements

At 11:00 today, CEO Thomas Kaas Selsø invites you to an online presentation of the Q1-2024 report and significant events so far in 2024. Direct registration via link:

<https://www.inderes.dk/videos/pharma-equity-group-opdatering-pa-1-kvartal-2024>.

Contact person – Investor Relations

Any questions regarding this announcement and the quarterly financial statements for Q1-2024 can be directed to the Company's CEO Thomas Kaas Selsø, by email investor@pharmaequitygroup.com.

On the Company's website www.pharmaequitygroup.com further information and all published announcements can be found.

Hørsholm 16 May 2024

Christian Vinding Thomsen, Chairman

Thomas Kaas Selsø, CEO

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 March 2024, PEG has a nominal share capital of DKK 1,022,963.883 consisting of 1,022,963,883 shares of each DKK 1.00. On 31 March 2024, the share price was DKK 0.36 corresponding to a market value of DKK 368 million.

On the 22 March 2024, PEG has entered into a marked maker agreement with Danske Bank for the PEG share. Reference is made to company announcement no 9 from 22 March 2024

On 27 February 2024, AG Equity Research AB (Analyst Group), Sweden has released an investment analysis report of PEG group.

The Company is followed by the following equity research companies: Danske Bank (DK), HC Andersen Capital (DK) and Analyst Group (SE). Reference is made to PEG website investor/stock-information or direct link:

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

Shareholding structure

PEG's shareholders are preliminary residents of Denmark. On 31 March 2024, the following shareholders held more than 5% of the share capital and votes:

- Niels Erik Jespersen Holding ApS, Haarby
- N.H.L. Entreprise ApS, Holsted
- Biopharma Holding ApS, Hørsholm

Rest of the shares are spread out on approximately 1,800 shareholders.

Management shareholding and market value 31 March 2024

Name	*Number of shares	Value 31.03. 2024 TDKK
Thomas Kaas Selsø, CEO, PEG	1,822,474	656
Christian Vinding Thomsen, Chairman of the Board, PEG	1,233,605	444
Lars Rosenkrantz Gundorph, Board Member, PEG	21,351,475	7,687
Troels Peter Troelsen, Board Member, Reponex	21,944,945	7,900
Charlotte Pahl, Board Member, Reponex	3,694,210	1,330
Total Management shareholdings	50,046,709	18,017

* Including shares held in entities controlled by them

The Group's principal activities

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

Currently, the Group is through Reponex a clinical-stage pharmaceutical company.

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' ambition to create value through Reponex'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 Reponex' 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 build relevant human resources fast, which is considered a key factor and driver of success.

It is Reponex' 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 interim consolidated report requires 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 actual 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. We believe that the accounting policies relating to intangible assets and the valuation of the Portinho S.A receivable involve estimates or judgements that could affect the reported financial position and results.

Financial performance

For the three-month period ended 31 March 2024, the Group has continued its work on preparing the portfolio of clinical programs being ready for commercialization in the coming years.

The result for the period, a loss of TDKK 7,170, is in line with Management's expectations for the period.

Key Figures

	PEG Group 01-01-2024 - 31-03-2024 (unaudited) TDKK	Reponex* 01-01-2023 - 31-03-2023 (reviewed) TDKK	PEG Group 01-01-2023 - 31-12-2023 (audited) TDKK
Revenue	0	0	0
EBITDA	-6,704	-3,063	-20,411
Depreciation, amortization and impairment losses	-124	-141	-480
Operating profit/loss	-6,828	-3,204	-20,891
Financials net	-958	-4	-1,548
Profit/loss	-7,170	-2,672	-24,609
Total assets	78,281	93,912	81,335
Investments in tangible assets	0	73	73
Equity	31,760	63,099	38,931
Solvency ratio	40.6%	67.2%	47.9%
Earnings per share	-0.01	-0.00	-0.02

*Reference is made to the Consolidated interim report for Q1-2023 in which quarter the transaction between PEG and Reponex was completed. The transaction was accounted for according to the rules for reverse take-overs, whereby Reponex is considered the acquirer of PEG for accounting purposes, and whereby comparative figures for the periods before the completion of the transaction refer to Reponex.

Portinho S.A. receivable

As announced in company announcements no. 39 from 25 September 2023, no. 46 from 28 November 2023 and no. 7 from 20 March 2024, the payment from Portinho S.A. has been postponed from its original due date, which was 1 July 2023. On 15 April 2024, the Company filed a summons with the Maritime and Commercial High Court against Portinho S.A. to claim immediate payment of the receivable of EUR 9.55m plus interest. The Company's Portuguese lawyer, in cooperation with the Company's Danish lawyer, has also initiated various preliminary and protective legal actions and investigations in Portugal in relation to securing payment of the receivable. Management has assessed that the valuation of DKK 58 million recognised at 31 December 2023 be retained at 31 March 2024. Reference is made to note 6 for further information.

Financial resources

The Group does not expect commercial revenue until 2025. Therefore, as long as the Portinho S.A receivable has not been recovered, Management has particular focus on ensuring that the Group has sufficient financial resources available to meet its obligations as they fall due.

Management has assessed its financial resources based on its expected costs and investments for 2024, and on this basis Management is concluding that sufficient funding is available to continue the operations of the Group as planned. Bridge financing has since 1 January 2024 created loans for DKK 8.4 million. The Company has as per 31 March 2024 an unused credit facility on DKK 10 million.

By company announcement no. 15 of 10 May 2024, the Company has convened an extraordinary general meeting on 3 June 2024 regarding a proposal to reduce the share capital from DKK 1,022,963,883 to 102,296,388.3 by changing the share size from DKK 1.00 to DKK 0.10. Thus, the number of shares will remain the same. The amount of the reduction will be transferred to a special reserve, which will be part of the free reserves within equity.

Outlook 2024

PEG reported its outlook for 2024 in company announcement from 20 March 2024, and the outlook remains unchanged with no commercial revenue in 2024 and an expected pre-tax loss in the range of DKK 24 to 29 million for the Group. The outlook does not reflect any potential gains/losses relating to the expected upcoming recovery of the Portinho S.A receivable.

Clinical programs

Shortly after the end of Q1, the Company's subsidiary, Reponex Pharmaceuticals A/S (Reponex), was able to report very positive final results from the clinical phase 2 proof-of-concept trial of the drug candidate RNX-051, the MEFO study, based on the high-level summary received from the Reponex clinical site.

Reponex's MEFO study concerns the treatment of patients with right-sided colon cancer and right-sided colon polyps/adenomas (precancerous cursors) with the drug candidate RNX-051. The clinical collaborators who conducted the study reported that, based on the results of the MEFO study, there appears to be a clear way forward to determine whether treatment with RNX-051 as a single and even repeated dose in patients with intestinal adenomas will lead to the prevention of adenomas.

Products and patents

On 22 January 2024, the Company announced in company announcement No. 2 that the Company's subsidiary, Reponex Pharmaceuticals A/S (Reponex) had announced that the European Patent Office (EPO) had approved EP patent application no. 3740286 which includes Reponex's innovative treatment method. The patent deals with drug compositions for the elimination of bacterial promoters of colorectal cancer by intraluminal application (RNX-051). The treatment method focuses on fighting the bacterial layer, also known as biofilm, which protects cancerous tumors in the colon or rectum. By defeating this protective barrier, the treatment seeks to make the cancer cells more susceptible to the body's own immune system.

On 5 March 2024, the Company announced in Company Announcement No. 6 that the Company's subsidiary, Reponex Pharmaceuticals A/S (Reponex) had announced that the European Patent Office (EPO) had approved EP patent application No. 3145533 for Reponex's Wound Healing Drug (RNX-022). The treatment method consists of topical application of a hydrogel containing granulocyte macrophage colony stimulating factor (GM-CSF), sucralfate, and hyaluronan to accelerate wound healing. The combination helps stimulate the proliferation of cells related to the healing process and tissue regeneration.

Please also visit our website, where we regularly post presentations about the development activity, etc.:

<https://pharmaequitygroup.com/video-presentations/>

Events occurring after the balance sheet date

By announcement no. 15 of 8 May 2024, the Company has convened an extraordinary general meeting on 3 June 2024 regarding a proposal to reduce the share capital from DKK 1,022,963,883 to 102,296,388.3 by changing the share size from DKK 1.00 to DKK 0.10. Thus, the number of shares will remain the same. The amount of the reduction will be transferred to a special reserve, which will be part of free reserves within equity.

By company announcement no. 16 of 8 May 2024, the Company has announced that the Board of Directors of the Company is exploring the possibilities of strengthening the Company's working capital through a capital increase at market price if the above mentioned capital reduction (company announcement no. 15 of 8 May 2024) is adopted on the convened extraordinary general meeting on 3 June 2024.

Management's report

The Board of Directors and the Executive Management have today reviewed and approved the consolidated interim report of Pharma Equity Group A/S for the period 1 January 2024 - 31 March 2024.

The consolidated interim report has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and additional Danish reporting requirements for interim reporting for listed companies.

In our opinion, the accounting principles applied are appropriate and the consolidated interim report gives a true and fair view of the Group's assets and liabilities and financial position at 31 March 2024 and of the results of the Group's operations and cash flow for the period 1 January to 31 March 2024.

Further, in our opinion, Management's review gives a true and fair review of the development in the Group's operations and financial matters, the result of Group's operations for the period and the financial position as well as description of the principal risks and uncertainties that the Group is facing.

Hørsholm, 16 May 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

Consolidated statement of comprehensive income

Note	PEG Group	Reponex*	PEG Group*
	01-01-2024 - 31-03-2024 (unaudited)	01-01-2023 - 31-03-2023 (Reviewed) (restated)	01-01-2023 - 31-12-2023 (audited)
	TDKK	TDKK	TDKK
3	Revenue	0	0
	Production costs	0	0
	Gross profit	0	0
	Research and development costs	-2,573	-9,082
	Administrative costs	-4,255	-11,809
	Operating profit/loss (EBIT)	-6,828	-20,891
	Allowance Portinho receivable	0	-4,403
	Financial income	0	14
	Financial expenses	-958	-1,562
	Profit/loss before tax	-7,786	-26,842
4	Tax on profit/loss for the period	616	2,233
	Net profit/loss for the period	-7,170	-24,609
	Other comprehensive income/loss	0	0
	Total comprehensive income/loss	-7,170	-24,609
9	Earnings per share (EPS basic), DKK	-0.01	-0.02
9	Diluted earnings per share (EPS-D), DKK	-0.01	-0.02

* In 2023, PEG Group statement of comprehensive income consists of Reponex for the period 1 January 2023 - 24 March 2023 and PEG/Reponex consolidated for the period 24 March 2023 - 31 December 2023.

Consolidated statement of financial position

ASSETS		PEG Group 31-03-2024 (unaudited)	Reponex* 31-03-2023 (Reviewed) (restated)	PEG Group* 31-12-2023 (audited)
Note		TDKK	TDKK	TDKK
Non-current assets				
5	Intangible assets	13,533	13,794	13,598
5	Tangible assets	50	69	55
5	Right-of-use assets	397	510	452
	Long-term tax receivable	616	536	0
	Total non-current assets	14,596	14,909	14,105
Current assets				
6	Receivable Portinho S.A.	58,000	62,403	58,000
	Other receivables	671	1,024	2,344
	Prepaid expenses	582	1,642	423
	Current tax receivable	2,233	1,855	2,232
	Cash and cash equivalents	2,199	12,079	4,231
	Total current assets	63,685	79,003	67,230
	Total assets	78,281	93,912	81,335
EQUITY AND LIABILITIES				
Note		PEG Group TDKK	Reponex* TDKK	PEG Group* TDKK
	Share capital	1,022,964	1,022,964	1,022,964
	Other reserves	-991,203	-959,865	-984,033
9	Total equity	31,760	63,099	38,931
8	Subordinated convertible loan	15,842	0	7,838
	Lease liabilities	176	222	234
	Total long-term liabilities	16,017	222	8,072
	Trade payables	5,376	9,012	10,202
	Bank debt	3,363	7,412	4,085
	Financial loans	19,603	13,348	17,847
	Lease liabilities	221	288	217
	Other liabilities	1,940	531	1,981
	Total current liabilities	30,504	30,591	34,332
	Total liabilities	46,521	30,813	42,404
	Total equity and liabilities	78,281	93,912	81,335

Consolidated statement of changes in equity

	Share capital	Share premium account	Other reserves	Total equity
<i>Statement of changes in equity</i>				
<i>01-01-2023 - 31-03-2023</i>				
Equity Reponex as at 01-01-2023	830	0	16,549	17,379
Change in accounting policy (see note 1)	0	0	1,532	1,532
Adjusted Equity Reponex as at 01-01-2023	830	0	18,081	18,911
Net profit/loss	0	0	-2,672	-2,672
	0	0	-2,672	-2,672
Capital increase from warrants exercised	20	12,684	0	12,704
Costs related to warrants exercised	0	-12,172	12,172	0
Transfer of share premium	0	-512	0	-512
Reversal of share capital Reponex 24-03-2023	-850	0	850	0
PEG Group, Equity 24-03-2023	45,616	0	-10,948	34,668
Shares issued to Reponex shareholders 24-03-2023	977,348	0	-977,348	0
Dividends	0	0	0	0
Transactions with owners	1,022,134	0	-975,274	46,861
Equity PEG Group as at 31-03-2023	1,022,964	0	-959,865	63,099

Statement of changes in equity
01-01-2024 - 31-03-2024

Equity PEG Group as at 01-01-2024	1,022,964	0	-984,033	38,931
Net profit/loss	0	0	-7,170	-7,170
	0	0	-7,170	-7,170
Dividends	0	0	0	0
Transactions with owners	0	0	0	0
Equity PEG Group as at 31-03-2024	1,022,964	0	-991,203	31,761

Consolidated cash flow statement

	PEG Group 01-01-2024 - 31-03-2024 (<i>unaudited</i>) TDKK	Reponex* 01-01-2023 - 31-03-2023 (restated) (<i>Reviewed</i>) TDKK	PEG Group* 01-01-2023 - 31-12-2023 (<i>audited</i>) TDKK
Profit/loss before tax	-7,786	-3,208	-26,842
Adjustment of non-cash transactions:			
Depreciation, amortisation and impairment losses	124	141	480
Allowance relating to Portinho S.A.	0	0	4,403
Financial income	0	0	-14
Financial expenses	958	3	1,517
Change in working capital:			
Receivables	1,673	-38	-1,358
Trade payables	-1,746	-790	2,021
Prepaid expenses	-160	-55	1,164
Other liabilities	-42	113	1,564
Net cash used in operating activities before net financials	-6,978	-3,834	-17,065
Financial income received		0	14
Financial expenses paid	-850	0	-1,428
Corporate tax refund	0	-3	1,855
Net cash used in operating activities	-7,828	-3,837	-16,624
Purchase of tangible assets	0	-73	-73
Net cash used in investing activities	0	-73	-73
Lease instalments	-54	-71	-200
Repayment bank loans	-722	0	-3,326
Repayment financial loans	0	0	-1,000
Subordinated convertible loan, obtained	8,015	0	8,000
Financial loans, obtained	1,638	0	5,248
Share issue costs paid	-3,080	0	-3,854
Proceeds from capital increases, exercise of warrants	0	12,193	12,193
Net cash received from financing activities	5,796	12,122	17,061
Total cash flows for the period	-2,032	8,212	364
Cash and cash equivalents PEG upon transaction date	0	1,037	1,037
Cash and cash equivalents beginning of period	4,231	2,830	2,830
Cash equivalents end of period	2,199	12,079	4,231
Cash and cash equivalents, end of period, comprise:			
Cash and cash equivalents	2,199	12,079	4,231
Total	2,199	12,079	4,231

* In 2023 PEG Group Cash flow statement 2023 consists of Reponex for the period 1 January 2023 - 24 March 2023 and PEG/Reponex consolidated for the period 24 March 2023 - 31 December 2023.

1. Basis of preparation and changes to the Group's accounting policies
2. Nature of operations
3. Revenue, segment and seasonality information
4. Income tax
5. Impairment testing of intangible assets and equipment
6. Receivable Portinho S.A.
7. Capital resources
8. Subordinated convertible loans
9. Equity and development in number of shares
10. Earnings per share
11. Contingent liabilities
12. Financial risks and financial instruments
13. Related party transactions
14. Guarantees and securities
15. Events occurring after the balance sheet date

Notes to the interim consolidated financial statements

1. Basis of preparation and changes to the Group's accounting policies

The interim consolidated report of Pharma Equity Group A/S (The Group) have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU and additional Danish requirements for stock listed companies. The interim consolidated report is presented in Danish kroner (DKK) which is also the functional currency of the parent company.

The accounting policies used in the interim consolidated report are consistent with those used in the Group's annual consolidated financial statements for the year ended 31 December 2023.

End 2023, the Group reassessed its accounting for development projects which all represented development projects in progress and where Management concluded that in-progress development projects should not be amortized, until development can be considered completed. The change was treated as a change in accounting policy, with reversal of amortization recognized in the interim quarterly reports for 2023 and in prior years. Hence, the comparative figures for Q1-2023 does not include the amortization charge for development projects, which was included in the interim quarterly report for Q1-2023. Reference is made to the annual consolidated financial statements for 2023, which in further detail describes the background and impact from the change in amortization policy for development projects in-progress.

New standards, interpretations and amendments adopted by the Group

Some amendments apply for the first time in 2024, but do not have an impact on the interim consolidated quarterly report of the Group for Q1-2024 and is not expected to have any impact going-forward. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Significant accounting estimates and judgements

The preparation of the interim consolidated report requires Management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. In applying our accounting policies, Management is required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates used are based on assumptions assessed to be reasonable by Management. However, estimates are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, we are subject to risks and uncertainties that may result in deviations in actual results compared with estimates.

Please refer to note 1 in the 2023 Annual Report for further information.

No material changes in significant accounting estimates and judgements have occurred since the Annual Report 2023. In this regard, Management has in particular assessed the valuation of the Portinho S.A receivable to be identical to the valuation applied at 31 December 2023 (see note 6) and, in addition, Management has assessed development projects in progress, which are required to be impairment tested at least once a year, concluding that development is progressing as expected, and no impairment indicators have been identified at this stage of the year, and Management has concluded that there is no requirement to impairment test development projects in progress end Q1-2024.

2. 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.

Notes to the interim consolidated financial statements

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 Copenhagen main stock exchange.

3. Revenue, segment and seasonality information

No revenue has been recognized in the three-month period ended 31 March 2024.

Currently, Management regard the Group to operate in one segment, and hence no segment disclosures are provided at this stage and in the current situation the Group is not subject to impact from seasonality.

4. Income tax

The Group recognizes the expected income tax credit from the Group's development activities under the Danish income tax credit system. Under these programs, the Group has recognized tax receivable relating to 2023 under current assets, and tax receivable relating to 2024 as a non-current asset, as the 2024 income tax credit will not be received until the end 2025.

Both PEG and Reponex have tax loss carry forwards for the part of tax losses which is not allocated to the income tax credit system. Currently, the tax value of these tax losses is not recognized on the balance sheet, as recognition awaits that the Group will be profitable on a sustainable basis.

5. Impairment testing of intangible assets and equipment

The carrying amount 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. Reference is made to the Annual report 2023.

As of 31 March 2024, Management has assessed that there are no indications of impairment, and Management has concluded that no detailed impairment tests are required to be prepared at this stage of 2024. As required by IFRS, impairment tests will be required for development projects in progress, at least in connection with the preparation of the annual consolidated financial statements.

6. Receivable Portinho S.A

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 latest. The receivable was not paid as agreed and Management has since then had a long dialogue with representatives of Portinho. Based on this dialogue, Management is confident that the receivable in time will be recovered based on the value of the underlying assets.

The dialogue has on the other hand not resulted in payment of the receivable and therefore Management has decided to bring the receivable to court, and on the 15 April 2024, the Company has filed a summon with the Maritime and Commercial High Court (Sø- og Handelsretten) against Portinho S.A. to claim payment of the receivable of EUR 9.55m plus interest. The Company's Portuguese lawyer, in cooperation with the Company's Danish lawyer, has also initiated various preliminary and protective legal actions and investigations in Portugal as a further step to secure the payment of the receivable.

The receivable amount as per 31 March 2024 including agreed interest amounts EUR 10,8 million corresponding to DKK 80,5 million. Interest rate is agreed to 2% per quarter and amounts TDKK 158 for Q1 2024. The amount has not been recognized as income in the Q1 2024 report.

Notes to the interim consolidated financial statements

Referring to the Annual Report 2023 note 2.1 and 14 Management reassessed the estimated net realizable value of the receivable to be DKK 58 million at 31 December 2023. As per 31 March 2024 Management has not changed this assessment and the carrying value as per 31 March 2024 hence equals the same amount, DKK 58 million.

7. Capital resources

On 22 January 2024, the Board of Directors of Pharma Equity Group decided on the issuance of convertible loans in accordance with the authorization in the Company's Articles of Association under Article 4.3.A. With reference to company announcements no. 1 of 22 January 2024, no. 3 of 25 January 2024 and no. 4 of 7 February 2024, a total of DKK 8,4 million has been subscribed and paid to the Company as per 31 March 2024. The loans are granted as subordinated loans and are thus subordinated to the Company's other creditors, with the exception of any other equivalent subordinated loans. Please refer to note 8 for further details.

Management has assessed its financial resources based on its expected costs and investments for 2024, and on this basis Management is concluding that sufficient funding is available to continue the operations of the Group as planned. Bridge financing has since 1 January 2024 created loans of DKK 8.4 million. As per 31 March 2024, the Company has an unused credit facility of DKK 10 million.

By company announcement no. 15 of 8 May 2024, the Company has convened an extraordinary general meeting on 3 June 2024 regarding a proposal to reduce the share capital from DKK 1,022,963,883 to 102,296,388.3 by changing the share size from DKK 1.00 to DKK 0.10. Thus, the number of shares will remain the same. The amount of the reduction will be transferred to a special reserve, which will be part of the free reserves within equity.

By company announcement no. 16 of 8 May 2024, the Company has announced that the Board of Directors of the Company is exploring the possibilities of strengthening the Company's working capital through a capital increase at market price if the above mentioned capital reduction (company announcement no. 15 of 8 May 2024) is adopted at the convened extraordinary general meeting on 3 June 2024.

Notes to the interim consolidated financial statements

	31-03-2024	31-03-2023	31-12-2023
8. Subordinated convertible loans	TDKK	TDKK	TDKK
Subordinated convertible loan	16,549	0	8,192
Amortised loan costs	-707	0	-354
Subordinated convertible loans - long term	15,842	0	7,838

The subordinated convertible loans were established in the period 5 September 2023 - 31 March 2024.

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.

9. 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 eligible to receive dividends and repayment of capital and each share represents one vote at the shareholders' meeting.

	<i>Share capital</i>
	TDKK
Movements in the share capital	
Numbers of shares and share capital as per 01-01-2024	1,022,965
Movements	0
Total numbers of shares and share capital as per 31-03-2024	1,022,965

Notes to the interim consolidated financial statements

10. Earnings per share

	01-01-2024 - 31-03-2024	01-01-2023 - 31-03-2023 <i>(restated)</i>	01-01-2023 - 31-12-2023
	TDKK	TDKK	TDKK
Profit/loss for the period	-7,170	-2,672	-24,609
Interest convertible loan	417	0	126
Profit/loss for the period for the purpose of diluted EPS	-6,753	-2,672	-24,483
Average number of shares (in thousands) Reponex	0	7,651	2,522
Exchange rate applied in reverse take-over	0	115	115
Average number of shares (in thousands) Reponex until reverse-take over date (1)	0	879,865	290,030
Average number of shares (in thousands) PEG from reverse-take over date	1,022,964	90,930	790,345
Average number of treasury shares (in thousands)	-15	-15	-15
Average number of shares (in thousands) PEG after reverse-take over date (2)	1,022,949	90,915	790,330
Average number of shares (in thousands) full year (1+2)	1,022,949	970,780	1,080,360
Effect of convertible loans	16,549	0	8,192
Effect of warrants issued (Reponex)	0	9	0
Diluted average number of shares (in thousands)	1,039,497	970,780	1,088,552
Earnings per share of DKK 1.00 (DKK)	-0.01	-0.00	-0.02
Diluted earnings per share of DKK 1.00 (DKK)	-0.01	-0.00	-0.02

11. Contingent liabilities

The Group is not involved in any lawsuits, arbitration cases or other matters which could have a material impact on the Group's financial position or result of operations.

12. 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 in the annual report for 2023 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. In addition, reference is made to note 6 of this report. 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.

Notes to the interim consolidated financial statements

Interest rate risks

Bank loans, financial loans, loans from related parties and subordinated convertible debt all have fixed interest rates, and hence the interest rate risk is deemed to be minimal.

Foreign currency risk

The Group incur certain costs in other currencies than DKK, though the level of such costs is 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 7 Capital recourses.

Fair value

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their value:

- Portinho S.A receivable (see note 6 for further information) (level 3)
- Other receivables (level 3)
- Cash and cash equivalents (level 3)
- Trade payables (level 3)
- Bank debt (level 3)
- Financial loans (level 3)
- Loans from shareholders (level 3)

Fair value has been based on the value hierarchy, as defined by IFRS as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities – not applied.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

13. 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 hold interests in Portinho S.A. Interest expense for Q1 2024 equals DKK 0.

The law firm where the current chairman of the Board of Directors; Christian Vinding Thomsen is a partner, has in Q1 2024 received fees from PEG for legal assistance of TDKK 67 (Q1 2023 DKK 0).

Vice-chairman of the Board of Directors Martin Engel-Rossen has in Q1 2024 received fees for consulting services from PEG of TDKK 125 (Q1 2023 DKK 0).

14. Guarantees and securities

The Portinho S.A receivable with a carrying value of DKK 58.0 million as per 31 March 2024 (see note 6) is provided as security for bank debt, financial loans and loans from related parties, totally DKK 23 million. The Portinho S.A receivable is also provided as security for unused credit facility of up to DKK 10 million.

15. Events occurring after the balance sheet date

By company announcement no. 15 of 8 May 2024, the Company has convened an extraordinary general meeting on 3 June 2024 regarding a proposal to reduce the share capital from DKK 1,022,963,883 to 102,296,388.3 by changing the share size from DKK 1.00 to DKK 0.10. Thus, the number of shares will remain the same. The amount of the reduction will be transferred to a special reserve, which will be part of the free reserves within equity.

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