Pharmaceuticals & Biotechnology

Pharma Equity Group

Repositioning, rerouting, and recombination

PEG is a pre-revenue biotech focused on a drug repositioning strategy with six assets in Phase 2. For the key assets, RNX-011 and RNX-051, we see de-risked NPV per share of DKK1.11-1.18 each, both with potential launch in 2028. Given significant clinical and patent risks, we estimate DKK0.34-0.89 in a risk-adjusted fair value for the group. We see partnering for Phase 3 development before year-end 2025 as crucial for the share.

- **Repositioning and partnerships.** By repositioning drugs for new and innovative purposes, PEG cuts the time-to-market by several years and reduces R&D costs dramatically, but at the expense of weaker patent rights. PEG has ramped up efforts to find a larger pharma partner for the key assets, RNX-011 and RNX-051, before the end of 2025 in return for upfront, milestones and sales-based royalties. The company is currently in dialogue with key opinion leaders to explore potential cooperation and secure feedback, which will be used to approach selected companies for a partnership (out-licence agreement).
- **Capital structure and risks.** The company is pre-revenue and cash burning (c.DKK2m per month), and we model a cumulative cash burn of c.DKK22m before turning cash flow positive by 2028E. Cash position is DKK2m as of Q1 24. We expect PEG to bridge this gap with new equity and convertible bonds. We estimate a need to issue new shares of up to DKK30m while also converting current bonds to new shares to fund operations until expected partnering in 2025. In addition, we see significant risks related to clinical development and patents, and risks of delays in securing a partnering agreement.
- **Estimates.** We forecast the potential launch of the key pipeline assets RNX-011 and RNX-051 in 2028E, with the remaining projects expected to launch in 2029-2031E and estimate probability-weighted peak sales in the range of DKK1.1-1.2bn. We model EBIT of up to negative DKK24m until estimated break-even in 2028E, when we forecast EBIT of DKK84m. We have included upfront and R&D payments for all studies from potential partners in our estimates, but the size and timing of these are highly uncertainty.
- **Valuation.** Our sum-of-the-parts valuation (WACC 12.5%) points to a fair value range of DKK0.34-0.89 per share on a 12M basis. A key driver is the royalty rate, where we estimate a tier-based royal rate of 12-20% of sales, averaging 15% across all pipeline projects.

Key data

Price (DKK)	0.30
Country	Denmark
Bloomberg	PEGA DC
Reuters	PEGRP.CO
Free float	100.0%
Market cap (DKKm)	304
Net debt (current Y/E) (DKKm)	26
No. of shares (m)	1,023.0
Next event	Q2: 16-Aug

** Price as at close on 2 July 2024*

CEO	Thomas Kaas Selsø
CFO	

Company description

Pharma Equity Group, a listed company on the Nasdaq Copenhagen stock exchange, is fully dedicated to advancing the medical projects of its subsidiary, Reponex Pharmaceuticals A/S. With a focus on healthcare, Pharma Equity Group's primary objective is to bring significant value to Reponex Pharmaceuticals' medical projects.

Ownership structure

Biopharma Holding ApS	20.1%
Beier Holding ApS	7.6%
DMZ Holding ApS	5.0%

Source: Company data (2 July 2024)

Estimate changes

	24E	25E	26E
Sales	n.m.	n.m.	n.m.
EBITDA	n.m.	n.m.	n.m.
EBIT (adj.)	n.m.	n.m.	n.m.
EPS (adj.)	n.m.	n.m.	n.m.

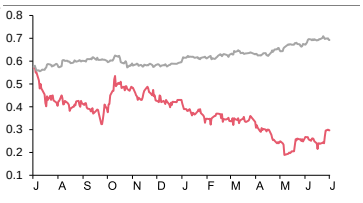
Source: Danske Bank Equity Research estimates

Key financials

Year-end Dec (DKK)	2022	2023	2024E	2025E	2026E
Revenues (m)	0.0	0.0	0.0	25.0	50.0
Revenues growth					100.0%
EBITDA (m)	-4.3	-20.9	-22.9	-3.0	21.7
EBIT adj. (m)	-4.3	-20.9	-23.5	-3.5	21.1
EBIT growth	n.m.	n.m.	-12.5%	85.1%	n.m.
Pre-tax profit (m)	3.5	-26.8	-28.7	-8.5	15.9
EPS adj.	0.24	-0.05	-0.02	-0.01	0.01
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield					
FCFE yield (pre-IFRS16)	310.3%	-7.4%	-7.3%	-3.0%	2.2%
EBIT margin (adj.)	n.m.	n.m.	n.m.	-14.0%	42.1%
Net debt/EBITDA (x)	n.m.	n.m.	n.m.	n.m.	1.3
ROIC	27.2%	-49.8%	-20.9%	-3.0%	16.6%
EV/sales (x)	high	n.m.	n.m.	13.7	6.7
EV/EBITDA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	15.5
EV/EBITA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	15.6
EV/EBIT (adj.) (x)	n.m.	n.m.	n.m.	n.m.	16.0
P/E (adj.) (x)	1.9	n.m.	n.m.	n.m.	24.4

Source: Company data, Danske Bank Equity Research estimates

Price performance



	1M	3M	12M	5Y
Absolute	11%	-4%	-48%	-77%
Rel. local market	7%	-10%	-61%	-90%
Rel. EU sector	8%	-12%	-57%	-85%

Source: FactSet

Analyst(s)

Thomas Bowers

Tobias Nissen

Find our research here:
https://research.danskebank.com

Important disclosures and certifications are contained from page 71 of this report

Danske Bank

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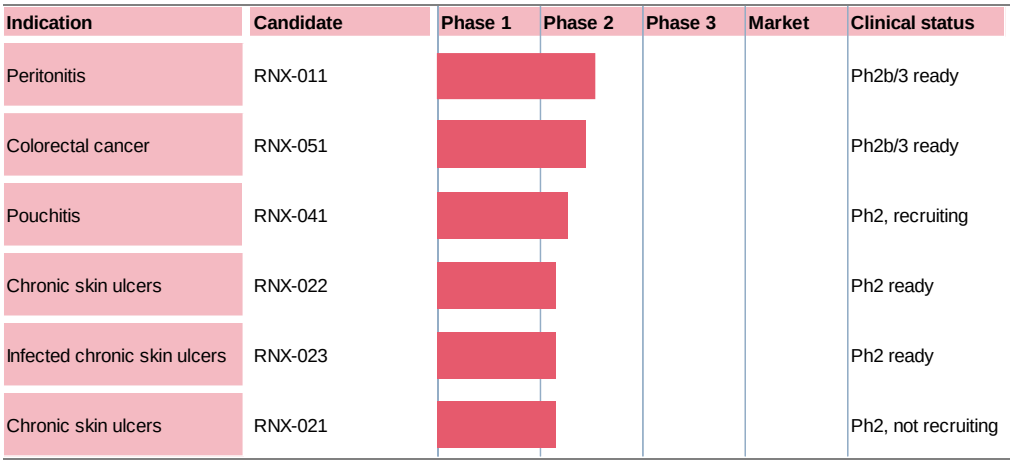
Executive summary

Pharma Equity Group (PEG) is a Danish holding company with a 100% ownership of Reponex Pharmaceuticals (Reponex), a biotech company focused on repurposing already approved medicines for new purposes. The company continues its search for both commercial and R&D partnership for its pipeline of six drug candidates, which all are in clinical development. The company has already completed several of its smaller investigator and proof-of-concept studies. PEG is now on the lookout for R&D and commercial partnerships, like global university hospitals or pharmaceuticals companies, to conduct larger clinical trials to confirm the results from the smaller studies and potentially take the pipeline candidates to market. The company is solely focused on early clinical studies and will not be running any Phase 3 studies on its own due to the company's size and financial resources.

Key conclusions

We believe that the pipeline studies, RNX-011 in peritonitis and RNX-051 in colorectal cancer, which are the furthest in clinical development, hold the largest potential in the company's pipeline.

Figure 1. Pipeline overview



Source: Company data, Danske Bank Equity Research

RNX-011

RNX-011 is being developed as an add-on treatment to standard of care (SOC) intravenous antimicrobial therapy. An early, effective killing of bacteria in a single-shot treatment primarily aimed at improving survival in high-risk patients with complicated intra-abdominal infection (cIAI).

Reponex has completed a small proof-of-concept study (n=12) in bacterial peritonitis, which showed that patients could be discharged faster using the company's formulation compared to standard of care (median 13 hours versus 84 hours), potentially leading to cost savings for the healthcare system.

Reponex is currently doing additional nonclinical work to optimise the RNX-011 formulation (in terms of dose, volume, concentration) ahead of a clinical study to assess the pharmacokinetic and safety/tolerability of adding RNX-011 to standard of care (SOC) treatment in complicated intra-abdominal infection (cIAI). The study goal will be to demonstrate tolerability/safety and to explore a possible therapeutic benefit of adding RNX-011 treatment in terms of antimicrobial effect and clinical outcomes in high-risk patients. These data will be used as input to the design

(sample size) required to show superiority of adding RNX-011 to SOC intravenous antimicrobial treatment in a confirmatory Phase 3 clinical trial.

We estimate probability-weighted NPV per share of DKK0.28 (25% likelihood of approval), based on a market opportunity of c.510,000 patients across the US, EU5, and Japan, and we forecast a peak market share of RNX-011 of 20%, resulting in a peak sales estimate of DKK1,077m in 2039E. The drug has patent protection until 2040, including possible extension.

The next catalyst for RNX-011 is the completion of the ongoing formulation work, which we expect to be completed by the end of 2024, with the most important catalyst being an out-licensing agreement with a partner, which we expect before the end of 2025.

RNX-051

We believe that RNX-051 in colorectal cancer has the highest peak sale potential in the pipeline based on positive data from the recent Phase 2 proof-of-concept MEFO study, which included 24 patients. Based on the findings of the MEFO trial, management sees a clear path for establishing the treatment with RNX-051 as a single and repeated dose in patients with adenomas in the bowel to prevent adenoma and colorectal cancer.

It is our impression that the company intends to either sign a partnership agreement before the end of 2025 or to initiate a Phase 2b study. This study would aim to confirm the results from the Phase 2a trial, in collaboration with several university hospitals worldwide. We see potential for a product launch by late 2028, provided that all developments proceed smoothly, and the company secures a partnership for the study.

We estimate that the market opportunity for RNX-051 includes approximately 550,000 patients across the US, EU5, and Japan. We project that RNX-051 will achieve a peak market share of 25%, leading to peak sales of DKK1,153m by the year 2039. The drug's patent protection lasts until 2039. Based on this, we estimate probability-weighted NPV per share of DKK0.30 for RNX-051, with a 25% likelihood of approval for the drug candidate.

The next step and major catalyst for RNX-051 is an out-licensing partner, which we expect to happen before the end of 2025.

Figure 2. Development overview

Area	Key milestones	Next step
RNX-011 (peritonitis/cLAI)	Phase 2a (12 patients), proof of concept was achieved in 2019/20. Non-clinical work ongoing to optimise formulation.	Out-licensing partner.
RNX-051 (colorectal cancer)	Phase 2a (22 patients), proof of concept was achieved in April 2024 (MEFO study)	Out-licensing partner.
RNX-041 (pouchitis)	Recruitment ongoing for Phase 2 trial.	Read out in Q2 25 If positive, possible study in Crohn's disease / partner.
RNX-021/022/023 (chronic skin ulcers)	Ready for Phase 2 clinical development, but not recruiting. We believe that the company will focus its efforts on the other pipeline projects and postpone development of RNX-021/022/023 due to financial limitations.	Start recruiting and development after capital raise or out-licensing of other pipeline projects.
Operations	Hiring of commercial relationships director to increase efforts to secure an out-licensing partner.	Engage with KOLs and secure partnerships.

Source: Company data, Danske Bank Equity Research estimates

Repositioned drugs

Reponex specialises in clinical drug development, focusing on drug repositioning. This involves repurposing active pharmaceutical ingredients (APIs) already available on the market for new applications. Part of this process includes devising new delivery methods and creating combinations with other APIs. By using drug repositioning, the strategy is to quickly enter Phase 2 trials and reduce development time by circumventing Phase 1 trials based on existing safety and toxicity data.

Repositioned drugs typically have a higher likelihood of approval (LoA), which is up to 30% compared to c.10% for novel drug compounds, given that the repositioned drug candidates are built on already approved and tested drugs, but still need to undergo clinical trials to assess the drug's effectiveness for the new indication.

For Reponex's lead drug candidate, RNX-011, we recognise the lower development risk associated with repositioning of a drug candidate. However, we see above-average risks given the need to show superiority with survival benefit as the primary endpoint in Phase 3. In addition, we see substantial commercial risks related to patents and lack of validation without a partner, as the company's patents are method-of-use, which has narrower protection than composition-of-matter patents. Therefore, we use 25% likelihood for approval and use a conservative peak sale estimate, which reflects the potential patent-related risks and the commercial strength and reach into key markets, which will be highly dependent on the commercial partner.

For RNX-051 in colorectal cancer, we see a similar risk profile compared to RNX-011 and estimate a 25% likelihood of approval.

For the rest of the pipeline, we see likelihood of approval of up to 20%, given that these trials are earlier in development, and some have been put on hold and currently de-prioritised due to limitations to capital resources.

Patent protection

Reponex has applied for method-of-use (MOT) patents for its different pipeline projects and has been granted some patents already in key geographies like Europe, the US and Japan, with several patents pending. The company has not applied for any patents for RNX-021.

The patent (IP) protection, we believe, is one of the main risks in the investment case. Method-of-use (MOT) has a more limited claim than composition-of-matter patents and can be more difficult to enforce against a challenge. In a worst-case scenario, competitors might be able to design around method-of-use patents by finding alternative uses for the same compound. While these alternatives would not necessarily infringe on the method-of-use patent, they could still compete in the market. However, management considers this risk to be low.

In addition, regarding the obviousness criterion, the company's clinical studies use approved drugs (antibiotics) that are already available in the market, which may cast doubt on their patentability.

Although the company is asserting that the methods of use are innovative and novel, the reliance on pre-existing antibiotics could potentially undermine the perceived uniqueness and non-obviousness required for robust patent protection.

Figure 3. Reponex patent overview

Candidate	Indication	Patent	Filed	Europe	US	Japan	Expiration*
RNX-011	Bacterial peritonitis	Treatment of peritonitis	2014	Granted (DE, FR, IT, NL, UK)	Granted 2018	Granted	2035/40
		Intraperitoneal treatment of secondary bacterial perionitis	2019	Pending	N/A	N/A	
RNX-051	Colorectal cancer	Eliminating bacterial promoters by intraluminal application	2018	Allowed	Pending	Pending	2039
RNX-022	Chronic skin ulcers	Compositions for promoting the healing of wounds	2014	Granted	Granted	N/A	2035
RNX-023	Infected skin ulcers	Compositions to promote the healing of skin ulcers and wounds	2014	Granted 2020 (DE, FR, IT, NL, UK, RU)	Pending	N/A	2035
RNX-041	Pouchitis	GM-CSF for the treatment of IBD	2014	Pending	Granted	N/A	2035

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.*

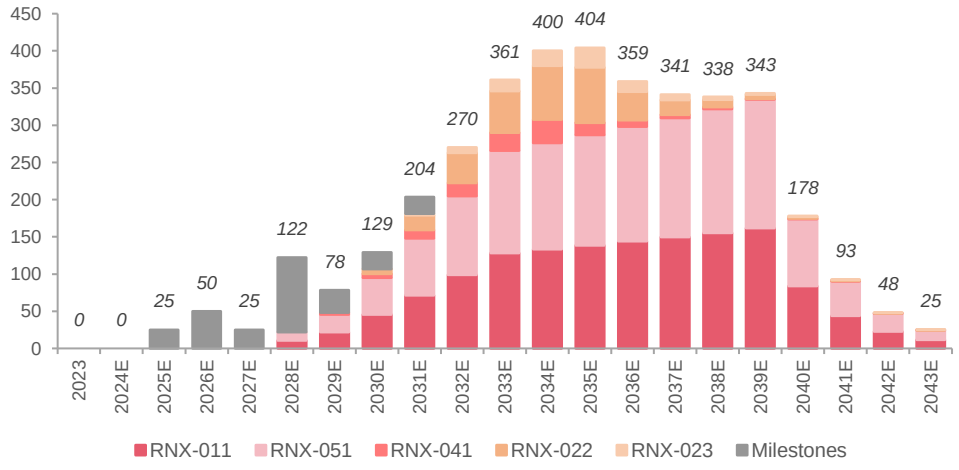
Source: Company data, Danske Bank Equity Research

Maximising the potential

Our assumptions reflect that we expect the company to pursue a partnership strategy focused on the US, EU5 and Japan, while leaving the option open to pursue further partnerships or out-licensing to other regions.

The company has yet to sign a partnership agreement, but based on our research we estimate a tiered 12-20% sales-based royalty rate in our base case, resulting in a flat 15% royalty rate on average for all current pipeline candidates. Ultimately, the actual royalty rate will depend on the negotiating strengths of both the company and any potential partner.

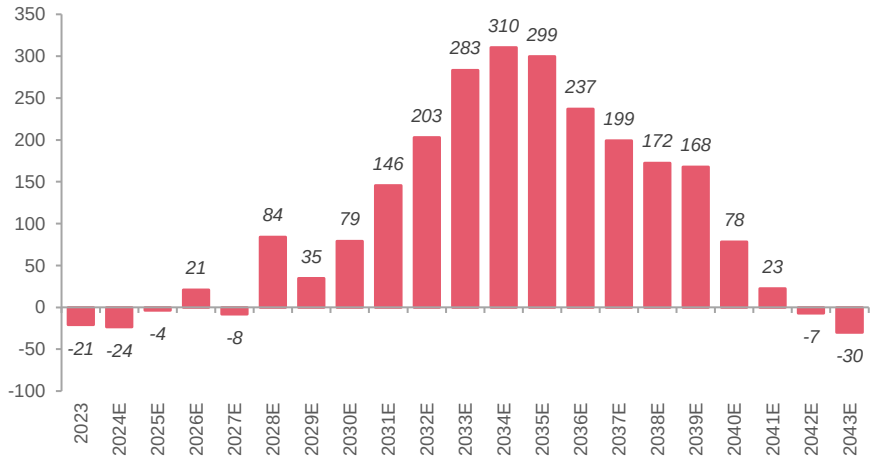
Figure 4. Sales estimates, probability weighted (DKKm)



Source: Company data, Danske Bank Equity Research estimates

We estimate that the company will reach sustainable break-even EBIT levels by 2028, mainly driven by RNX-011 and RNX-051. We exclude the positive EBIT in 2026E, which is driven by upfront milestones.

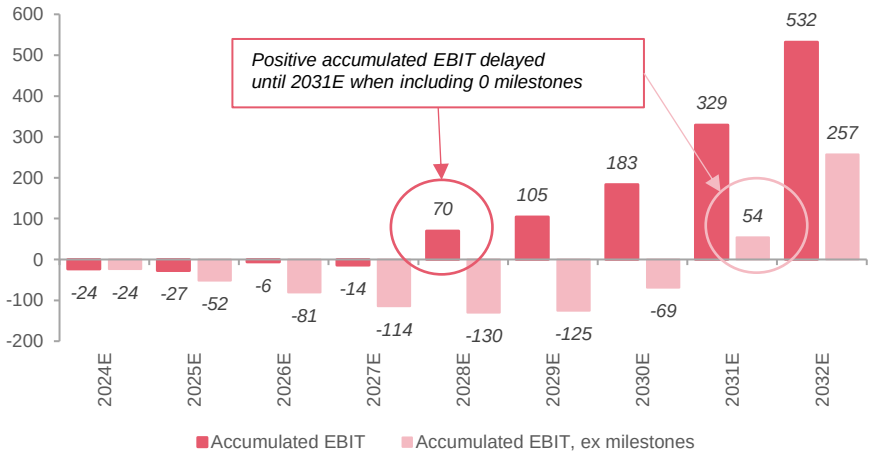
Figure 5. EBIT estimates, probability weighted (DKKm)



Source: Company data, Danske Bank Equity Research estimates

On an accumulative basis, we estimate PEG to reach positive levels in 2028E, and 2031E when excluding all milestones.

Figure 6. Accumulated EBIT estimates, probability weighted (DKKm)

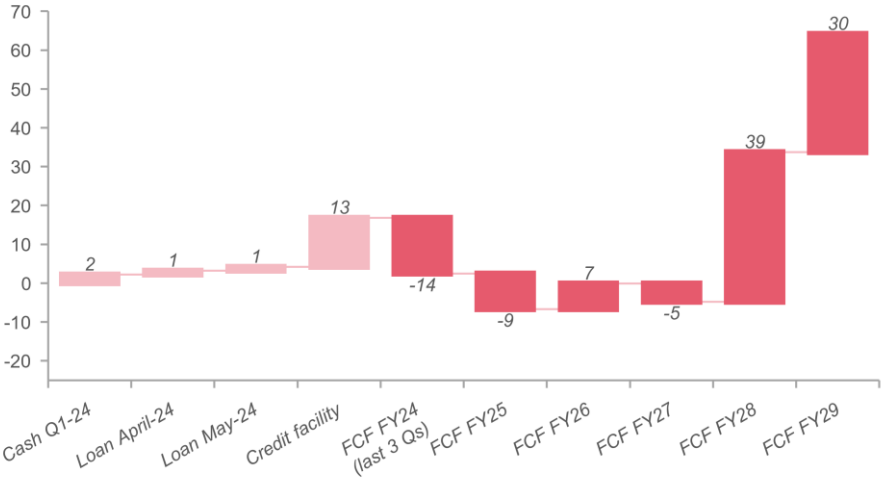


Source: Company data, Danske Bank Equity Research estimates

Financing

Our estimates suggest that PEG will be free cash flow negative until FY2028, when royalties from all current pipeline projects are expected to materialise after the expected launch of RNX-011 and RNX-051 in 2028E. Until then the company faces significant annual cash burns, with annual operating expenses increasing from DKK24m in 2024E to DKK38m in 2028E with limited revenues in the period.

Figure 7. Projected cash burn (DKKm)



Source: Company data, Danske Bank Equity Research estimates

Since Q1 24, PEG has secured two convertible bonds for a total of DKK2m in April and May 2024. This leaves the company with total liquidity of c.DKK17m, when including the cash position of c.DKK2m at the end of Q1 24 and the available credit facility of c.DKK13m, which is secured through the Portinho receivable. Based on our estimates, the current liquidity of DKK17m, covers the negative free cash flow of DKK14m for the remainder of FY2024, but requires the company to access funding to secure liquidity for FY2025.

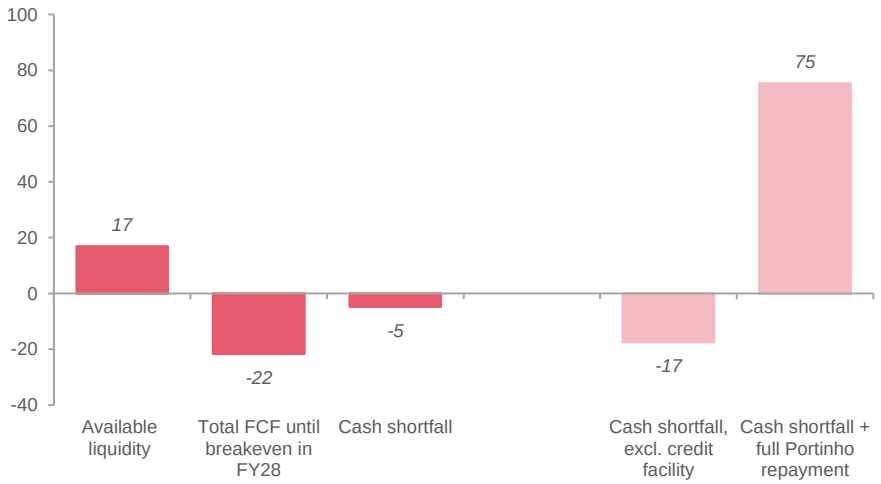
According to our estimates, we believe that the company will require outside capital to cover short-term capital needs before a potential out-licensing agreement is signed and expected

upfront milestones payments are received, which could materially improve the company's financial position. As the company expects to sign a partnership agreement before the end of 2025, we estimate funding needs of c.DKK30m in new cash to cover costs of clinical studies and overhead until such a partnership agreement is signed. We expect PEG to bridge this gap with new equity and convertible bonds, and we see a need for the company to issue new shares of up to DKK30m and convert current bonds to new shares.

Our forecast does not include any payments from the Portinho receivable (see section below).

In our view, the need to secure funding is a significant risk factor in the short term, given that the company currently has no income to fund the development of its pipeline products or any out-licensing agreements.

Figure 8. Projected capital requirements (DKKm)



Source: Company data, Danske Bank Equity Research estimates

Share price catalysts

For 2024 and forward, we have listed the key potential share price catalysts in the table below. We believe that the main upside risks are partnership agreements and increased confidence in key pipeline assets.

Figure 9. Expected news flow and catalysts

Timing	Type	Event	Share impact
2024-	Partnership	Announce partnership deal(s) to further support develop of the pipeline.	High
2024-	Capital structure	Ongoing capital raises from convertible bonds and/or equity.	High
2024-	Portinho receivable	Repayment of Portinho receivable (c.DKK80m).	High
H2 24	RNX-011	Ongoing non-clinical formulation optimisation.	Moderate
August 2024	Financial	Q2 24 results. Focus on pipeline progress and capital structure.	Low
Q2 25	RNX-041	Phase 2 data readout in pouchitis.	High
Ongoing	RNX-021, 022, 023	Start of recruitment of trials at Bispebjerg Hospital, depending on financial resources available.	Moderate

Source: Danske Bank Equity Research estimates

The company has historically faced delays, primarily due to COVID-19, but currently the RNX-041 study in pouchitis appears to be up to one year delayed due to recruitment difficulties given the low prevalence rate of the disease.

Portinho receivable

The main asset on the balance sheet is an unpaid receivable from a 2014 real estate project with Portinho S.A. in Portugal, with a book value of DKK58m. The receivable has a gross value of approximately DKK80m, including accrued interest, and will incur a 2% annual interest starting from July 2023, amounting to about c.25% of the company's market capitalization (as of 28 June 2024). The receivable was due to be repaid by December 2023, but has not yet been repaid. The company is facing complications as the receivable was pledged as security for a debt of DKK20.4m. Despite ongoing legal recovery efforts, PEG's management anticipates medium to high risk of repayment and is exploring a potential sale of the receivable, which has yet to materialize.

We take a conservative view on the receivable given the history of ongoing delays and we value the receivable at DKK0m, but we note that full or partial repayment would lead to a significant increase in estimates and lower funding risks.

Valuation methodology

We use a discounted cash flow (DCF) based sum-of-the-parts (SoTP) valuation, which is based on 20-year forecasts from 2024-2043 and an 12.5% WACC, and points to a fair value range of DKK0.34-0.89 per share on a 12M basis. In our base case we derive at our fair value estimate of DKK0.56 per share. We have only modelled and assigned NPV value to clinical projects.

We have not included the Portinho S.A. receivable in the SoTP, which offers further upside if paid in full. The book value of DKK58m, equalling DKK0.06 per share, offers upside of c.10% to our SoTP, with the total value of DKK80m equalling DKK0.08 per share, with c.14% upside to our SoTP if repaid in full. We believe that a partial or full repayment of the receivable would lower short-term funding overhang and allow management to solely focus on the pipeline projects and the partnership strategy.

Overhead costs reflect administrative cost and other costs not reflected in the NPV of the different projects in our SoTP.

We do not include any terminal value for PEG/Reponex.

Figure 10. Valuation summary sum-of-the-parts, base case

Compound	Indication	Phase	Expected Launch	Peak sales DKKm	De-risked NPV per share	Probability	Fair value DKKm	NPV per share
RNX-011	Bacterial peritonitis	2	2028	4,309	1.11	25%	288	0.28
RNX-051	Colorectal cancer	2	2028	4,614	1.18	25%	307	0.30
RNX-041	Pouchitis	2	2029	1,048	0.20	20%	47	0.05
RNX-021, 022	Chronic skin ulcers	2	2030	3,305	0.53	15%	83	0.08
RNX-023	Chronic skin ulcers	2	2031	1,171	0.17	15%	28	0.03
Net cash/(debt)							-26	-0.03
Overhead costs							-158	-0.15
Fair value	**WACC 12.5%**						**570**	**0.56**

Source: Danske Bank Equity Research estimates

Valuation scenarios

As highlighted below, the royalty rate is important in our model, with a bear case sales-based royalty rate of 10% suggesting a fair value of DKK346m (DKK0.34 per share), compared to DKK570m (DKK0.56 per share) in our base case (15% royalty rate) and DKK906m (DKK0.89 per share) in our bull case based on a 22.5% royalty rate.

Figure 11. Valuation scenarios, NPV (DKKm)

		Royalty rate		
Compound	**Indication**	***Bear case (10%)***	***Base case (15%)***	***Bull case (22.5%)***
RNX-011	Bacterial peritonitis	200	288	421
RNX-051	Colorectal cancer	212	307	449
RNX-041	Inflammatory bowel disease	38	47	62
RNX-021, 022	Chronic skin ulcers	59	83	120
RNX-023	Chronic skin ulcers	21	28	38
Total		**530**	**754**	**1,090**
Net cash/(debt)		-26	-26	-26
Overhead costs		-158	-158	-158
Fair value	**WACC 12.5%**	**346**	**570**	**906**
Fair value per share		*0.34*	*0.56*	*0.89*
*Upside/downside**		*14%*	*88%*	*199%*

** Share price of DKK0.296 as of 28 June 2024*

Source: Danske Bank Equity Research estimates, Refinitiv

Figure 12. Sensitivity analysis, NAV per share (DKK)

		Royalty rate (% of sales)						
		7.5%	**10.0%**	**12.5%**	**15.0%**	**17.5%**	**20.0%**	**22.5%**
WACC	**8.0%**	0.39	0.56	0.74	0.92	1.09	1.27	1.44
	9.5%	0.33	0.47	0.62	0.77	0.92	1.07	1.22
	11.0%	0.27	0.40	0.53	0.66	0.78	0.91	1.04
	12.5%	0.23	0.34	0.45	0.56	0.67	0.78	0.89
	14.0%	0.19	0.29	0.38	0.47	0.57	0.66	0.76
	15.5%	0.16	0.24	0.32	0.40	0.49	0.57	0.65
	17.0%	0.13	0.20	0.27	0.34	0.42	0.49	0.56

Source: Danske Bank Equity Research estimates

Risks to achievement of valuation range

Biotech is risky and PEG is no exception. Biotech investments are associated with considerably above-average risk, which includes an investment in PEG. Its research projects may fail, or the company could run into liquidity problems if the expected revenues do not materialise.

Technology risk

A key risk factor when investing in biotech companies is the proprietary technology used to develop the drug candidates, as this could prove inadequate and stop the company from securing satisfactory clinical results and thus launching its product. PEG's clinical pipeline is based on repositioning already approved drugs, which lowers the technology risk.

Failure of pipeline candidates

PEG is not dependent on a single compound or technology for its clinical trials, but the share price will naturally be highly sensitive to the release of clinical data or delays to the development process. Clinical data from potentially competing products could also impact the value of the company.

Commercial risk

The company intends to out-license its clinical trials prior to the Phase 3 stage to large pharma companies with established commercial resources, thereby eliminating the need to market its own products. The primary risk involved in this strategy is the potential failure to secure any partnership agreements, which could result in the company being left with suspended clinical trials.

Patents and exclusivity

The patent protection that covers the company pipeline studies are method-of-use patents, compared to the standard composition of matter patents given to new developed drugs that protect the drugs from generic competition. In our view, method-of-use patents are inherently weaker than composition of matter patents, as PEG's drug candidates are based on approved drugs with expired patents, and it is unclear how strong these patents are until they have been challenged in court.

Financial risk

PEG does not currently have any income to fund the development of the pipeline and therefore depends on investor funding. We believe the company will probably need additional funding from the market until it is profitable from expected future royalty income.

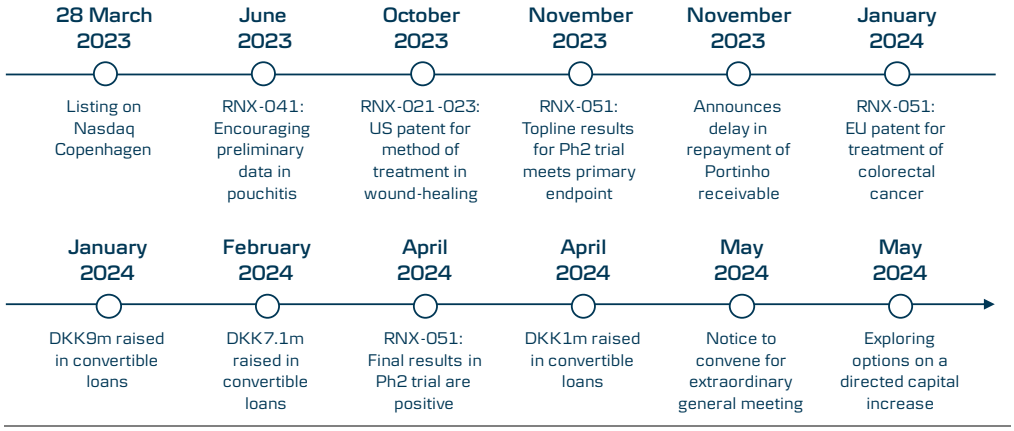
Biotech sentiment

If the economy suffers a downturn, liquidity is likely to tighten and the high-risk asset classes could fall out of favour, leading to tough times for biotech investments.

Business overview

Pharma Equity Group (PEG) is a holding company with a focus on owning subsidiaries within the life science industry, primarily in Scandinavia. The company is built on the remains of Blue Vision A/S, a former listed investment company, through a reverse merger in March 2023. PEG's main asset is Reponex Pharmaceuticals (Reponex), which was acquired in the beginning of 2023 for DKK1.5bn with the issuance of new shares. Aside from Reponex, PEG has a significant receivable of EUR9.55m from Portinho S.A., a legacy receivable from Blue Vision, which the company expects to be repaid in the coming years.

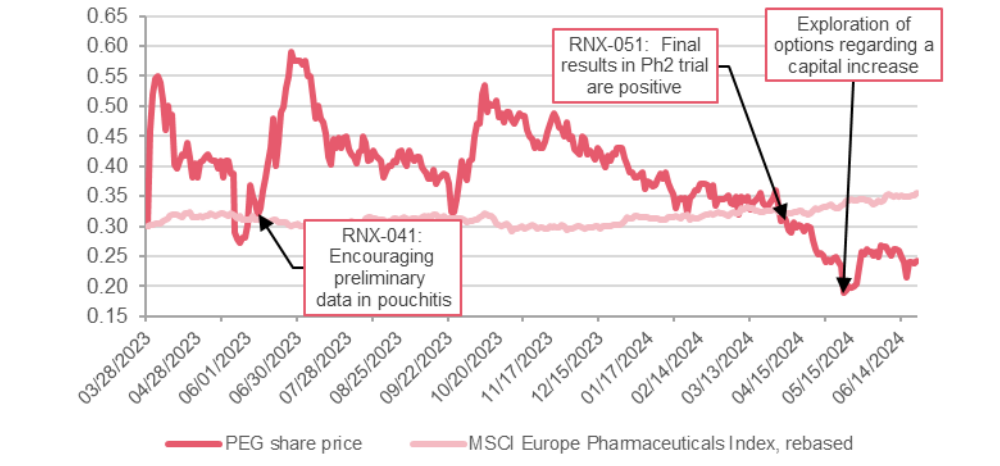
Figure 13. PEG milestones since listing in March 2023



Source: Company data, Danske Bank Equity Research

Reponex is a clinical stage biotechnology company, which is dedicated to the development of new and effective treatments for diseases that have unmet medical needs. The company is currently focused on diseases such as bacterial peritonitis and colorectal cancer (reducing cancer-promoting bacteria) that are acute or life threatening, but also chronic diseases that reduce life span and the quality of life such as inflammatory bowel disease or non-healing skin ulcers in patients with diabetes or venous insufficiency. The company has six employees as of 31 December 2023.

Figure 14. PEG share price since listing in March 2023

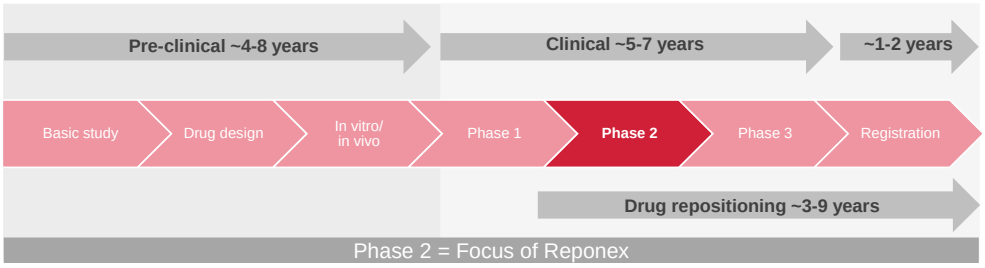


Source: FactSet as of 27 June 2024, Danske Bank Equity Research

Repositioning strategy

Reponex specialises in clinical drug development, focusing on drug repositioning. This involves repurposing active pharmaceutical ingredients (APIs) already available on the market for new applications. Part of this process includes devising new delivery methods and creating combinations with other APIs. By using drug repositioning, the strategy is to quickly enter Phase 2 trials and reduce development time by circumventing Phase 1 trials based on existing safe and toxicity data.

Figure 15. Drug discovery and development



Source: Danske Bank Equity Research estimates

To conduct clinical development, the company partners with public research institutions that have direct patient access. Currently, its collaborations include the Centre for Surgical Science at Zealand University Hospital in Køge and the Knowledge Centre for Wound Healing at Bispebjerg Hospital.

Through these strategic collaborations, the company sustains a lean operational structure. This strategy allows it to maintain minimal staffing levels and reduce R&D expenditure. However, it also means the company focuses on conducting more modestly scaled Phase 2 studies.

Reponex leads the advancement of drug candidates up to and including the clinical Phase 2 stage. During this stage, it collects the necessary data to investigate the clinical effectiveness of the drug candidates.

It is worth noting that even for repurposed drugs, Phase 3 clinical trials are typically mandated. These trials are of critical importance to confirm the efficacy of the drug and to monitor its side effects in a larger demographic. Even though the safety of the drug has been established, it is crucial to comprehend how it performs in the context of the new disease it is intended to treat.

Following this, the company aims to enter licensing agreements with large pharmaceutical companies. These companies can then progress the drugs through Phase 3 trials and towards the final regulatory approval for marketing and distribution.

In its clinical strategy, Reponex seeks to build partnerships with top institutions and hospitals worldwide. To ensure the best outcomes, the company works closely with highly respected experts in each specific clinical area. This collaborative approach aids the company in delivering high-quality healthcare solutions.

Repositioning advantages

The main benefit of drug repositioning lies in the ability to streamline regulatory procedures for new drug introduction. This is chiefly because new drugs, in this case, are derived from already-approved pharmaceuticals. This approach leverages existing data on safety and toxicity, thus accelerating initial development phases, reducing cost, and increasing the likelihood of approval and market entry (*Source: Jourdan et al. (2020), Drug repositioning: a brief overview).*

However, it is important to note that any alterations to the formulation, dosage, or administration route during repositioning necessitate a re-evaluation of the drug's safety profile under the new conditions. Moreover, the safety level required for a drug is closely tied to its indication. Consequently, a drug's adverse effects become less acceptable when repositioned for a less serious or severe disease compared to its original indication.

Repositioning challenges – intellectual property

One of the primary challenges encountered in drug repositioning is the relatively modest intellectual property protection, which can diminish return on investment and deter companies from pursuing their development. Since the drug used for repositioning has already been patented as a new chemical entity, subsequent medicines containing the same entity can only secure protection through a method-of-use patent, potentially reinforced by a new formulation process (*Source: Jourdan et al. (2020), Drug repositioning: a brief overview).*

Method-of-use patents are inherently narrower than those for new chemical entities, covering a limited range of therapeutic uses. For instance, such patents may not always prevent generic products containing the same drug from being prescribed off-label for the patented application. Such patents are also more susceptible to legal challenges, specifically if the new indication was predictable from data in the scientific literature.

Reponex patent overview

As shown in the figure below, Reponex has applied for method-of-use patents for its different pipeline projects and has been granted some patents already in key geographies like Europe, the US and Japan, with several patents pending. The company has not applied for any patents for RNX-021, as the company expects RNX-022 to outperform this study.

Figure 16. Patent and regulatory exclusivities in the US, EU, and Japan

Patent and Regulatory Exclusivities	US	EU	Japan
Basic Patent Term	20 years	20 years	20 years
Entitlement to Patent	First to file (as of 2013)	First to file	First to file
Patent Term Extension/Supplementary Protection Certificates	Up to 5 years (with the maximum effective patent life limited to 14 years from product approval)	Up to 5 years plus 6 months for pediatric uses (with the maximum effective patent life limited to 15 years from product approval)	5 years
NCE Exclusivity	5 years plus 6 months for pediatric uses; 3 more years for a new clinical indication	11 years	8-10 years
Pediatric Exclusivity	Yes (6 months)	Yes (6 months)	No
Orphan Drug Exclusivity	7 years	10 years	Up to 10 years
Priority Review Voucher	Yes	No	No
Generic Drug Application Process	Yes	Yes	No

Source: Oronsky & Caroen et al. (2023), Patent and Marketing Exclusivities 101 for Drug Developers

Patents is one of our main concerns for Reponex, especially regarding the obviousness criterion in patent law, with the company's clinical studies utilizing already approved drugs (antibiotics) that are already available in the market, which consequently may cast doubt on their patentability. Although the company is asserting that the methods-of-use are innovative and novel, the reliance on pre-existing antibiotics could potentially undermine the perceived uniqueness and non-obviousness required for robust patent protection.

Figure 17. Reponex patent overview

Candidate	Indication	Patent	Filed	Europe	US	Japan	Expiration*
RNX-011	Bacterial peritonitis	Treatment of peritonitis	2014	Granted (DE, FR, IT, NL, UK)	Granted 2018	Granted	2035/40
		Intraperitoneal treatment of secondary bacterial perionitis	2019	Pending	N/A	N/A	
RNX-051	Colorectal cancer	Eliminating bacterial promoters by intraluminal application	2018	Allowed	Pending	Pending	2039
RNX-022	Chronic skin ulcers	Compositions for promoting the healing of wounds	2014	Granted	Granted	N/A	2035
RNX-023	Infected skin ulcers	Compositions to promote the healing of skin ulcers and wounds	2014	Granted 2020 (DE, FR, IT, NL, UK, RU)	Pending	N/A	2035
RNX-041	Pouchitis	GM-CSF for the treatment of IBD	2014	Pending	Granted	N/A	2035

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.*

Source: Company data, Danske Bank Equity Research

In terms of obviousness, we see some read over to the Amarin Pharma v. Hikma Pharmaceuticals case, where Amarin's patent on Vascepa, a purified fish oil drug, was invalidated by the District Court of Nevada in 2020 on grounds of obviousness. The court noted that the patents in question were invalid as the methods and uses proposed by Amarin were obvious to a person skilled in the art, due to the prior knowledge of the benefits of fish oil and its components. This was even despite the positive results from the Vascepa REDUCE-IT CV outcome trial.

Repositioning summary

Figure 18. Summary of key advantages and challenges of repositioning

Advantages	Challenges
Streamlined Regulatory Procedures: Drug repositioning simplifies the process of introducing new drugs on the market by leveraging the approvals of existing drugs.	**Weak Intellectual Property Protection**: The legal protection for repositioned drugs is relatively weak, which can lower return on investment and discourage development.
Cost and Time Efficiency: Utilizing pre-existing safety and toxicity data makes the initial phases of development faster and more cost-effective.	**Limited Scope of Application Patents**: These patents are narrower than those for new chemical entities, covering less therapeutic uses and making them more susceptible to legal disputes.
Higher Approval Probability: The chances of a repositioned drug receiving approval and reaching the market are significantly higher due to the use of previously approved drugs.	**Legal Challenges**: Application patents are more vulnerable to legal challenges, especially if the new indication was predictable from existing scientific literature.
Flexible Modification: Changes to the formulation, dosage, or administration route can be made during the repositioning process, although a reassessment of safety profile under these new conditions is necessary.	**Off-Label Prescriptions**: Application patents may not prevent generic products containing the same drug from being prescribed for the patented application off-label.
Established Safety Profile: These drugs have a known safety profile, which reduces the risk associated with introducing a completely new drug into the market.	**Unexpected Side Effects**: While the drug's safety profile is known for its original indication, it may have unexpected side effects when used for a new indication.
Potential for New Therapies: Drug repurposing can lead to the discovery of novel therapies for diseases that currently have limited treatment options.	

Source: Danske Bank Equity Research estimates

Active substances

Reponex focuses on the repositioning and reformulation of five different substances: molgramostim (GM-CSF), fosfomycin, metronidazole, sodium hyaluronate, and sucralfate. Repositioning existing medicines presents opportunities for patent protection, regardless of whether the original patents on the APIs are still valid. All the APIs used in Reponex's formulations are off patent and the company has active supply agreements with all API vendors.

Figure 19. Active substances

Drug candidate	Active substance(s)	Administration
RNX-011	Molgramostim, fosfomycin and metronidazole	Intraperitoneal
RNX-021	Molgramostim	Topical gel
RNX-022	Molgramostim, sucralfate and hyaluronan	Topical gel
RNX-023	Molgramostim and fosfomycin	Topical gel
RNX-041	Molgramostim, fosfomycin and metronidazole	Enema
RNX-051	Fosfomycin and metronidazole	Intra-intestinal endoscopic

Source: Company data, Danske Bank Equity Research estimates

Molgramostim (recombinant human GM-CSF)

Molgramostim is a recombinant analogue of a naturally occurring substance in the human body known as granulocyte-macrophage colony-stimulating factor (GM-CSF) and was developed in the 1980s as a systemic treatment to boost the immune system after bone marrow transplantation, and the company focuses on developing treatments based on local application to diseased tissues. GM-CSF is used in all the company's drug candidates except RNX-051, although in most cases in combination with other active substances. The substance plays a critical role in the generation and stimulation of white blood cells, which are vital for the proper functioning of the immune system, and by bolstering the immune system, GM-CSF can significantly diminish the risk of infection in immunosuppressed patients.

Reponex has an exclusive supply agreement with Savara Pharmaceuticals Inc., which runs until 2033, to supply the active substance. The agreement gives the company supply now and is according to management scalable, which means that the current supply partner should have capacity to meet anticipated demand for the products currently in the pipeline.

In addition, it is our impression that Reponex has a back-up supply secured by deposition in Europe (BioReliance, Glasgow, UK) of a back-up Working Cell Bank, as well as a copy of a Master Batch Record describing the manufacturing process in detail, which is to ensure that new manufacturing sites can be set up at very short notice, if required.

Fosfomycin

Fosfomycin is an antibiotic that belongs to the class of drugs known as phosphonic acids and was discovered in the 1960s. The substance is used in the company's drug candidates RNX-011, RNX-023, RNX-041 and RNX-051. Fosfomycin is primarily employed for the treatment of lower urinary tract infections (UTIs), such as cystitis, which are caused by susceptible strains of bacteria. It is particularly useful when other, more commonly used antibiotics are not effective due to bacterial resistance. In some cases, it may be used for the treatment of other types of infections as per the discretion of the healthcare provider.

When used in combination with molgramostim, for the treatment of bacterial infection or other conditions where there is an excessive presence of harmful bacteria, molgramostim's intrinsic bacteria-clearing properties can be reinforced. Reponex focuses on developing treatments based on local and topical use of fosfomycin, compared to the usual oral or intravenous administration. The company has a supply agreement for the substance until 2025.

Metronidazole

Metronidazole was discovered in the 1960s and is an antibiotic and antiprotozoal medication that belongs to the class of drugs known as nitroimidazoles. It functions by disrupting the DNA structure of the bacteria, inhibiting their ability to survive and proliferate. The active substance is used in the pipeline projects RNX-011 and RNX-041 in combination with GM-CSF and fosfomycin, and in addition in RNX-051 in combination with fosfomycin.

Metronidazole is primarily used for the treatment of a variety of infections caused by anaerobic bacteria and certain parasites. These include bacterial vaginosis, pelvic inflammatory disease, infections of the abdomen, liver abscess, and certain types of parasitic infections such as giardiasis and trichomoniasis. It may also be used as part of the treatment regimen for Helicobacter pylori, a bacteria associated with stomach ulcers.

Sodium hyaluronate

Sodium hyaluronate is a derivative of hyaluronic acid, a naturally occurring polysaccharide found in the human body, and the active substance is used in combination with sucralfate and GM-CSF in the drug candidate RNX-022. Sodium hyaluronate is primarily used in the management of osteoarthritis, where it is injected directly into the joint space to enhance lubrication, reduce pain, and improve joint function. It is also frequently used in ophthalmology as a component of artificial tears for the treatment of dry eye syndrome. Additionally, sodium hyaluronate is used in aesthetic medicine for dermal filling and hydration. The company has a supply agreement with Lifecore Biomedical Inc. running until 2027.

Sucralfate

Sucralfate is a complex of sulphated sucrose and aluminium hydroxide, and the active substance is used in combination with sodium hyaluronate and GM-CSF in the drug candidate RNX-022. Sucralfate is primarily used to treat and prevent ulcers in the stomach and the upper part of the small intestine, also known as duodenal ulcers. It can also be used to manage and prevent further damage in conditions involving stomach or duodenal inflammation caused by stomach acid. Reponex does not have a supply agreement for the substance but finds that sucralfate is commercially available from several suppliers.

Commercial strategy

PEG aims to enter licensing agreements with large pharmaceutical companies, following the completion of the company's initial Phase 2a studies. These companies can then progress the drugs through Phase 2b/3 trials and towards the final regulatory approval for marketing and distribution. Most small or midsized biotech companies have to out-license or enter distribution agreements with a larger pharmaceutical company in exchange for a large share of the future profits.

In our view, this is a prudent strategy given the company's size and available resources, and our assumptions reflect that we expect PEG to pursue an out-licensing strategy for the US, EU5 and Japan.

Figure 20. Commercial strategies

Option	Description	Parties	Considerations
Commercialize on its own	'Go-alone' in specific expansion markets utilizing global disease commercial capabilities.	Pharma Equity Group	• ROI leveragability limitations. • Cost of building local infrastructure. • Control of brand and message.
License rights to biopharma partner(s)	License to well-established partner with experience, visible presence, and a deep understanding of the market(s).	Biopharma companies	• Royalty structure and revenue stream. • Loss of branding control and message. • Leverage of their commercial infrastructure. • Limited involvement beyond sharing best practices.

Source: Danske Bank Equity Research estimates

Out-licensing and partnerships

PEG's strategy is centred on out-licensing pipeline candidates after Phase 2, making the company exposed to how good a licence deal it can negotiate with a potential partner. Licence deals typically include upfront fees, R&D milestones, and sales milestones (royalty rate), with the royalty rate being the most important part as it is intended to reflect the value of the intellectual property and research contributed by both the contributor and the partner.

PEG looks for one or more partners, capable of in-licensing several projects from Reponex's pipeline. The ideal partner would possess the required R&D capabilities and financial resources to carry out the Phase 3 studies, which could potentially lead to the approval of Reponex's studies for marketing. In our view, the perfect collaborator could be a global pharmaceutical or medtech company, as such a company should also have a robust global sales force and distribution network, enabling it to effectively market and sell Reponex's potential products across the US, EU, and Japan.

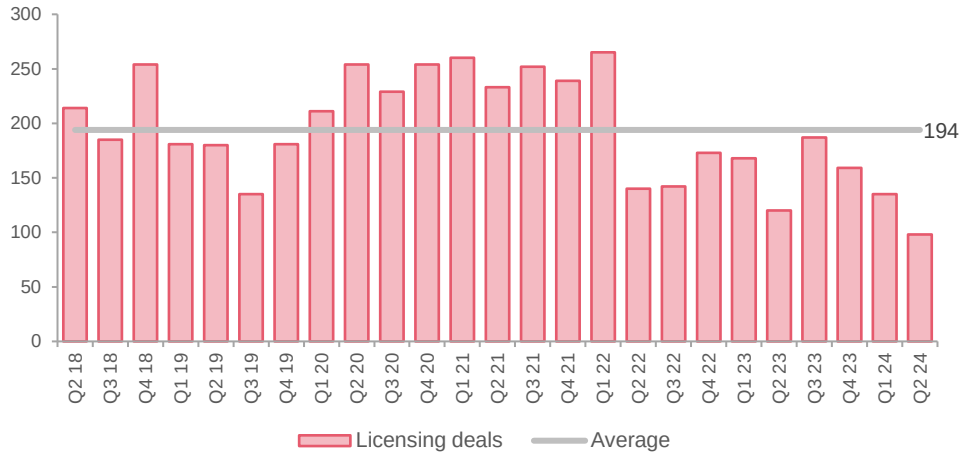
It is our impression that the company has been in discussions with potential partners at an earlier stage, which did not materialize. PEG is in dialogue with key opinion leaders (KOL) to explore potential cooperation and secure valuable development inputs. Once the analysis is complete it will approach selected companies with the goal to secure a partnership (out-licence agreement) no later than late 2025 in return for upfront, milestones and sales-based royalties.

Royalty rates

Our research indicates that the median royalty rate paid on sales is between 10-20% for Phase 2 studies with some variation among therapeutic areas, with Borshell & Dawkes (*Source: Borshell & Dawkes (2010), Pharmaceutical royalties in licensing deals: No place for the 25 per cent rule of thumb*) indicating a median royalty of 20% and Edwards seeing an effective royalty rate of over 10% (*Source: Edwards (2017), Effective Royalty Rates in Biopharma Alliances: What They Are & Why Use Them in Negotiations).*

PEG has yet to sign a partnership licence and based on the above research, we estimate a tiered 12-20% sales-based royalty rate in our base case, resulting in a flat 15% royalty rate on average for all current pipeline candidates. This excludes any upfront fees and other R&D milestones, and opens for up/downside to our estimates, depending on how PEG structures future partnership licences.

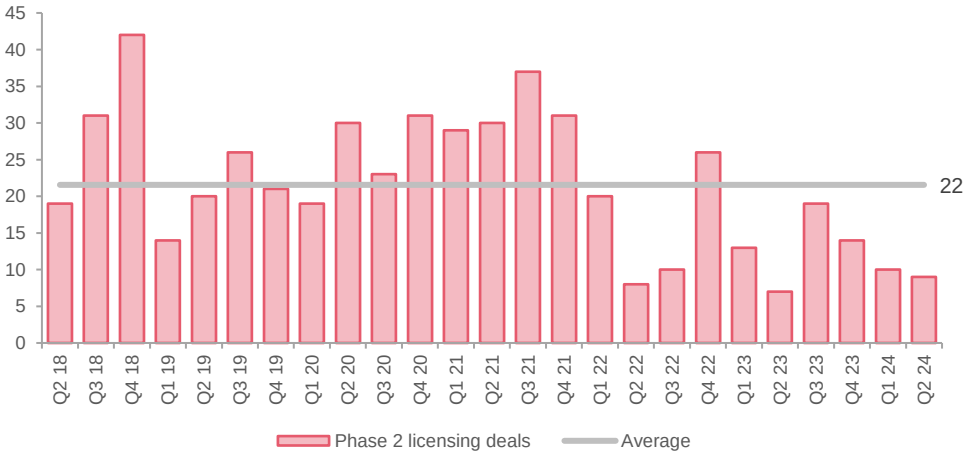
Figure 21. Number of licensing deals, 2018-2024



Source: Bloomberg as of 14 June 2024, Danske Bank Equity Research

Global data from Bloomberg shows that on average c.200 licensing deals have been announced per quarter since 2018, with 22 of those being Phase 2 licensing deals. In addition, the data shows that the number of licensing deals has been below its average since Q2 22, mainly reflecting higher financing cost and interest rates.

Figure 22. Number of Phase 2 licensing deals, 2018-2024



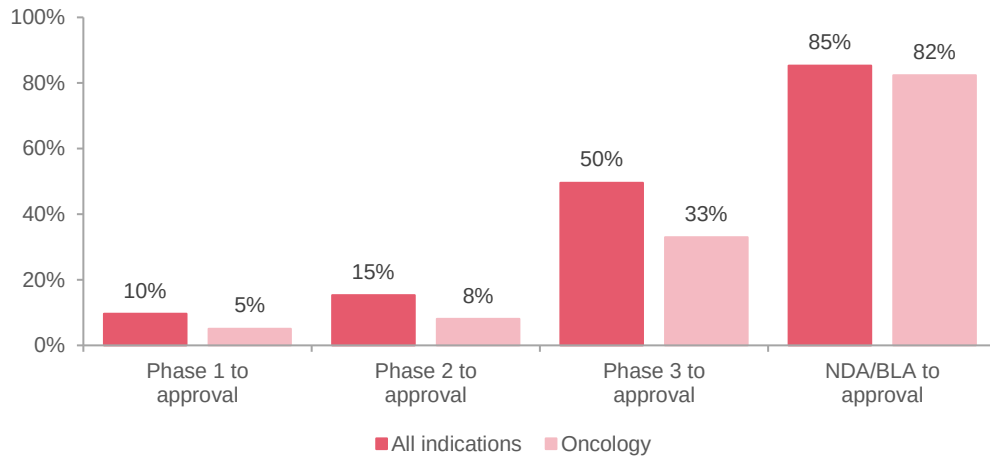
Source: Bloomberg as of 14 June 2024, Danske Bank Equity Research

Likelihood of approval

The overall likelihood of approval (LOA) from Phase 1 for all developmental candidates, including both new molecular entities and repositioned drugs, is estimated to be approximately 10%. Drug repositioning often has a higher success rate. This is because these drugs have already been through some level of safety testing, and their pharmacokinetic profiles are known. Estimates for the success rate of repositioned drugs are variable, but studies suggest it to be higher than that of new molecular entities, with some estimates being as high as 30% (*Source: Krishnamurthy et al. (2022), Drug repurposing: a systematic review on root causes, barriers and facilitators, Hernandez et al. (2017), Giving Drugs a Second Chance: Overcoming Regulatory and Financial Hurdles in Repurposing Approved Drugs As Cancer Therapeutics*).

However, the repositioned drug still needs to undergo rigorous testing in Phase 2 and Phase 3 trials to assess the drug's effectiveness for the new indication. The success rate for repositioned drugs might be higher than for new drugs, but it also depends on the therapeutic potential for the new indication, the drug's mechanism of action, and the trial's design.

Figure 23. Likelihood of approval



Source: Bio.org (Clinical Development Success Rates 2006-2015), Danske Bank Equity Research
https://www.bio.org/sites/default/files/legacy/bioorg/docs/Clinical%20Development%20Success%20Rates%202006-2015%20-%20BIO,%20Biomedtracker,%20Amplion%202016.pdf

The likelihood of approval for all indications is c.15% for Phase 2 studies and only c.8% for studies in oncology, which drags down the overall likelihood of approval. We estimate a higher likelihood of approval for Reponex's studies given the repositioning strategy and that the company's clinical studies build on already approved drugs.

For Reponex's lead drug candidate, RNX-011 in peritonitis, we estimate a 25% likelihood of approval. This is due to the lower risk associated with repositioning the drug candidate, even though the study faces substantial commercial risks related to patents. Furthermore, RNX-011 has promising data derived from an exploratory Phase 2 study evaluating its acceptability and safety in patients with uncomplicated appendicitis, and supportive data from the proof-of-concept Phase 2 clinical trial on patients with complicated perforated appendicitis. Securing a licensing partner could enhance the credibility of the project and consequently increase the drug's chances of approval.

For RNX-051 in colorectal cancer, we see a higher risk profile compared to RNX-011 and estimate a 25% likelihood of approval. This estimate is backed by supportive data from the clinical proof-of-concept from the Phase 2 study.

For RNX-041 in pouchitis, we estimate a likelihood of approval of 20%, as the clinical study is less advanced than both RNX-011 and RNX-051.

We assign the studies in wound healing, RNX-022 and RNX-023, with a likelihood of approval of 15%, as these studies are currently on hold.

For RNX-021, we estimate a LoA of 0% as this project will most likely be discontinued.

Pipeline overview

The company has six pipeline products in clinical development, and management deems RNX-011 and RNX-051 as the most critical candidates. All the candidates are currently in Phase 2 and must undergo further clinical trials before potentially reaching the market, with RNX-011 and RNX-051 being the most advanced drug candidates.

From a clinical perspective, each of the six product candidates has an uncorrelated risk meaning that the success or failure of a single candidate does not influence the success or failure of the other candidates. The risk associated with unsuccessful market development is expected to be higher for products in a less advanced clinical stage.

Figure 24. Pipeline overview

Indication	Candidate	Phase 1	Phase 2	Phase 3	Market	Clinical status
Peritonitis	RNX-011					Ph2b/3 ready
Colorectal cancer	RNX-051					Ph2b/3 ready
Pouchitis	RNX-041					Ph2, recruiting
Chronic skin ulcers	RNX-022					Ph2 ready
Infected chronic skin ulcers	RNX-023					Ph2 ready
Chronic skin ulcers	RNX-021					Ph2, not recruiting

Source: Company data, Danske Bank Equity Research

According to Reponex RNX-011 and RNX-051 have the highest likelihood of approval, and thus the lowest probability of the risk occurring, which are the most advanced in the clinical trial process. For RNX-021/022/023 and RNX-041 that are less advanced in clinical Phase 2, the general probability of a successful market launch is estimated to be lower. If the risk of unsuccessful market development materializes, the potential negative impact of the business is expected to be high, especially for the most critical pipeline products.

Figure 25. Development overview

Area	Key milestones	Next step
RNX-011 (peritonitis/cLAI)	Phase 2a (12 patients), proof of concept was achieved in 2019/20. Non-clinical work ongoing to optimise formulation.	Out-licensing partner.
RNX-051 (colorectal cancer)	Phase 2a (22 patients), proof of concept was achieved in April 2024 (MEFO study).	Out-licensing partner.
RNX-041 (pouchitis)	Recruitment ongoing for Phase 2 trial.	Read out in Q2 25. If positive, possible study in Crohn's disease / partner.
RNX-021/022/023 (chronic skin ulcers)	Ready for Phase 2 clinical development, but not recruiting. We believe that the company will focus its efforts on the other pipeline projects and postpone development of RNX-021/022/023 due to financial limitations.	Start recruiting and development after capital raise or out-licensing of other pipeline projects.
Operations	Hiring of commercial relationships director to increase efforts to secure an out-licensing partner.	Engage with KOLs and secure partnerships.

Source: Company data, Danske Bank Equity Research estimates

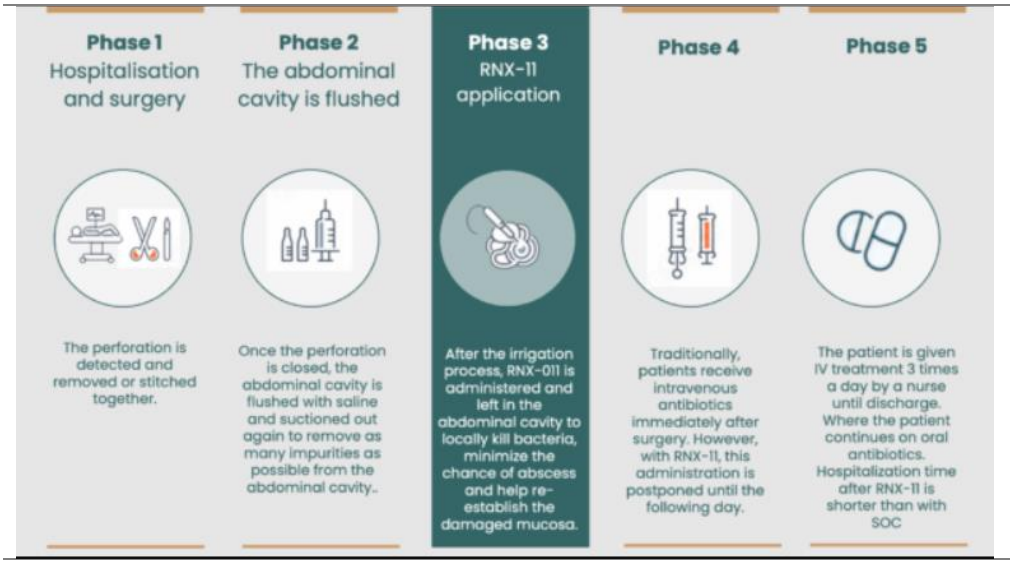
RNX-011 –Peritonitis

Reponex is developing a formulation for the treatment of bacterial peritonitis that combines molgramostim (GM-CSF) with the antibiotics fosfomycin and metronidazole, and the formulation is being designed for direct administration into the intraperitoneal cavity during surgical procedures, combined with follow-up intravenous and oral antibiotics. RNX-011 is being developed to show superiority as an add-on treatment to standard of care, versus standard of care alone, with the goal to show reduced mortality.

RNX-011 is being designed as an add-on treatment to standard of care intravenous antimicrobial therapy, and the primary goal is to enhance the quick and effective extermination of bacteria via a single-shot treatment, principally to enhance survival rates in patients at high risk. Patients undergoing emergency high-risk abdominal surgery face significant morbidity, with a 30-day mortality rate ranging from 10-25%, contingent on the composition of the cohort and implemented treatment strategies.

The company believes, that RNX-011 could potentially lead to higher survival rates in high-risk patients and a reduction in the total duration of hospitalization for patients (Length of Stay, LOS). This stands as an advantage in comparison to the traditional method of intravenous antibiotic administration. The company aims to improve the treatment and prevention of peritonitis to reduce hospitalization time, improved patient outcome and cost savings for health services.

Figure 26. RNX-011



Source: Reponex

The current treatment protocol for secondary bacterial peritonitis involves a comprehensive approach, including surgical intervention to rectify the root cause of contamination, drainage of the infected fluid, and an essential course of intravenous broad-spectrum antibiotics for a period of three to five days, which is subsequently followed by a regimen of oral antibiotics.

Peritonitis is an inflammation of the abdomen, the area between the chest and the pelvis, and can occur either locally or diffusely, with the severity of the disease closely related to the extent of the inflammation. The disease usually happens due to perforation of the intestines (for example, due to inflammation in the bowel) and subsequent contamination of the abdominal cavity. Other causes of peritonitis, such as spontaneous bacterial peritonitis (which occurs in patients with chronic liver disease, such as cirrhosis, or kidney disease), and patients receiving peritoneal dialysis for chronic renal failure, are also plausible RNX-011 indications according to management. Peritonitis is a serious condition that requires fast treatment, and untreated peritonitis can cause long-term damage to internal organs, prolonged hospitalisation and even be fatal. Peritonitis treatment usually involves antibiotics, but some patients also require surgery, with all patients in the case of secondary bacterial peritonitis.

In an exploratory study, sponsored by Reponex, patients who received the intraperitoneal combination formulation were discharged earlier, 2-21 hours versus 67-169 hours, and experienced fewer infectious complications, 0 versus 2, compared to those treated with the standard of care, intravenous antibiotics.

Currently, additional nonclinical work is ongoing to optimize the RNX-011 formulation (in terms of dose, volume, concentration) ahead of a clinical study to assess the pharmacokinetic and safety/tolerability of adding RNX-011 to standard of care treatment in complicated intra-abdominal infection. The aims of the study will be to demonstrate tolerability/safety and to explore a possible therapeutic benefit of adding RNX-011 treatment in terms of antimicrobial effect and clinical outcomes in high-risk patients. These data will be used as input to the design (sample size) required to show superiority of adding RNX-011 to standard of care intravenous antimicrobial treatment in a confirmatory Phase 3 clinical trial. The company is actively seeking strategic partnerships to facilitate the progression towards a future Phase 3 development.

Prevalence

Our research indicates that the prevalence rate for the primary target population for RNX-011, in the treatment of secondary bacterial peritonitis, is 0.04-0.09% in the US, EU5 and Japan, with higher prevalence rates in Europe (*Source: Ferris et al. (2017), The Global Incidence of Appendicitis: A Systematic Review of Population-based Studies*). For our estimates in Europe, we are focused on the EU5, which includes Germany (population of 83.8 million), the UK (67.3 million), France (64.8 million), Italy (58.9 million), and Spain (47.5 million), according to Statista.

Based on this, we estimate annual prevalence of roughly 150,000 new cases in the US, 300,000 in EU5 and 55,000 in Japan, resulting in total new cases of 505,000 in Reponex's target markets.

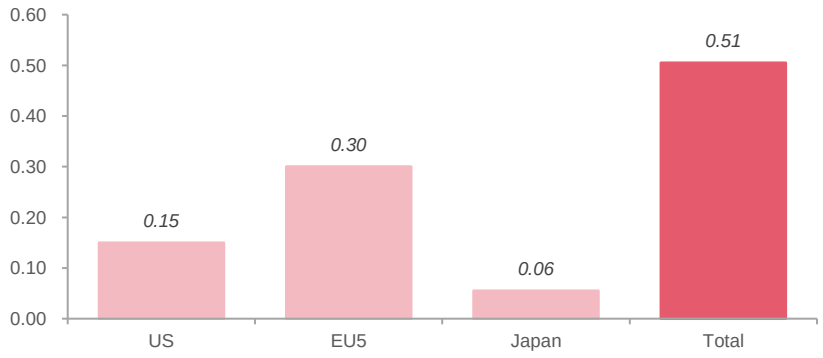
Figure 27. Peritonitis prevalence

Region	Population (m)	Incidence rate	Prevalence (m)
US	334.9	0.04%	0.15
EU5	321.8	0.09%	0.30
Japan	125.7	0.04%	0.06
Total	**782.4**		**0.51**

Source: Company data, Statista, Ferris et. al (2017), Danske Bank Equity Research estimates

Market analysis of the global peritonitis treatment market suggest a market growing with a CAGR of 6.1% from 2021 to 2028, driven by increased prevalence of patients and investment in R&D (*Source: Data Bridge Market Research*). We model a 3% CAGR until patent expiration in 2040.

Figure 28. RNX-011 target population (million patients)



Source: Company data, Statista, Ferris et. al (2017), Danske Bank Equity Research estimates

Data

The company has completed an exploratory Phase 2 acceptability and safety study in uncomplicated appendicitis patients (n=14), and a proof-of-concept Phase 2 clinical trial on patients with complicated perforated appendicitis (n=12). During the trials, the drug candidate was applied to the peritoneum in solution form during a laparoscopic intervention. Both trials were completed at Herlev University Hospital in Denmark.

Results of the Phase 2 efficacy study were published in 2020, with RNX-011 showing efficacy in peritonitis from ruptured appendix and with the study reaching its primary endpoint by allowing discharge of all six patients within 2 to 21 hours (median 13 hours) on follow-up oral antibiotics, versus 67 to 169 hours (median 84 hours) for patients on intravenous antibiotics, which is the standard of care. The results were statistically significant with a p-value of 0.017 (threshold ≤0.05). In addition, there were no adverse events in the patients receiving the intraperitoneal drug combination. However, we note that a shorter hospital stay has no value if the risk of readmission and postoperative complications is increased with the intervention compared with standard treatment.

No additional nonclinical, clinical, or regulatory progress has been made since the publication of data from the exploratory (NCT03046758) and proof-of-concept (NCT03435900) Phase 2 clinical trials.

Figure 29. RNX-011 programme timeline

Year	Status
2019	Achieved positive data from Phase 2 trial in complicated (perforated) appendicitis
2020	Data published in Frontiers in Surgery 2020
2024	Nonclinical work to optimize formulation (dose, volume, concentration)
2025E	Expected partnership agreement before year-end
2026E	Expected start of Phase 3 study with a partner
2028E	Expected NDA/market launch
2035/40E	Patent expiration

Source: Company data, Danske Bank Equity Research

The company has in the past experienced delays related to RNX-011 of approximately six months because of the COVID-19 pandemic, and the study has seen limited progress since the initial positive data readout in 2019, which was published in 2020.

Next step for RNX-011

While we wait for a partnership to materialize for RNX-011, we look for the ongoing nonclinical work to optimize the formulation, in terms of dose, volume, concentration ahead of a clinical study to assess the pharmacokinetic and safety/tolerability to be finished, which we expect to be completed by the end of 2024. These data will be used as input to the design required to show superiority of adding RNX-011 to standard of care in a confirmatory Phase 3 clinical trial.

Management expects that a Phase 3 clinical study in this indication will cost EUR30-60m, which the company expects to out-license to a partner. The cost is based on FDA guidelines for "Complicated Intra-Abdominal Infections: Developing Drugs for Treatment Guidance for Industry", which is prescriptive with regard to the requirements for Phase 3 studies in this indication. The FDA calculates the sample size required to demonstrate non-inferiority as 337 per group (i.e. 700 subjects in a 2-arm trial). Management expects a Phase 3 study of RNX-011 to be designed as a superiority study, but sample sizes between 300-400 patients per arm are realistic.

Commercial opportunity and competition

In addition to a possible survival benefit, we believe RNX-011's potential value contribution to be the reduced length of hospital stay (LOS) for both patients and hospitals, given that the Phase 2 efficacy study showed significantly faster discharge time for patients given RNX-011 versus standard of care (median 13 hours versus 84 hours).

Figure 30. RNX-011 pricing potential

Treatment	Median discharge hours	Day(s)	US hospital cost	EU hospital cost
RNX-011	13	0.5	EUR1,495	EUR433
Standard of Care (SoC)	84	3.5	EUR9,660	EUR2,800
RNX-011 pricing potential			**EUR8,165**	**EUR2,367**

US, hospital cost per day	EUR2,760
EU, hospital cost per day	EUR800

https://www.statista.com/statistics/630443/inpatient-day-hospital-costs-in-us-by-nonprofit-or-profit/

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9864144/

Source: Statista, Cygańska et al., 2023, Danske Bank Equity Research

Applying the median length of hospital stay from the Phase 2 study for standard of care of 3.5 days, and assuming average cost of inpatient day at US hospitals of USD3,000 or ~EUR2,800 (*Source: Statista*) yields EUR9,700 of hospital costs.

For patients on RNX-011, which showed 0.5 days in length of hospital stay the same calculations yield hospital costs of EUR1,500 and EUR0.400 for the US and EU, respectively.

This indicates significant pricing potential for RNX-011 of EUR8,200 in the US and EUR2,400 in the EU. Management indicates a conservative pricing of EUR2,000, but we see potential for higher pricing if Reponex can demonstrate superiority over standard of care treatment alone and higher survival rates, which will be the main selling point of the drug, in addition to hospital savings. Based on this we see potential for pricing the drug well above EUR2,000, and we model a net price of EUR3,000 in the EU and rest of the world and EUR4,500 for the US, suggesting a premium of 50% in the US market. Our estimated price of EUR3,000 in the EU is higher than the estimated pricing potential of RNX-011 based on hospital savings alone, but we believe that the company would be in a good position to negotiate such a price, if it can show higher survival rates compared to standard of care.

For reference, a relatively high-dose, single-antibiotic usually cost patients around USD50-150 per day.

Patent protection

The RNX-011 IP protection lasts until 2035, with possible extension to 2040, and covers a patent for the treatment of peritonitis in the US, EU, and Japan. In addition, PEG has filed a supplementary patent application regarding the use of the company's combination drug to reduce complications in the treatment of peritonitis in the US.

Valuation and assumptions

We estimate that RNX-011 will reach a peak market share of 20% in Reponex's main markets of the US, EU, and Japan, compared to management expectations of up to 25% based on the drug candidate becoming potentially first-in-line treatment for peritonitis treatment, which presents a high unmet need for improvement.

We do see potential for a price of EUR3,000 in the EU and ROW and EUR4,500 in the US, as covered earlier.

We expect the company to out-license the drug candidate over the coming year, after the nonclinical work with the formulation has been finalised. Management comments indicate that RNX-011 will generate income already in 2025. We model a partnership agreement over the next year with DKK25m in upfront milestones, and with the partner starting Phase 3 in 2026 and with the potential launch of the drug in 2028.

We assign a 25% likelihood of approval (LOA), as the drug is still early in clinical development and needs to show superiority over standard of care treatment alone to get approved. A partnership agreement would validate the clinical work done by Reponex and increase the overall likelihood of approval of the drug candidate. We expect a launch of RNX-011 in the treatment of peritonitis in US, EU5 and Japan.

We include DKK14m for R&D and initial launch costs until expected launch in FY2028. As we expect Reponex to sign a partnership agreement, we include no cost related to cost of goods sold or SG&A related to the project. We include 22% in tax, which is in line with corporate tax levels in Denmark.

Figure 31. RNX-011 model for 2024-2032E (DKKm)

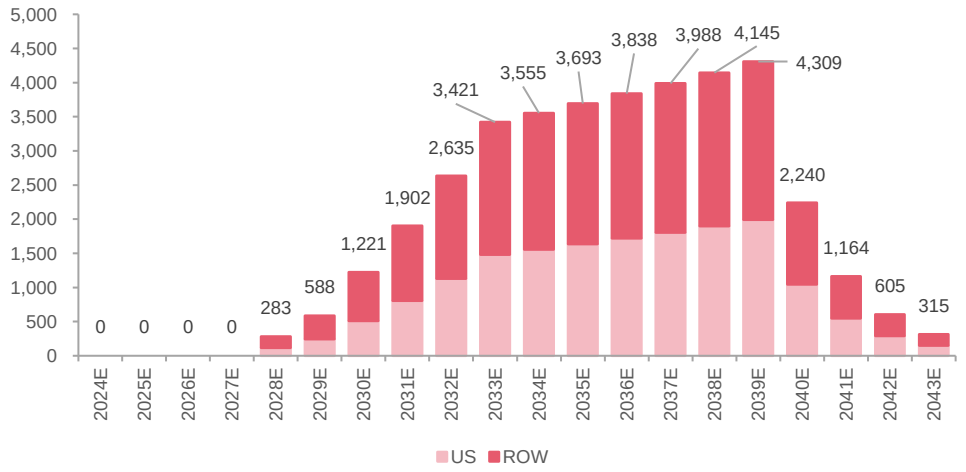
Peritonitis	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
US: Incidence rate (m)	0.15	0.16	0.16	0.17	0.17	0.18	0.18	0.19	0.20
EU5+Japan: Incidence rate (m)	0.37	0.38	0.39	0.40	0.41	0.42	0.44	0.45	0.46
Total	0.52	0.54	0.55	0.57	0.59	0.60	0.62	0.64	0.66
growth	3%	3%	3%	3%	3%	3%	3%	3%	3%
Treated/diagnosed patients	90%	90%	90%	90%	90%	90%	90%	90%	90%
Phase	2	2	3	3	NDA/ Launch	Launch	Launch	Launch	Launch
Treatment course price, US (DKK)	34,196	34,879	35,577	36,289	37,014	37,755	38,510	39,280	40,065
Treatment course price, RoW (DKK)	22,574	22,574	22,574	22,574	22,574	22,574	22,574	22,574	22,574
Peak market share	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Penetration index, US					10%	20%	40%	60%	80%
Penetration index, RoW					10%	20%	40%	60%	80%
Sales, US (DKKm)	0	0	0	0	116	243	512	806	1,129
Sales, RoW (DKKm)	0	0	0	0	167	344	710	1,096	1,506
Sales, probability weighted	**0**	**0**	**0**	**0**	**71**	**147**	**305**	**476**	**659**
R&D and initial launch costs	2	3	3	3	2	1	0	0	0
COGS	0	0	0	0	0	0	0	0	0
Sales&Distribution costs	0	0	0	0	0	0	0	0	0
Total costs	**2**	**3**	**3**	**3**	**2**	**1**	**0**	**0**	**0**
Royalties received	**0**	0	0	0	11	22	46	71	99
Royalties paid	0	0	0	0	0	0	0	0	0
Milestones received	0	25	0	0	38	0	0	0	0
EBIT	**-2**	**22**	**-3**	**-3**	**46**	**22**	**46**	**71**	**99**
EBIT margin	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*65.2%*	*14.8%*	*15.0%*	*15.0%*	*15.0%*
Tax	0	5	0	0	10	5	10	16	22
NOPLAT	**-2**	**17**	**-3**	**-3**	**36**	**17**	**36**	**56**	**77**

Net value of project (DKKm)	**288**
NPV per share	**0.28**
Phase	**2**
Probability	**25%**
WACC	**12.5%**

Source: Danske Bank Equity Research estimates

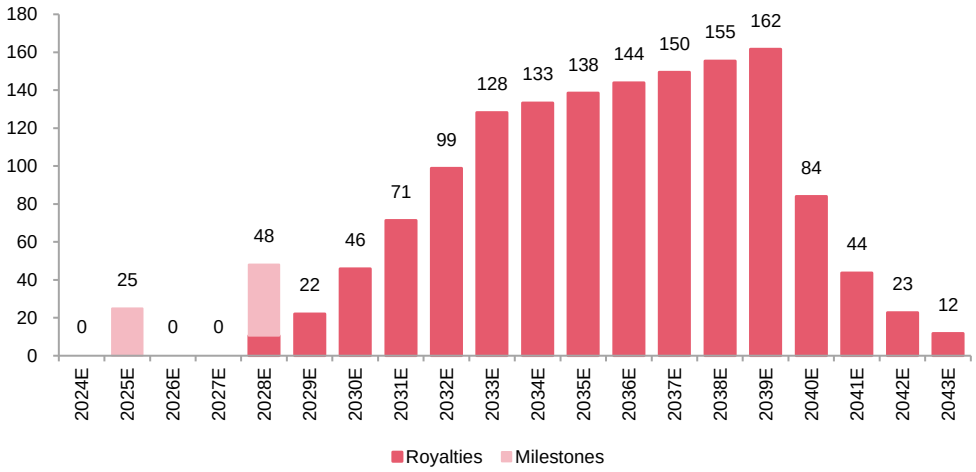
Our base case valuation of RNX-011 points to a NPV of DKK288m or DKK0.28 per share using a WACC of 12.5%.

Figure 32. RNX-011 base case: Unadjusted product sales estimates (DKKm)



Source: Danske Bank Equity Research estimates

Figure 33. RNX-011 base case: Risk-weighted royalties and milestones paid to Reponex (DKKm)



Source: Danske Bank Equity Research estimates

In addition, changing the treatment price to EUR2,000 and EUR4,000 (for EU5 and Japan) would indicate a NPV of DKK200m and DKK376m, respectively. Likewise, a royalty rate of 10% and 22.5% produce a fair value estimate of DKK200m and DKK421m, respectively.

The sensitivity analyses are prone to small changes in input, which suggests a high level of uncertainty and a wide range of outcomes.

Figure 34. RNX-011: Treatment cost sensitivity analysis, NPV (DKKm)

Peak market share	Treatment cost, EUR						
	1,000	2,000	2,500	3,000	3,500	4,000	5,000
5.0%	45	67	78	89	100	111	133
15.0%	89	156	189	222	255	288	354
20.0%	111	200	244	**288**	332	376	465
25.0%	133	244	299	354	409	465	575
35.0%	178	332	409	487	564	641	796

Source: Danske Bank Equity Research estimates

Figure 35. RNX-011: Royalty rate sensitivity analysis, NPV (DKKm)

Peak market share	Royalty rate (%)						
	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
5.0%	56	67	78	89	100	111	122
15.0%	122	156	189	222	255	288	321
20.0%	156	200	244	**288**	332	376	421
25.0%	189	244	299	354	409	465	520
35.0%	255	332	409	487	564	641	719

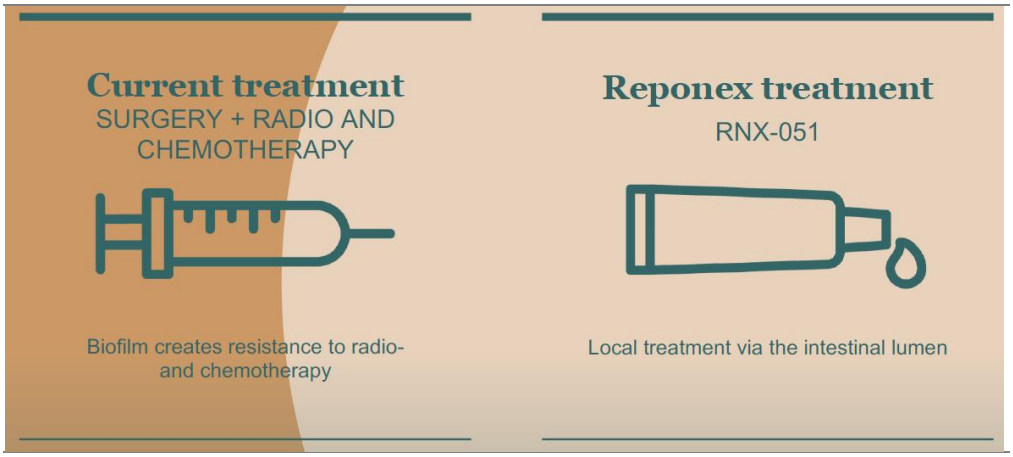
Source: Danske Bank Equity Research estimates

RNX-051 – Colorectal cancer

Reponex is developing RNX-051 for the prevention and treatment of colorectal cancer and the treatment of colon adenomas. The drug candidate contains the active pharmaceutical ingredients fosfomycin and metronidazole. RNX-051 is being developed as a composition for eliminating or reducing cancer-promoting bacteria (present in biofilms) in the colon and by intra-intestinal administration. The company has completed an exploratory clinical Phase 2 trial at Zealand University Hospital, with the aim to significantly improve the healthcare providers' prevention and management of colorectal cancer to the benefit of the patient by improving treatment outcome.

Colorectal cancer, also known as bowel or colon cancer, is a type of cancer that begins in the colon or the rectum. It is the third most common type of cancer globally with more than 1.9m new cases in 2020 (*Source: World Cancer Research Fund https://www.wcrf.org/cancer-trends/colorectal-cancer-statistics/*), and the second leading cause of cancer-related deaths, making up to 10% of all cancer cases. One out of five patients will have a recurrence after surgery and almost no patients survive for more than 3-4 years if they are diagnosed with metastatic disease. Recurrence occurs because cancer cells in the liver or lungs are not seen at the time of the surgery when the primary tumour is removed and subsequently metastases develop within the next few years.

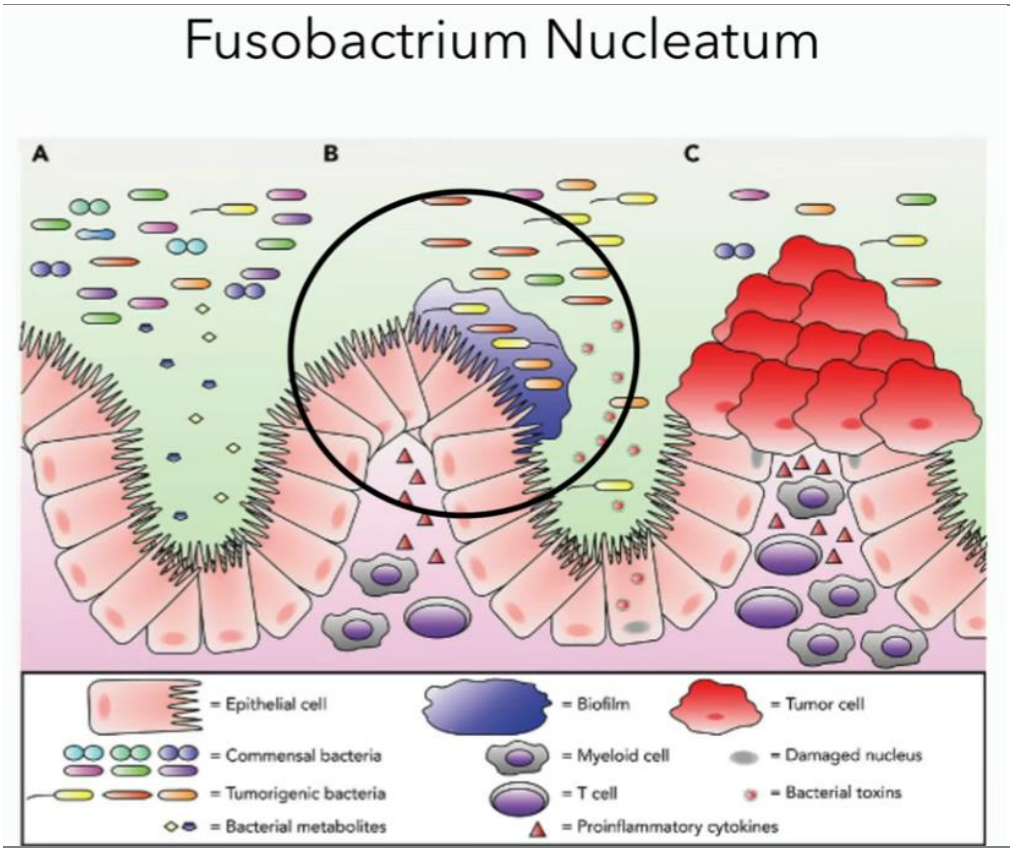
Figure 36. RNX-051



Source: Reponex

Reponex is approaching this through secondary prevention, meaning treating patients at the time of presentation for removal of pre-cancerous adenomas (polyps) and where curative surgery in patients with colorectal cancer is planned. The generation, growth and spread of colorectal cancer tumours are promoted by certain bacteria (e.g. fusobacteria) in the large intestine, and these may exist in biofilm, which invades the surface mucous layer of the colon, and some can also infect the tumours, promoting growth and resistance to radio- and chemotherapy.

Figure 37. RNX-051 – Fusobactrium nucleatum



Source: Reponex

Biofilm is believed to contribute to the development of cancer, which is supported by a study published in Nature, which substantiates what Reponex had hoped for, with research suggesting a strong association between fusobacterium nucleatum and colorectal cancer. Reponex's approach is to eliminate biofilm and the bacterium, which suggests a potential method to prevent cancer, by applying antibiotics (fosfomycin) in the bowel lumen via local administration; this will result in a very high antibiotic concentration at the luminal surface of the tumour. The antibiotic penetrates the tumour cells where the fusobacteria are located to achieve bactericidal concentrations very rapidly, while at the same time being less absorbed into the blood than when given orally or systemically, so that the risk of systemic adverse effects are reduced.

In the MEFO trial, RNX-051 was applied to tumours and polyps located on the right side of the colon. Following their removal, the recurrence of bacteria was assessed after a week. The trial showed a notable reduction in fusobacterium nucleatum on the intestinal mucosa. Moreover, the application of RNX-051 led to a significant modulation in the composition of immune cells that target and eliminate cancer cells. The results set an encouraging stage for a potential upcoming Phase 3 studies together with a partner.

Prevalence

The US National Cancer Institute estimates total new cases of colorectal cancer cases in 2024 to be 152,810, representing 7.6% of all new cancer cases. In the US, the rate of people diagnosed with colorectal cancer has dropped since the mid-1980s, as more people are getting screened and changing their lifestyle-related risk factors. From 2011 to 2019, incidence rates dropped by about 1% each year, but this downward trend is mostly in older adults. For people younger than 55, rates have been increasing by 1% to 2% a year.

For EU5 and Japan, WHO estimates approximately 250,000 and 150,000 new cases per year (2022 numbers), respectively.

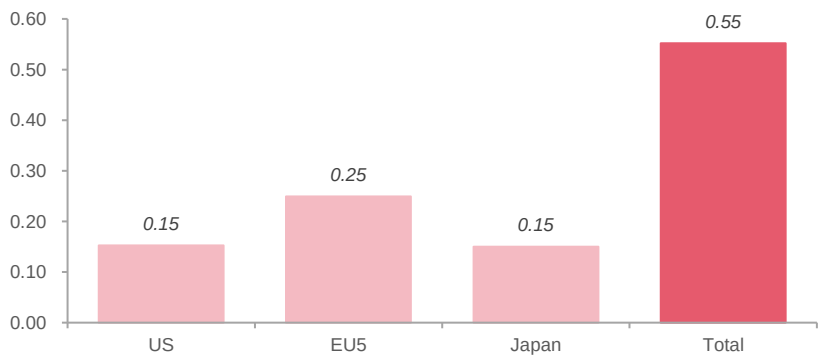
Figure 38. Colorectal cancer estimated prevalence

Region	Population (m)	Est. prevalence rate	Est. prevalence (m)
US	334.9	0.05%	0.15
EU5	321.8	0.08%	0.25
Japan	125.7	0.12%	0.15
Total	**782.4**	**0.07%**	**0.55**

Source: US National Cancer Institute, WHO, Danske Bank Equity Research estimates

By 2040, WHO expects colorectal cancer to grow to 3.2m new cases per year, up from 1.9m in 2020, equalling a CAGR of approximately 3% (*Source: WHO https://www.who.int/news-room/fact-sheets/detail/colorectal-cancer*). We apply the estimated prevalence of 0.55m patients and a prevalence growth rate of 3% in our modelling.

Figure 39. RNX-051 target population (million patients)



Source: US National Cancer Institute, WHO, Danske Bank Equity Research estimates

Data

PEG has in collaboration with the Centre for Surgical Science, Zealand University Hospital and Herlev University Hospital conducted an open label proof-of-concept clinical phase 2 study on RNX- 051 as part of an active treatment paradigm of colorectal cancer. The product designs that are in development for colorectal cancer aim to be easy to handle for the physicians using the products. RNX-051 must be administered in a hospital setting and is accordingly designed for such purpose.

Figure 40. RNX-051 programme timeline

Year	Status
2019	Obtained approvals to initiate Phase 2 trial in colorectal cancer and adenomas
2020	Started Phase 2 enrolment in the trial on local treatment of cancer-promoting colon bacteria in patients with colorectal cancer and adenomas
2021	Continued enrolment of patients
2022	Finalised enrolment of patients during the year. Analysis of data is ongoing.
2023	Achieved the primary endpoints of Phase 2 trial (MEFO). Full data package expected in 2024
2024	Positive readout of MEFO proof of concept Phase 2 study
2025E	Expected partnership agreement before year-end
2026E	Expected start of Phase 3 study with a partner
2028E	Expected NDA/market launch
2039E	Patent expiration

Source: Company data, Danske Bank Equity Research estimates

In April 2024, PEG announced positive Phase 2a proof of concept results from the MEFO trial in the treatment of patients with right-sided colon cancer and right-sided colon polyps/adenomas (precursors of cancer) with RNX-051.

The MEFO trial consisted of two arms: the first in patients with adenomas (adenoma arm) and second in patients with cancers in the right side of the bowel (cancer arm). A major goal of the trial was to change the biofilm in the adenoma arm and improve the tumour-related bacterial composition in the cancer arm. In both arms there was a focus on the modulation of the immune cells in a positive way to increase their ability to kill precursor or cancer cells. 12 patients and 10 patients were treated in the respective arms of the trials with RNX-051 given in a muco-adhesive spray and the adenomas or tumour were removed approximately one week after the intervention.

In the adenoma arm, the main goal of the study, to demonstrate an impact on the bacterial biomass, was reached, with a material reduction in the biofilm of the bowel lining (more than 30-fold reduction) one week after the treatment, from a mean of 0.003% to 0.0001% of bacterial biomass (p=0.025). An impact on the occurrence of specific immune-cells known to be crucial in the immune response against cancer was shown (macrophages and T-cells). For macrophages, the density was 2.2% in non-treated adenomas and 3.4% in treated adenomas (p=0.030), and for CD3 T-cells, the density was 524 cells/mm2 in non-treated adenomas and 727 cells/mm2 in treated adenomas (p=0.018). In the metagenome sequencing to assess the diversity of bacteria and the specific composition of bacteria before and after treatment, there was no reduction in the diversity of bacteria, while there was an increase of the genus Bacteroides (median 6.9% vs 10.8%, p=0.016), a commensal gut bacterium containing both anti- and pro-inflammatory species.

In the cancer arm, for patients with a high content of bacterial biofilm, there was a statistically significant reduction of biofilm in the tumour periphery from a mean of 0.255% to 0.013% of bacterial biomass (p=0.025). At the same time, a shift in the balance of immune cells in the tumour core could be seen, resulting in an increase in the ratio of T-cells that are particularly active in promoting tumour cell death, from a mean 0.30 CD8/CD3 ratio to a mean ratio of 1.19 (p=0.016). In the metagenome sequencing to assess the diversity of bacteria and the specific composition of bacteria before and after treatment, a clear and statistically significant effect was seen. The RNX-051 application drastically reduced or eliminated the cancer-promoting Fusobacterium nucleatum (median 15.2% to 0%, p=0.008) and increased the cancer-protecting Lactobacillales (median 0.23% to 2.72% p=0.023) in the tumour centre without reducing the diversity of the mucosa-associated gut microbiota.

Based on the findings of the MEFO trial, management sees a clear path for establishing whether the treatment with RNX-051 as a single and even repeated dose in patients with adenomas in the bowel will lead to adenoma and colorectal cancer prevention. For patients with colon cancer, it seems relevant to investigate whether the shift in the composition of immune cells and

reduction in cancer-promoting bacteria can result in positive outcomes in a larger cohort of patients and whether combination trials with RNX-051 plus immune therapy may also provide benefits for the patients with bowel cancer.

Path forward for RNX-051

It is our impression that the company intends to either sign a partnership agreement before the end of 2025 or to initiate a Phase 2b study. This study would aim to confirm the results from the Phase 2a trial, in collaboration with several university hospitals worldwide.

We believe that this strategy is appropriate given the company's limited size and resources. However, it is important to note that choosing this path could reduce the company's control and autonomy over the potential Phase 2b trial. Despite this, we view a potential Phase 2b trial positively, contingent upon favourable data, as it would enhance the company's position in negotiating partnership agreements. Nevertheless, this approach might also delay the product's time to market. This phase is considered a critical step by potential partners before they commit to the risks associated with a Phase 3 trial.

Alternatively, the company could consider out-licensing the pipeline candidate. The feasibility of this option depends on the partner's perspective and the terms of the out-licensing agreement. It is plausible that such an agreement could offer lower royalty rates, which would serve as compensation for the partner assuming greater risk.

Commercial opportunity and competition

Management sees potential for RNX-051 to achieve a market share of up to 15% in its target markets and 5% in non-patented countries. We assume a similar peak market share potential of 15%, but only in the US, EU5 and Japan. On pricing, we model a treatment price of EUR4,500 in the US and EUR3,000 in the rest of the world.

Currently, we find that PEG's intraluminal therapy for colorectal cancer represents a unique solution in the marketplace, an approach that incorporates a distinctive combination of antibiotics prior to resection. We find that there at present are no comparative products available in the market that directly compete with this methodology.

Risks

The market for RNX-051 in the prevention and treatment of colorectal cancer is at risk if a vaccine is developed for colorectal cancer like the vaccine for cervical cancer (HPV). Management assesses that the probability that such a vaccine will be developed within the next five years is low.

Patent protection

PEG holds patents for RNX-051 for the elimination of bacterial promoters of colorectal cancer through intraluminal application in Europe, which lasts until 2039, with possible extension until 2044. The patent was granted in January 2024.

In addition, the company has applied for a patent for the treatment of colorectal cancer with the company's combination drug RNX-051 in Russia, Japan, and the United States, but has not yet been granted such a patent.

The patent application for Russia was filed January 2019, but according to management the company does not seek any business operations or activities in Russia while the sanctions imposed by EU apply.

For modelling purposes, we assume patent protection until 2039.

Valuation and assumptions

In our base case scenario, we estimate that RNX-051 will reach a peak market share of 15%.

We see potential for a price of EUR3,000 in the EU, and EUR4,500 in the US representing a 50% price premium, which is in line with management expectations.

RNX-051's IP protection lasts until 2039 and covers the elimination of bacterial promoters of colorectal cancer through intraluminal application.

We expect the company to initiate a Phase 2b study to confirm the results of the data from the Phase 2a trial, either in collaboration with several university hospitals across the globe or through a partnership with a big pharma company or sign a partnership agreement before the end of 2025. Management comments indicate that RNX-051 is expected to generate sales already from 2025, and based on this we model upfront milestones of DKK25m in 2025 from signing an out-licence agreement. We model the Phase 3 studies to begin in 2026 and estimate income from sales royalties starting in 2028.

We assign the study with a 25% likelihood of approval (LOA).

We include a total of DKK11m for R&D and initial launch costs until expected launch in FY2028. As we expect PEG to sign a partnership agreement, we include no cost related to cost of goods sold or SG&A related to the project and estimate a 15% royalty rate paid to PEG. We include 22% in tax, which is in line with corporate tax levels in Denmark.

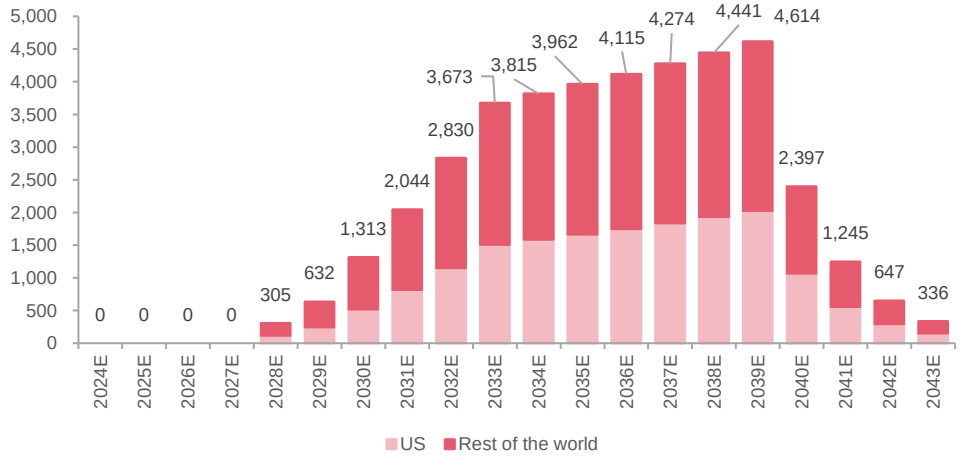
Figure 41. RNX-051 model for 2024-2032E (DKKm)

Colorectal cancer	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**
US: Prevalence (m)	0.16	0.16	0.17	0.17	0.18	0.18	0.19	0.19	0.20
EU5+Japan: Prevalence (m)	0.41	0.42	0.44	0.45	0.46	0.48	0.49	0.51	0.52
Total	**0.57**	**0.59**	**0.60**	**0.62**	**0.64**	**0.66**	**0.68**	**0.70**	**0.72**
growth	3%	3%	3%	3%	3%	3%	3%	3%	3%
Treated/diagnosed patients	90%	90%	90%	90%	90%	90%	90%	90%	90%
Phase	2a	2	3	3	NDA/ Launch	Launch	Launch	Launch	Launch
Treatment course price, US (DKK)	34,196	34,879	35,577	36,289	37,014	37,755	38,510	39,280	40,065
Treatment course price, RoW (DKK)	22,350	22,350	22,350	22,350	22,350	22,350	22,350	22,350	22,350
Peak market share	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Penetration index, US					10%	20%	40%	60%	80%
Penetration index, RoW					10%	20%	40%	60%	80%
Sales, US (DKKm)	0	0	0	0	118	248	521	821	1,150
Sales, RoW (DKKm)	0	0	0	0	187	384	792	1,223	1,680
Sales, probability weighted	**0**	**0**	**0**	**0**	**76**	**158**	**328**	**511**	**708**
R&D and initial launch costs	2	3	2	2	1	1	0	0	0
COGS	0	0	0	0	0	0	0	0	0
Sales&Distribution costs	0	0	0	0	0	0	0	0	0
Total costs	**2**	**3**	**2**	**2**	**1**	**1**	**0**	**0**	**0**
Royalties received	0	0	0	0	11	24	49	77	106
Royalties paid	0	0	0	0	0	0	0	0	0
Milestones received	0	0	25	0	38	0	0	0	0
	0	0	25	0	150	0	0	0	0
EBIT									
EBIT margin	**-2**	**-3**	**23**	**-2**	**48**	**23**	**49**	**77**	**106**
Tax	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*62.9%*	*14.8%*	*15.0%*	*15.0%*	*15.0%*
NOPLAT	**0**	**0**	**5**	**0**	**11**	**5**	**11**	**17**	**23**
Net value of project DKKm	**307**								
NPV per share	**0.30**								
Phase	**2**								
Probability	**25%**								
WACC	**12.5%**								

Source: Danske Bank Equity Research estimates

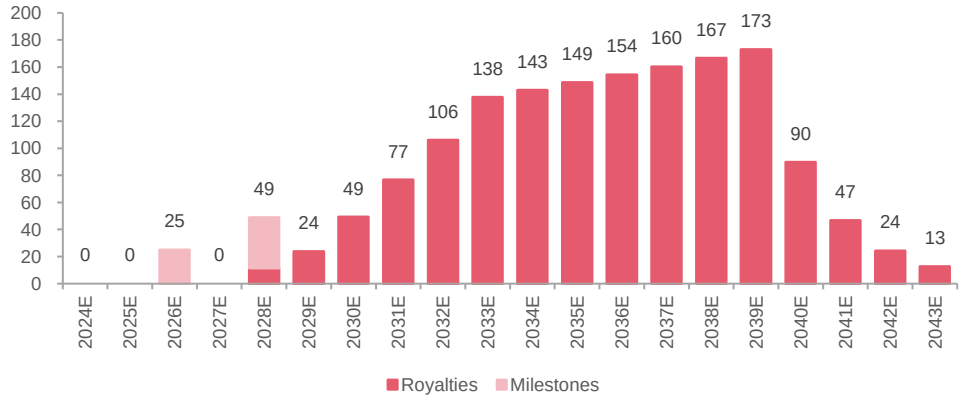
Our base case valuation of RNX-051 points to a NPV of DKK307m or DKK0.30 per share using a WACC of 12.5%.

Figure 42. RNX-051 base case: Unadjusted sales estimates (DKKm)



Source: Danske Bank Equity Research estimates

Figure 43. RNX-051 base case: Risk-weighted royalties and milestones paid to Reponex (DKKm)



Source: Danske Bank Equity Research estimates

In addition, changing the treatment price to EUR2,000 and EUR4,000 would indicate a NPV of DKK212m and DKK402m, respectively. Likewise, a royalty rate of 10% and 22.5% shows fair values of DKK212m and DKK449m, respectively.

The sensitivity analyses are prone to small changes in input, which suggests a high level of uncertainty and a wide range of outcomes.

Figure 44. RNX-051: Treatment cost sensitivity analysis, NPV (DKKm)

		Treatment cost, EUR						
		1,000	2,000	2,500	3,000	3,500	4,000	5,000
Peak market share	10.0%	70	118	141	165	189	212	260
	15.0%	94	165	201	236	272	307	378
	20.0%	118	212	260	**307**	355	402	497
	25.0%	141	260	319	378	437	497	615
	30.0%	165	307	378	449	520	591	734

Source: Danske Bank Equity Research estimates

Figure 45. RNX-051: Royalty rate sensitivity analysis, NPV (DKKm)

		Royalty rate (%)						
		7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
Peak market share	10.0%	94	118	141	165	189	212	236
	15.0%	130	165	201	236	272	307	343
	20.0%	165	212	260	**307**	355	402	449
	25.0%	201	260	319	378	437	497	556
	30.0%	236	307	378	449	520	591	663

Source: Danske Bank Equity Research estimates

RNX-041 – Pouchitis

PEG is developing a novel drug formulation containing three active pharmaceutical ingredients (molgramostim, fosfomycin and metronidazole) to improve the treatment of pouchitis within the inflammatory bowel disease area (IBD). IBD is a group of chronic inflammatory conditions (Crohn's disease and ulcerative colitis) that affects the digestive tract. The company is focusing its initial efforts on pouchitis due to the easy accessibility of the pouch via the rectal route of administration.

The company will possibly explore the drug candidate in Crohn's disease, another disease within IBD, but many of the lesions of Crohn's disease are less accessible for the intra-intestinal administration of RNX-041. However, anal disease in Crohn's disease (e.g., anal fistulas) is particularly troublesome and constitutes a significant area of unmet need where RNX-041 (or RNX-021/022/023) potentially has a role. This will be explored further based on results of the pouchitis study, an orphan drug designation, available resources, and interest from potential strategic partners.

If the completed pouchitis study is successful in demonstrating clinical and pathological improvement after treatment with RNX-041, together with safety and patient acceptability, this will provide a strong case for expecting a similar benefit when the treatment is applied to Crohn's disease lesions. Management believes that there is evidence for the involvement of impaired GM-CSF signalling in the pathogenesis of Crohn's disease, but clinical trials have shown conflicting results on the effectiveness of systemic GM-CSF.

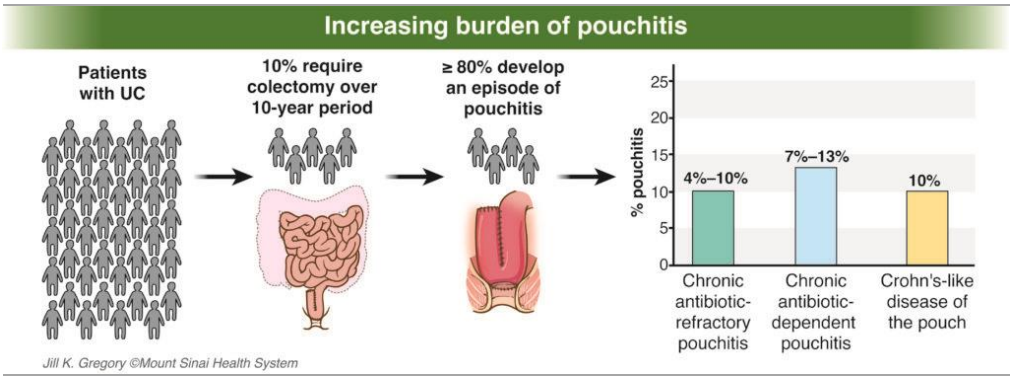
Administration of RNX-041 is expected to be by rectal enema delivery, compared to intravenous administration for standard-of-care.

Pouchitis

Pouchitis is a complication that can occur in individuals who have undergone surgery for ulcerative colitis, called an ileal pouch-anal anastomosis (IPAA) or ileoanal pouch procedure. During this surgery, the colon and rectum are removed, and a pouch is created from the small intestine to replace the function of the rectum in storing stool. The condition known as pouchitis, characterized by inflammation of this surgically created pouch, is quite common. Nearly 50% of these patients experience pouchitis within two years post-surgery, and over time, the condition manifests in up to 80% of these individuals, according to the American Gastroenterological Association.

Pouchitis is inflammation of this pouch, which can cause symptoms such as increased frequency of bowel movements, urgency to defecate, abdominal cramping, and sometimes bloody stools. The exact cause of pouchitis is not fully understood, but it is believed to involve a combination of factors including changes in the pouch's bacterial environment, immune system reactions, and possibly genetic factors. Treatment for pouchitis typically involves antibiotics to reduce inflammation and manage symptoms. In some cases, anti-inflammatory medications or other treatments may be used.

Figure 46. Increasing burden of pouchitis



Source: American Gastroenterological Association (AGA)

Observations indicate that conventional anti-inflammatory treatments do not yield the same efficacy in treating pouchitis as they do with other variants of inflammatory bowel disease. Interestingly, antibiotics appear to demonstrate higher effectiveness and, consequently, have become the cornerstone of pouchitis treatment. A substantial number of patients with Ileal Pouch-Anal Anastomosis (IPAA) have reported significant and swift clinical improvement post initiation of antibiotic treatment for acute symptom onset, often preceding any endoscopic procedure (*Source: Steinhart & Ben-Bassat (2013), Pouchitis: a practical guide* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5369791/).

Prevalence

The pouchitis market is significantly smaller than Crohn's disease, with the prevalence of ulcerative colitis (UC) estimated to be 156 to 291 cases per 100,000 persons per year, equalling 0.16-0.29% of the population. Compared to Crohn's disease, UC has a greater prevalence in adults. Of those patients, typically 20-30% undergo proctocolectomy and with the majority getting an ileal pouch-anal anastomosis (IPAA), with these patients often suffering from a chronic, inflammation of this pouch, called pouchitis. Studies suggest that the prevalence rate of pouchitis is 15-50% of such patients, and we estimate 50% in our modelling.

Based on this, we estimate a prevalence rate of 0.02-0.04% of the populations of US, EU5 and Japan, resulting in 0.12-0.34m patients suffering from pouchitis, and for modelling purposes we assume the midpoint of 0.23m patients, indicating 0.1m patients in the US and 0.13m in the remaining markets. This compares to management estimates of c.80,000 patients in the US and 150,000 patients in Europe.

The market value for pouchitis is projected to grow with a CAGR of 10.2% during 2023-2031 based on a market value of USD70m in 2022 (*Source: Cognate Lifesciences*).

Figure 47. Pouchitis prevalence

	Population	Prevalence rate			Est. prevalence (m)		
Region	(m)	Low	Mid	High	Low	Mid	High
US	334.9	0.02%	0.03%	0.04%	0.05	0.10	0.15
EU5	321.8	0.02%	0.03%	0.04%	0.05	0.10	0.14
Japan	125.7	0.02%	0.03%	0.04%	0.02	0.04	0.05
Total	**782.4**				**0.12**	**0.23**	**0.34**

Source: Danske Bank Equity Research estimates

Data

The company is conducting a Phase 2a open-label proof-of-concept study at Zealand University Hospital in Denmark, whether RNX-041 administered topically in the pouch, can benefit patients with pouchitis. In the first part of the study, a single treatment is applied topically as an in-situ

formed gel under endoscopic supervision to 6 patients. In the second part of the study involving 12 patients, repeated dosing will be administered using an enema. The objectives of the study are to determine safety, and changes in the Pouchitis Disease Activity Index (PDAI) In the initial safety study, patients received one dose, and in the current study, patients received a daily dose for 7 days. The initial clinical results showed that five out of 6 patients after one week exhibited a reduction of PDAI.

If the pouchitis study demonstrates clinical and pathological improvement of the condition as implied by the effect of a single dose and confirms the safety profile, management expects that this would provide a case for expecting a similar benefit when the treatment is applied to Crohn's disease lesions higher up in the gastrointestinal tract.

Data from the Phase 2 proof-of-concept study is now expected to be presented during Q2 25 and the study has experienced about a one-year delay due to recruitment difficulties given the low prevalence rate of the disease. The company intends to partner the drug candidate once the Phase 2 study's primary clinical endpoints are reached. The company targets a large pharmaceutical company as its partner, as the partner should have the resources to take the drug candidate into Phase 3 and commercialize RNX-041 in PEG's target markets.

For pouchitis, the company aims for a single use packaging for rectal administration at home. This could take the form of a prefilled, sealed mini enema, that can readily be unsealed by removing a tag at the tip.

Figure 48. RNX-041 timeline

Year	Status
2020	Obtained approvals to initiate Phase 2 trial in pouchitis
2021	Started patient enrolment
2022	Continued enrolment of patients during the year. Filed for orphan drug designation
2023	Positive headline results reported. Full data package expected in 2024 - delayed to 2025
2025E	Expected readout of study after completion in Q2 2025
2026E	Expected partnership agreement
2026E	Expected start of Phase 3 study with a partner
2029E	Expected NDA/market launch
2035E	Patent expiration

Source: Company data, Danske Bank Equity Research estimates

Commercial opportunity and competition

Management's expectation for pouchitis is an estimated market share of 10% in its patented markets. Based on these assumptions, we see a similar peak market share potential of 10% in the US, EU5 and Japan for the drug candidate.

Management expects that the pouchitis indication has the potential for an orphan drug designation and based on preliminary feedback from the ongoing study, the company has filed an application to obtain such a designation. Regulatory authorities have previously granted orphan drug status to drug candidates for pouchitis, and management finds its likely that RNX-041 can achieve orphan drug designation if the upcoming clinical results are positive.

An orphan drug designation comes with a variety of substantial benefits, as it includes protocol assistance, providing invaluable guidance during the development phase of the drug (*Source: European Medicines Agency (EMA)*). The designation also grants access to the centralised authorisation procedure, streamlining the process for marketing approval across multiple jurisdictions. Once approved, the orphan drug enjoys 10 years of market exclusivity, protecting it from direct competition, and comes with financial advantages such as fee reductions and grants further incentivise the development and marketing of orphan drugs.

Management has indicated that it expects a treatment price of EUR3,750 per treatment of pouchitis. We see potential for a slightly higher price given an orphan drug designation and model a treatment price of EUR4,000 in Europe and ROW, and EUR6,000 in the US.

As it pertains to the competitive landscape, the worldwide market for Crohn's disease therapy is principally segmented using intravenous immunosuppressants such as anti-TNF biologics, aminosalicylic acid, and analogous compounds. Products currently available in the market comprise Humira (AbbVie), Remicade (Johnson & Johnson), and Cimzia (UCB). Notwithstanding, none of these therapies use a local intra-intestinal treatment approach like that of RNX-041.

Risks

If the main cause of Crohn's disease is discovered, management expects that it is reasonable to anticipate that preventative measures or early interventions could be administered, thereby diminishing the necessity for treatment using RNX-041. In our view, the likelihood of identifying the fundamental cause of Crohn's disease within the forthcoming five-year period is currently low.

Patent protection

For RNX-041, PEG has obtained a patent for the treatment of inflammatory bowel disease (IBD), including Crohn's disease and ulcerative colitis. The patent covers the US, and the company has also applied for a patent for the treatment in Europe, with the IP protection lasting until 2035.

Valuation and assumptions

In our base case scenario, we estimate that RNX-041 will reach a peak market share of 10%.

We see potential for a price of EUR4,000 in the EU, and EUR6,000 in the US representing a 50% price premium, in both indications.

RNX-041's IP protection lasts until 2035 and covers the treatment of inflammatory bowel disease (IBD), including Crohn's disease and ulcerative colitis.

We expect the company to out-license the drug candidate after the final Phase 2 study has been completed if the study meets its primary endpoints, and we expect the Phase 2 proof-of-concept study to be completed by 2025. Management comments indicate that RNX-041 is expected to generate sales already from 2025. We expect a partnership agreement to materialize for RNX-041 after Phase 2 read-out in 2025, and we model the Phase 3 studies to begin in 2026. We estimate income from sales royalties starting in 2029 for RNX-041.

We assign the study with a 20% likelihood of approval (LOA).

We include a total of DKK13m for R&D and initial launch costs until expected launch in FY2029. As we expect PEG to sign a partnership agreement, we include no cost related to cost of goods sold or SG&A related to the project and estimate a 15% royalty rate paid to PEG. We include 22% in tax, which is in line with corporate tax levels in Denmark.

Figure 49. RNX-041 model for 2024-2032E (DKKm)

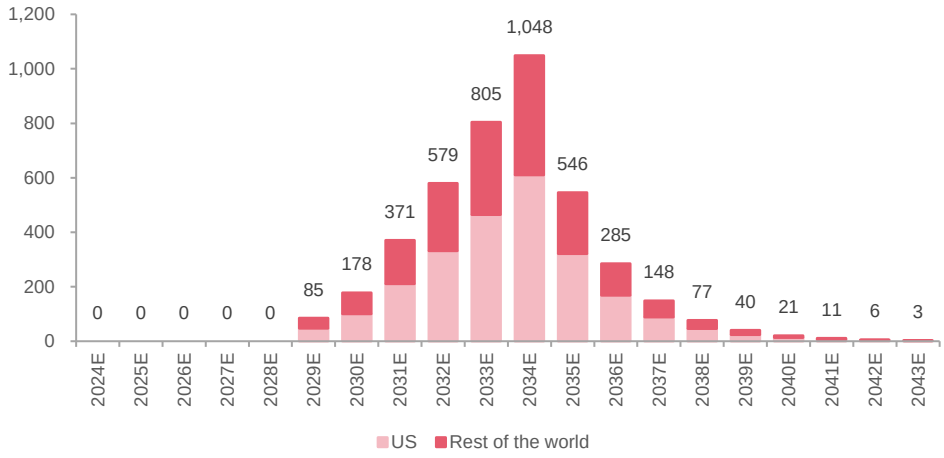
Pouchitis	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
US: Prevalence (m)	0.10	0.11	0.11	0.11	0.12	0.12	0.12	0.13	0.13
EU5+Japan: Prevalence (m)	0.14	0.14	0.14	0.15	0.15	0.16	0.16	0.17	0.17
Total	**0.24**	**0.25**	**0.25**	**0.26**	**0.27**	**0.28**	**0.29**	**0.29**	**0.30**
growth	3%	3%	3%	3%	3%	3%	3%	3%	3%
Treated/diagnosed patients	80%	80%	80%	80%	80%	80%	80%	80%	80%
Phase	2	2	3	3	3	NDA/ Launch	Launch	Launch	Launch
Treatment course price, US (DKK)	45,594	46,506	47,436	48,385	49,352	50,339	51,346	52,373	53,421
Treatment course price, RoW (DKK)	29,800	29,800	29,800	29,800	29,800	29,800	29,800	29,800	29,800
Peak market share	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Penetration index, US						10%	20%	40%	60%
Penetration index, RoW						10%	20%	40%	60%
Sales, US (DKKm)	0	0	0	0	0	48	100	211	332
Sales, RoW (DKKm)	0	0	0	0	0	38	78	160	247
Sales, probability weighted	**0**	**0**	**0**	**0**	**0**	**17**	**36**	**74**	**116**
R&D and initial launch costs	2	2	2	2	2	2	1	0	0
COGS	0	0	0	0	0	0	0	0	0
Sales&Distribution costs	0	0	0	0	0	0	0	0	0
Total costs	**2**	**2**	**2**	**2**	**2**	**2**	**1**	**0**	**0**
Royalties received		0.0	0.0	0.0	0.0	2.6	5.3	11.1	17.4
Royalties paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Milestones received		0.0	25.0	0.0	0.0	30.0	0.0	0.0	0.0
EBIT	**-2**	**-2**	**23**	**-2**	**-2**	**32**	**5**	**11**	**17**
EBIT margin	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*188.2%*	*14.4%*	*15.0%*	*15.0%*
Tax	0	0	5	0	0	7	1	2	4
NOPLAT	**-2**	**-2**	**18**	**-2**	**-2**	**25**	**4**	**9**	**14**

Net value of project (DKKm)	**47**
NPV per share	**0.05**
Phase	**2**
Probability	**20%**
WACC	**12.5%**

Source: Company data, Danske Bank Equity Research estimates

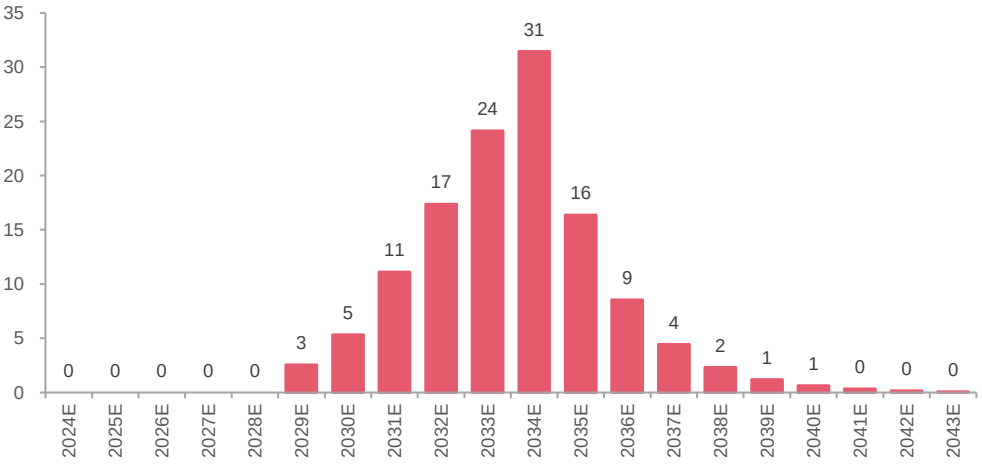
Our base case valuation of RNX-041 in pouchitis points to a NPV of DKK47m or DKK0.05 per share using a WACC of 12.5%.

Figure 50. RNX-041 base case: Unadjusted product sales estimates (DKKm)



Source: Danske Bank Equity Research estimates

Figure 51. RNX-041 base case: Risk-weighted royalties and milestones paid to Reponex (DKKm)



Source: Danske Bank Equity Research estimates

Using a treatment price of EUR3,500 and EUR4,500 suggests a fair value of RNX-041 of DKK44m and DKK51m, respectively. Likewise, a royalty rate of 10% and 22.5% shows a fair value of DKK38m and DKK62m.

The sensitivity analyses are prone to small changes in input, which suggests a high level of uncertainty and a wide range of outcomes.

Figure 52. RNX-041: Treatment cost sensitivity analysis, NPV (DKKm)

		Treatment cost, EUR						
		2,500	3,500	3,750	4,000	4,250	4,500	5,500
Peak market share	5.0%	27	31	32	33	34	35	38
	7.5%	32	37	39	40	41	43	48
	10.0%	36	44	46	**47**	49	51	58
	12.5%	41	50	52	55	57	59	68
	15.0%	46	57	59	62	65	67	78

Source: Danske Bank Equity Research estimates

Figure 53. RNX-041: Royalty rate sensitivity analysis, NPV (DKKm)

		Royalty rate (%)						
		7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
Peak market share	5.0%	26	28	30	33	35	38	40
	7.5%	29	33	36	40	44	47	51
	10.0%	33	38	43	**47**	52	57	62
	12.5%	36	43	49	55	61	67	73
	15.0%	40	47	55	62	69	77	84

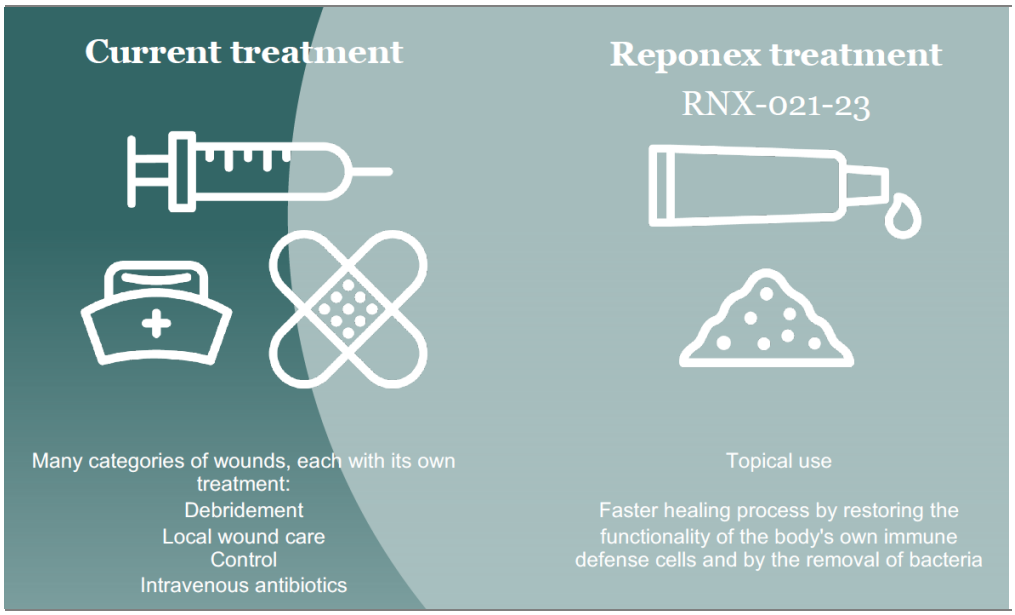
Source: Danske Bank Equity Research estimates

RNX-021, 022, 023 – Chronic skin ulcers

The company is developing two gels for topical application for the treatment of chronic skin wounds and ulcers. RNX-021 contains a single active substance (molgramostim) whereas RNX-022 has three agents (molgramostim, sucralfate and hyaluronan). In addition, RNX-023 (based on the active's substance of molgramostim and Fosfomycin) is being developed for the treatment of bacterially infected skin wounds and ulcers, in the form of a dusting powder that combines an active substance with an antibiotic for use on severely infected chronic wounds.

It is our impression that the development of RNX-021/022/023 is currently not actively recruiting patients due to financial constraints; albeit some formulation work is underway. We believe that the development will resume in the next few years or sooner if additional resources are secured. Despite this delay, the company maintains its firm belief in the importance of these projects, recognizing the ongoing significant unmet medical need for products to treat chronic skin ulcers.

Figure 54. RNX-021/022/023



Source: Reponex

Chronic skin wounds are frequently correlated with medical conditions such as diabetes, venous insufficiency, localized pressure, or ischemia. A common denominator in these conditions is the diminished local blood circulation, which hinders the delivery of vital substances required for the optimal functioning of cells implicated in the wound healing process. Consequently, white blood cells and macrophages exhibit subpar performance in their respective roles, and the macrophages fail to adequately stimulate the wound healing processes as they are typically expected to do.

By treating chronic wounds with GM-CSF, PEG's main active pharmaceutical ingredient, the cleansing functions of the neutrophils and macrophages are restored, so that the macrophages can once again control the repair processes and accelerate healing. The three active components in RNX-022 have each been found to accelerate the healing of chronic wounds when used separately, and therefore the company focuses primarily on RNX-022. It is our understanding that management expects RNX-022 to exceed RNX-021, hence we focus our analysis on RNX-022 and have excluded RNX-021 from our sum-of-the-parts valuation.

Prevalence

Our research indicates that the global wound care market is projected to grow at a CAGR of 4.6% from 2023 to 2030, with the total value of the wound care market is expected to increase by c. 50% to USD30.5bn over the same period (*Source: Verified Market Research*).

Figure 55. RNX-022: Chronic wounds prevalence

Region	Population (m)	Incidence rate	Est. prevalence (m)
US	334.9	2%	6.70
EU5	321.8	2%	6.44
Japan	125.7	2%	2.51
Total	**782.4**		**15.65**

Source: Järbrink et al. (2017), The humanistic and economic burden of chronic wounds: a protocol for a systematic review, Järbrink et al. (2026), Prevalence and incidence of chronic wounds and related complications: a protocol for a systematic review, Danske Bank Equity Research estimates
https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5259833/ https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5017042/

For RNX-021/022, our literature review shows that it is estimated that 1 to 2% of the population in developed countries will experience a chronic wound during their lifetime. Applying an

incidence rate of 2% equalling an estimated prevalence of c.15.7m patients across US, EU5 and Japan.

Likewise, for RNX-023 in chronic infected leg ulcers, we find prevalence rates of 7.8-15.9% for chronic wounds patients. The midpoint of 11.9% suggests a patient pool of 1.85m, which we use in our modelling for RNX-023.

Figure 56. RNX-023, chronic infected leg ulcers

	Infected leg ulcers, prevalence rate			Est. prevalence (m)		
Region	**Low***	**Mid**	**High****	**Low**	**Mid**	**High**
US	7.80%	11.9%	15.90%	0.52	0.79	1.07
EU5	7.80%	11.9%	15.90%	0.50	0.76	1.02
Japan	7.80%	11.9%	15.90%	0.20	0.30	0.40
Total				**1.22**	**1.85**	**2.49**

** = Bui et al (2018), Identifying risk factors associated with infection in patients with chronic leg ulcers (https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7950101/)*

*** = Bui et al (2018), Risk factors for infection in patients with chronic leg ulcers: A survival analysis (https://onlinelibrary.wiley.com/doi/10.1111/ijcp.13263)*

Source: Danske Bank Equity Research estimates

Data

The company is conducting separate Phase 2 clinical trials for each of the three programmes and has planned to accelerate RNX-022, so that RNX-021 and RNX-022 are developed in parallel.

It is our understanding that all wound healing programmes are currently on hold at Bispebjerg Hospital, due to financial constraints and the decision to allocate resources to other pipeline projects. In the past, Reponex has experienced delays related to RNX-022 of about six months because of the COVID-19 pandemic.

Figure 57. RNX-022 programme timeline

Year	Status
2020	Obtained approvals to initiate Phase 2 trial in chronic skin ulcers
2023	Phase 2 trial in preparation, with patient enrolment expected in 2023
2024	Recruitment on hold due to financial constraints
2027E	Expected partnership agreement
2027E	Expected start of Phase 3 study with a partner
2030E	Expected NDA/market launch
2035E	Patent expiration

Source: Company data, Danske Bank Equity Research estimates

The Phase 2 trial for RNX-021 is being conducted at Bispebjerg Hospital and with a focus on patients with chronic venous insufficiency leg ulcers, but recruitment is currently paused. The study for RNX-022 will be similar, with a multicentre study with 30-40 patients in the planning phase together with Bispebjerg Hospital.

Figure 58. RNX-023 programme timeline

Year	Status
2021	Started enrolment of patients with chronic venous leg ulcers
2023	Phase 2 trial in preparation
2024	Recruitment on hold due to financial constraints
2028E	Expected partnership agreement
2028E	Expected start of Phase 3 study with a partner
2031E	Expected NDA/market launch
2035E	Patent expiration

Source: Company data, Danske Bank Equity Research estimates

Development of RNX-021/022/023 is delayed due to resource constraints, and it is our understanding that the company expects to resume development in two to three years, or earlier if resources become available, and that Reponex still strongly believes in the value of these projects and the significant and continuing unmet medical need for products to treat chronic cutaneous ulcers.

For RNX-023 the company will focus on patients with infected venous insufficiency leg ulcers, but with a similar trial design as RNX-021/022, but in collaboration with Department of Pharmacy at the University of Copenhagen Management.

The company expects that potential Phase 3 clinical trials are to be performed and financed by its out-licensing partner, with such trials expected to include 100-150 patients.

Risk

For RNX-022, the company flags that the combination of the three active pharmaceutical ingredients may potentially interact in an unforeseen manner, which could diminish the efficacy, thereby impacting the anticipated market share of the ultimate product.

Any unanticipated adverse interaction among the APIs in RNX-022 could result in the treatment effect failing to reach the expected substantial improvement over existing treatments. Similarly, an unforeseen interaction of the APIs with the gel matrix might compromise the stability of the finished product, leading to a decrease in shelf life. Both factors could potentially diminish the projected future market share of the final products, as the products' exclusivity and demand could likely be lower than initially expected.

Commercial opportunity and competition

RNX-021, 022 and 023 face several competing products in chronic wound care treatment, as chronic wounds are typically treated with a combination of wound care techniques such as cleaning, debridement (removal of dead tissue), dressing and sometimes antibiotics. Global competitors in the chronic wound care market include Smith & Nephew, 3M, B. Braun Melsungen, Mölnlycke, Coloplast and ConvaTec.

In addition, there is one known competing non-dressing programme in development, EscharEx (MediWound Ltd.). EscharEx is an enzyme-based topical agent under development for debridement of chronic and other hard-to-heal wounds, with three completed Phase 2 trials and a Phase 3 study in the planning. The drug is applied over the wound bed for several 24-hour applications. The Phase 2 studies showed that patients treated with EscharEx had a statistically significant higher incidence of complete debridement, during the same 14-day measurement period, compared to patients treated by non-surgical standard-of-care (“NSSOC”) (EscharEx: 63% (29/46) versus NSSOC: 13% (4/30)) and the time to achieve complete debridement was significantly shorter.

PEG expects that the topical use of its drug candidate will allow for faster healing process by restoring the functionality of the body's own immune defence cells and by the removal of bacteria.

Management has indicated that it targets a treatment price of a mean cost per week of EUR1,075, which is based on the benefit to the health service of cutting down the mean time required for wound care.

It is our understanding, that the company aims to obtain marketing authorizations for a series of topical dermatological products that will accelerate the healing of chronic ulcers to improve patients' quality of life while cutting healthcare costs.

Patent protection

RNX-021 is not patented at present.

For RNX-022, PEG has a valid patent until 2035 in the EU (EP3145533), covering the drug compositions for promoting the healing of wounds, and with the attainment of full Supplementary Protection Certificate (SPC) extension, the validity will extend until 2040. The company has applied for a patent for the treatment of chronic uninfected wounds with RNX-022 in Japan and the US.

In addition, PEG has obtained a patent for the treatment of chronic infected wounds for RNX-023 in Europe and Russia but has been rejected in Japan. In the US, the company has received patent until 2039 for the method of treating a chronic wound by the topical application of a hydrogel containing granulocyte-macrophage colony-stimulating factor (GM-CSF), sucralfate and hyaluronan to accelerate wound healing.

Valuation and assumptions

We view the wound healing programme (RNX-021, RNX-022 and RNX-023) as an option as all studies are currently on hold due to financial constraints and are likely to be on hold for two to three years as the company focuses on other studies. We still model the studies but have assigned a lower likelihood of approval for the projects.

We do not model RNX-021 but estimate that RNX-022 will reach a peak market share of 2.5% in our base case and see peak market share for RNX-023 of 5%.

We see potential for a price of EUR1,100 in the EU and EUR1,600 in the US for both drug candidates.

The IP protection lasts until 2035 for RNX-022 and RNX-23.

We expect the company to out-license the drug candidate after the final Phase 2 study has been completed if the study meets its primary endpoints, and we expect the Phase 2 study to be completed by 2026. Management comments indicate that RNX-021/022 is expected to generate sales already from 2026, with RNX-023 contributing from 2027. We expect a partnership agreement to materialize for RNX-022 after Phase 2 read-out in 2026 and in 2027 for RNX-023, and we model the Phase 3 studies to begin in 2027 and 2028 for RNX-022 and RNX-023, respectively. We estimate income from sales royalties starting in 2030 for RNX-022 and 2031 for RNX-023.

We assign both studies with a 15% likelihood of approval (LOA).

We include a total of DKK33m for R&D and initial launch costs until expected launch in FY2030/31. As we expect PEG to sign a partnership agreement, we include no cost related to cost of goods sold or SG&A related to the project. We include 22% in tax, which is in line with corporate tax levels in Denmark.

RNX-022 model in chronic skin ulcers

Figure 59. RNX-022 chronic skin ulcers model for 2024E-2032E (DKKm)

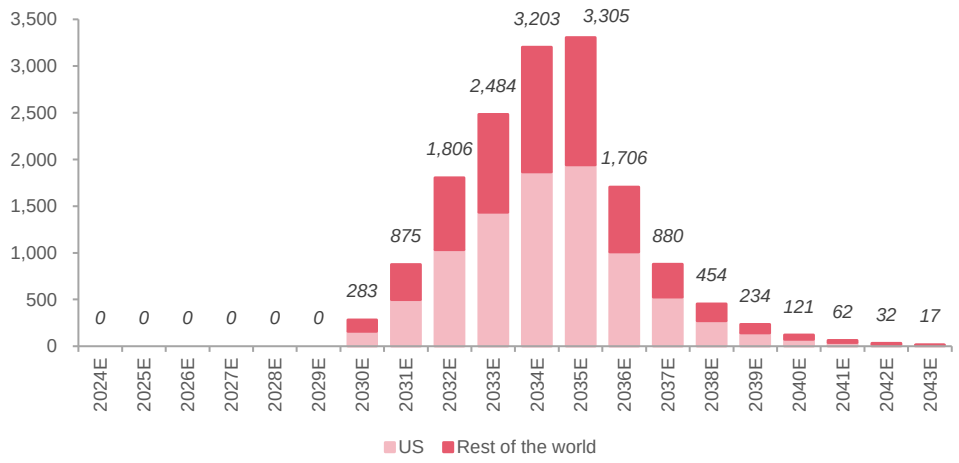
Chronic skin ulcers	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
US: Prevalence (m)	6.8	7.0	7.1	7.3	7.4	7.5	7.7	7.9	8.0
EU5+Japan: Prevalence (m)	9.1	9.3	9.5	9.7	9.9	10.1	10.3	10.5	10.7
Total	**16.0**	**16.3**	**16.6**	**16.9**	**17.3**	**17.6**	**18.0**	**18.3**	**18.7**
growth	2%	2%	2%	2%	2%	2%	2%	2%	2%
Treated/diagnosed patients	60%	60%	60%	60%	60%	60%	60%	60%	60%
Phase	2	2	2	3	3	3	NDA/ Launch	Launch	Launch
Treatment course price, US (DKK)	12,253	12,498	12,748	13,003	13,263	13,529	13,799	14,075	14,357
Treatment course price, RoW (DKK)	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009
Peak market share	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Penetration index, US							10%	30%	60%
Penetration index, RoW							10%	30%	60%
Sales, US (DKKm)	0	0	0	0	0	0	159	497	1,035
Sales, RoW (DKKm)	0	0	0	0	0	0	124	378	771
Sales, probability weighted	**0**	**0**	**0**	**0**	**0**	**0**	**42**	**131**	**271**
R&D and initial launch costs	3	3	3	2	2	2	1	1	1
COGS	0	0	0	0	0	0	0	0	0
Sales&Distribution costs	0	0	0	0	0	0	0	0	0
Total costs	**3**	**3**	**3**	**2**	**2**	**2**	**1**	**1**	**1**
Royalties received	0	0	0	0	0	0	6	20	41
Royalties paid	0	0	0	0	0	0	0	0	0
Milestones paid	0	0	0	25	0	0	23	0	0
EBIT	**-3**	**-3**	**-3**	**23**	**-2**	**-2**	**29**	**20**	**40**
EBIT margin	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*67.7%*	*14.9%*	*14.9%*
Tax	0	0	0	5	0	0	6	4	9
NOPLAT	**-3**	**-3**	**-3**	**18**	**-2**	**-2**	**22**	**15**	**32**

Net value of project (DKKm)	**83**
NPV per share	**0.08**
Phase	**2**
Probability	**15%**
WACC	**12.5%**

Source: Danske Bank Equity Research estimates

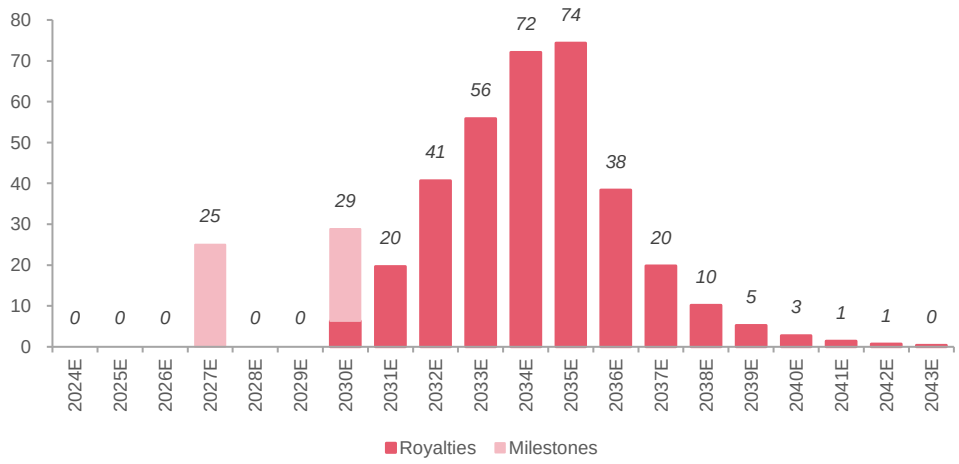
Our base case valuation of RNX-022 points to a NPV of DKK83m or DKK0.08 per share using a WACC of 12.5%.

Figure 60. RNX-022 base case: Unadjusted product sales estimates (DKKm)



Source: Danske Bank Equity Research estimates

Figure 61. RNX-022 base case: Risk-weighted royalties and milestones paid to Reponex (DKKm)



Source: Danske Bank Equity Research estimates

In addition, changing the treatment price to EUR850 and EUR1,400 would indicate a NPV of DKK68m and DKK106m, respectively. Likewise, a royalty rate of 10% and 22.5% shows a fair value of DKK59m and DKK120m.

The sensitivity analyses are prone to small changes in input, which suggests a high level of uncertainty and a wide range of outcomes.

Figure 62. RNX-022: Treatment cost sensitivity analysis, NPV (DKKm)

		Treatment cost, EUR						
		600	850	1,000	1,075	1,150	1,400	1,650
Peak market share	1.5%	34	44	51	54	57	67	77
	2.0%	42	56	64	69	73	86	100
	2.5%	51	68	78	**83**	88	106	123
	3.0%	59	80	92	98	104	125	146
	3.5%	67	91	106	113	120	144	168

Source: Danske Bank Equity Research estimates

Figure 63. RNX-022: Royalty rate sensitivity analysis, NPV (DKKm)

		Royalty rate (%)						
		7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
Peak market share	1.5%	32	39	46	54	61	69	76
	2.0%	39	49	59	69	78	88	98
	2.5%	46	59	71	**83**	96	108	120
	3.0%	54	69	83	98	113	128	143
	3.5%	61	78	96	113	130	147	165

Source: Danske Bank Equity Research estimates

RNX-023 model in chronic infected leg ulcers

Figure 64. RNX-023 chronic infected leg ulcers model for 2024E-2032E (DKKm)

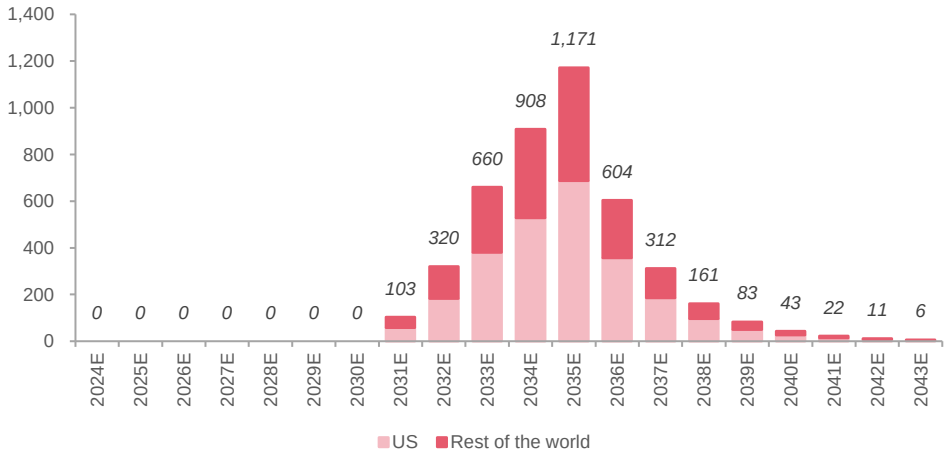
Chronic infected leg ulcers	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**
US: Prevalence (m)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9
EU5+Japan: Prevalence (m)	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3
Total	**1.9**	**1.9**	**2.0**	**2.0**	**2.0**	**2.1**	**2.1**	**2.2**	**2.2**
growth	2%	2%	2%	2%	2%	2%	2%	2%	2%
Treated/diagnosed patients	60%	60%	60%	60%	60%	60%	60%	60%	60%
Phase	2	2	2	2	3	3	3	NDA/ Launch	Launch
Treatment course price, US (DKK)	12,253	12,498	12,748	13,003	13,263	13,529	13,799	14,075	14,357
Treatment course price, RoW (DKK)	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009
Peak market share	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Penetration index, US								10%	30%
Penetration index, RoW								10%	30%
Sales, US (DKKm)	0	0	0	0	0	0	0	59	183
Sales, RoW (DKKm)	0	0	0	0	0	0	0	45	137
Sales, probability weighted	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**16**	**48**
R&D and initial launch costs	3	3	3	2	2	1	1	0	0
COGS	0	0	0	0	0	0	0	0	0
Sales&Distribution costs	0	0	0	0	0	0	0	0	0
Total costs	**3**	**3**	**3**	**2**	**2**	**1**	**1**	**0**	**0**
Royalties received	0	0	0	0	0	0	0	2	7
Royalties paid	0	0	0	0	0	0	0	0	0
Milestones paid	0	0	0	0	25	0	0	23	0
EBIT	**-3**	**-3**	**-3**	**-2**	**23**	**0**	**0**	**25**	**7**
EBIT margin	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*160.1%*	*15.0%*
Tax	0	0	0	0	5	0	0	5	2
NOPLAT	**-3**	**-3**	**-3**	**-2**	**18**	**0**	**0**	**19**	**6**

Net value of project (DKKm)	**28**
NPV per share	**0.03**
Phase	**2**
Probability	**15%**
WACC	**12.5%**

Source: Company data, Danske Bank Equity Research estimates

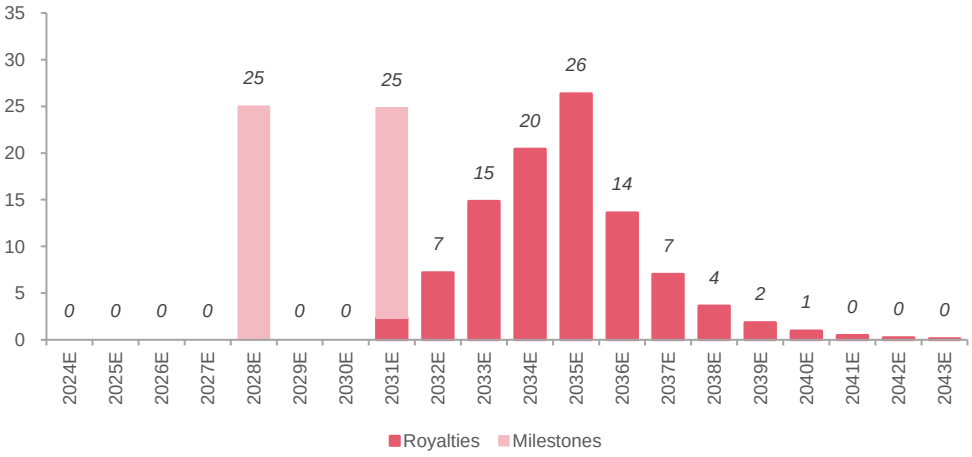
Our base case valuation of RNX-023 points to a NPV of DKK28m or DKK0.03 per share using a WACC of 12.5%.

Figure 65. RNX-023 base case: Unadjusted sales estimates (DKKm)



Source: Danske Bank Equity Research estimates

Figure 66. RNX-023 base case: Risk-weighted royalties and milestones paid to Reponex (DKKm)



Source: Danske Bank Equity Research estimates

Figure 67. RNX-023: Treatment cost sensitivity analysis, NPV (DKKm)

		Treatment cost, EUR						
		600	850	1,000	1,075	1,150	1,400	1,650
Peak market share	2.5%	12	13	14	15	15	17	18
	5.0%	16	19	21	21	22	25	29
	7.5%	19	24	27	**28**	29	34	39
	10.0%	23	29	33	35	37	43	49
	12.5%	27	34	39	41	44	51	59

Source: Danske Bank Equity Research estimates

Figure 68. RNX-023: Royalty rate sensitivity analysis, NPV (DKKm)

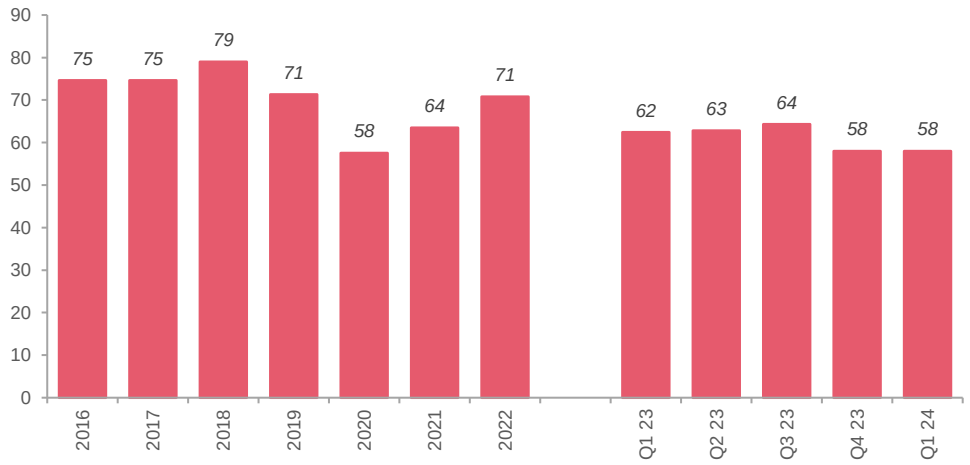
		Royalty rate (%)						
		7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
Peak market share	2.5%	12	13	14	15	16	17	18
	5.0%	15	17	19	21	24	26	28
	7.5%	18	21	25	**28**	31	35	38
	10.0%	21	26	30	35	39	43	48
	12.5%	25	30	36	41	47	52	58

Source: Danske Bank Equity Research estimates

Portinho receivable

PEG carries a net receivable of DKK58m from Portinho S.A, also known as the Portinho receivable, which was inherited when PEG with Blue Vision A/S in 2023. The receivable equals c.25% of the current market cap (as of 28 June 2028) and dates to 2014, when Blue Vision acquired shares in Portinho A.S., a real estate project located in Madeira (Portugal). The shares were sold in January 2019 for EUR11m, when the company accepted a receivable as part of the payment plan. Currently the receivable carries a gross value of EUR9.55m (EUR10.6m including interest) with a 2% annual interest rate from 1 July 2023 up from 0.5% in annual interest rate beforehand. PEG has a mortgage on 80% of the shares in Portinho, including the right to sell the receivable in whole or in part to one or more third parties upon the general meeting's prior acceptance.

Figure 69. Book value of Portinho asset (DKKm)



Source: Company data, Danske Bank Equity Research

The repayment of the receivable has been postponed multiple times, with latest due date being 31 December 2023, but the receivable has yet to be repaid. For PEG, the main issue is that the company has provided security in the receivable to several creditors (Sparekassen Sjælland-Fyn, Nykredit, Finansmanagement and Gulløv Holding) for a total of DKK20.4m. A significant part of PEG's debt fell due on 31 December 2023, and is to be repaid in monthly instalments during 2024 and 2025, or simultaneously with receipt of payment of the receivable in Portinho. If PEG does not receive the whole or a part of the receivable, the company will be forced to use a large part of the proceeds generated by the utilization of the warrants in Reponex executed prior to the Transaction and by the Rights Issue on the day-to-day operations and for settlement of existing creditors, including banks and other financial lenders and creditors.

As of 15 April 2024, the company filed a summon with the Maritime and Commercial High Court against Portinho S.A. in relation to recovery of the receivable of EUR9.55m 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.

The company’s auditors also highlight the uncertainty regarding management's assessment of the timing and recoverability of the receivable, with auditors testing and confirming the outstanding amount and accrued interest as of 31 December 2023. They also reviewed management's assessment on the recoverability of the receivable over time. On a going-concern basis, the company believes that, based on the funding received so far in 2024 and with the

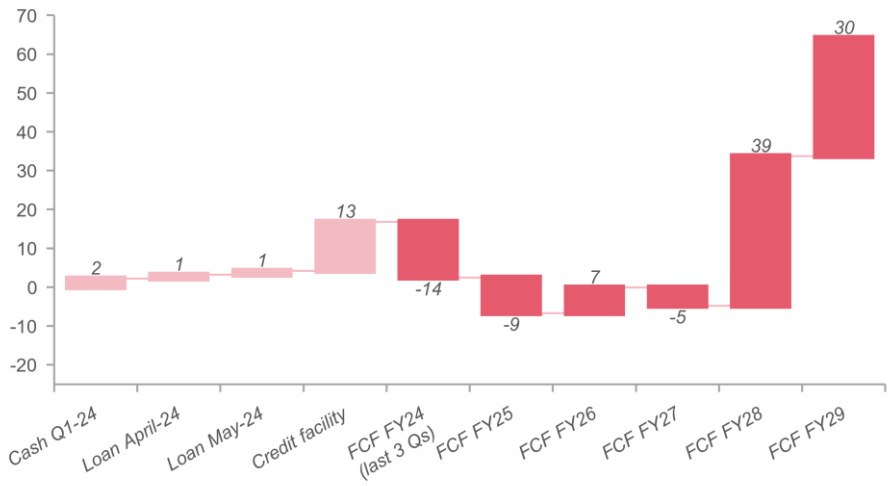
available credit facilities, it has sufficient funds to carry out its planned activities for 2024 and settle its financial commitments as they fall due in 2024, even without receiving any payment from Portinho. We cover this in the 'capital structure' section of this report.

Management flags a medium to high risk related to the possibilities for repayment or sale of the receivable in Portinho. Given the ongoing and prolonged history of delays in the repayment of receivable, we take a cautious approach and value it at DKK0m and focus on the value of Reponex. This leaves the company with a short-term financial overhang with its creditors, which the company in our view intends to finance with convertible loans, as seen already in February 2024 with the issuance of DKK7.1m in convertible loans. On the other hand, this leaves significant upside to our estimates if the receivable were to be repaid in full.

Capital structure

Our estimates suggest that PEG will be free cash flow negative until FY2028, when royalties from all current pipeline projects are expected to materialize after the expected launch of RNX-011 and RNX-051 in 2028E. Until then the company faces significant annual cash burns, with annual operating expenses increasing from DKK24m in 2024E to DKK38m in 2028E with limited revenues in the period.

Figure 70. Projected cash burn (DKKm)



Source: Company data, Danske Bank Equity Research estimates

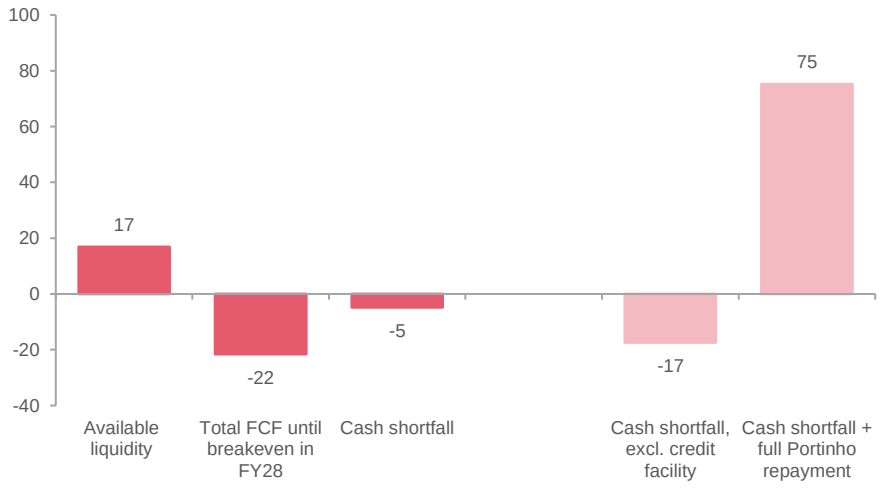
Since Q1 24, PEG has secured two convertible bonds for a total of DKK2m in April and May 2024. This leaves the company with total liquidity of c.DKK17m, when including the cash position of c.DKK2m at the end of Q1 24 and the available credit facility of c.DKK13m, which is secured through the Portinho receivable. Based on our estimates, the current liquidity of DKK17m covers the negative free cash flow of DKK14m for the remainder of FY2024 but requires the company to access funding to secure liquidity for FY2025.

According to our estimates, we believe that the company will require outside capital to cover short-term capital needs before a potential out-licensing agreement is signed and expected upfront milestones payments are received, which could materially improve the company's financial position. As the company expects to sign a partnership agreement before the end of 2025, we estimate funding needs of c.DKK30m in new cash to cover costs until such a partnership agreement is signed. We expect PEG to bridge this gap with new equity and convertible bonds, and it is our impression that the company plans to issue new shares of up to near term leading to gross proceeds of approximately and convert current bonds to new shares.

Our forecast does not include any payments from the Portinho receivable.

In our view, the need to secure funding is in the short term a significant risk factor, given that the company currently has no income to fund the development of its pipeline products or any out-licensing agreements.

Figure 71. Estimated capital shortfall (DKKm)



Source: Company data, Danske Bank Equity Research estimates

We estimate a total free cash outflow of DKK22m until breakeven in FY2028, which leaves PEG with a capital shortfall of DKK15m when excluding the Portinho receivable. If we were to include the receivable, the capital shortfall changes to a cash surplus of DKK65m, but this is not included in our base case given the high risk of the receivable and repeated delays in repayment.

We find it likely that the company will continue to tap short-term financing until a partner has been found for one of the pipeline projects, which we expect will happen in 2025-26. In our view, a partner would validate the pipeline portfolio and allow the company to secure long-term financing from equity markets.

Convertible debt

Figure 72. Convertible debt

Issued	Amount	Interest per quarter	Conversion exercise period
Jan-24	8.9	3.25%	Jan-26
Feb-March 24	7.1	3.25%	Feb-March 2026
Apr-24	1.0	3.25%	Apr-26
May-24	1.0	3.25%	May-26
Total	**18.0**		

Source: Company data, Danske Bank Equity Research

The company has issued subordinated convertible loans for a total of DKK18m, and 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 loans bear an interest of 3.25% per quarter and remain 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. The company may choose to pay the loan including interest by issuing shares.

Estimates

Revenue forecast

All our estimates for PEG Group are royalty-based, as we expect the company to out-license all its pipeline candidates in the US, EU5 and Japan. We see possible revenue potential in the rest-of-the-world out-licensing agreements but do not include this in our estimates and valuation.

We expect the first royalty-driven revenue to come in 2028E from either RNX-011 in bacterial peritonitis or RNX-051 in colorectal cancer.

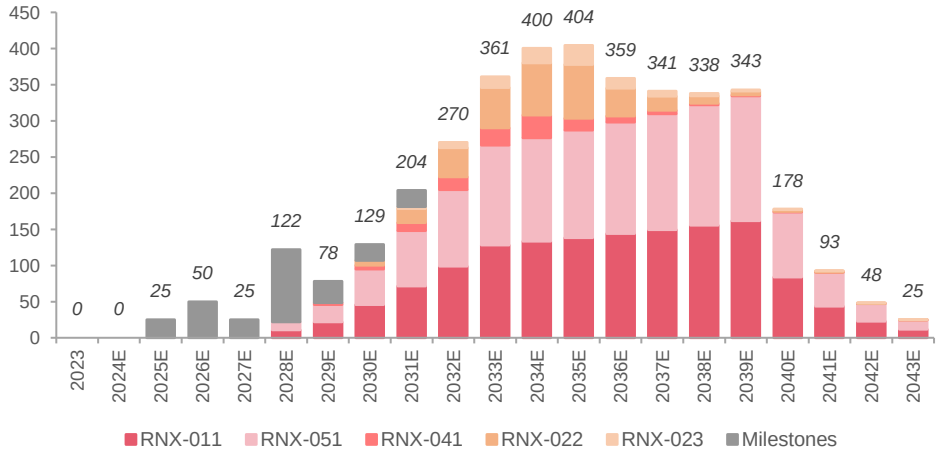
We have not included any potential milestones in our estimates.

Figure 73. Base case: Sales forecast 2024-2032E, probability weighted (DKKm)

Sales (DKKm)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
RNX-011 (Bacterial peritonitis)		0	0	0	0	11	22	46	71
RNX-051 (Colorectal cancer)		0	0	0	0	11	24	49	77
RNX-041 (Inflammatory bowel disease)		0	0	0	0	0	3	5	11
RNX-022 (Chronic skin ulcers)		0	0	0	0	0	0	6	20
RNX-023 (Chronic skin ulcers)		0	0	0	0	0	0	0	2
Milestones		0	25	50	25	100	30	23	23
Total sales		**0**	**25**	**50**	**25**	**122**	**78**	**129**	**204**
y/y growth (%)				*100%*	*-50%*	*388%*	*-36%*	*65%*	*58%*

Source: Danske Bank Equity Research estimates

Figure 74. Bases case: Sales forecast 2024-2043E, probability weighted (DKKm)



Source: Danske Bank Equity Research estimates

Operating expenses forecast and earnings forecast

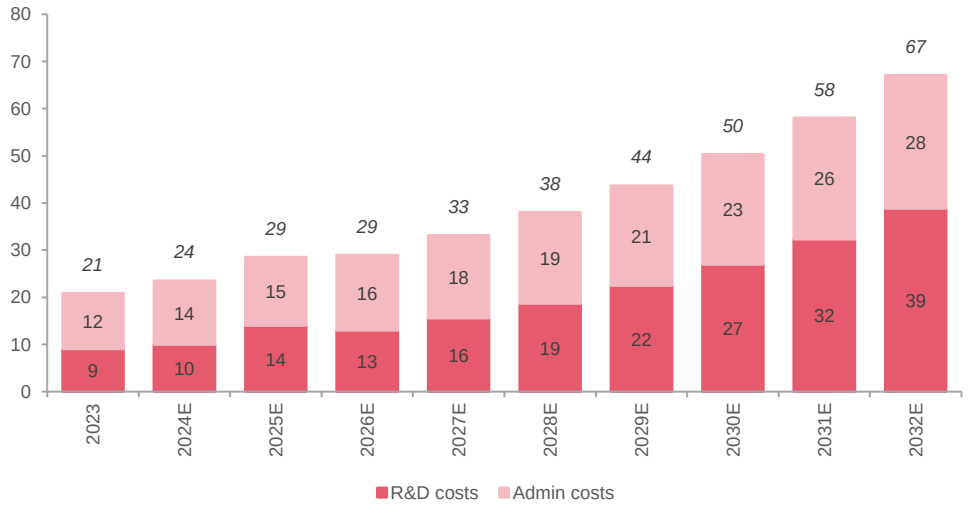
The expected out-licensing strategy for the US, EU5, and Japan is reflected in our operating expenses estimates, where we forecast zero costs related to cost of goods sold (COGS) and sales and distribution costs (S&D), as these costs are borne by the licensing partner, and hence we forecast a 100% gross margin. Our estimates include lower R&D cost related to current clinical trials over time, offset by R&D cost associated with new indications, and we forecast admin cost to rise over time.

Figure 75. Base case: Operating expenses and earnings forecast for 2024-2032E (DKKm)

Operating expenses	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
COGS	0	0	0	0	0	0	0	0	0
Gross profit	**0**	**25**	**50**	**25**	**122**	**78**	**129**	**204**	**270**
Gross margin (%)	*n.m.*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
R&D and initial launch costs	10	14	13	16	19	22	27	32	39
Sales&Distribution costs	0	0	0	0	0	0	0	0	0
Admin costs	14	15	16	18	19	21	23	26	28
Total opex	**24**	**29**	**29**	**33**	**38**	**44**	**50**	**58**	**67**
y/y growth (%)	*12%*	*21%*	*2%*	*14%*	*15%*	*15%*	*15%*	*15%*	*16%*
EBIT	**-24**	**-4**	**21**	**-8**	**84**	**35**	**79**	**146**	**203**
EBIT margin (%)	*n.m.*	*n.m.*	*42%*	*n.m.*	*69%*	*44%*	*61%*	*72%*	*75%*

Source: Danske Bank Equity Research estimates

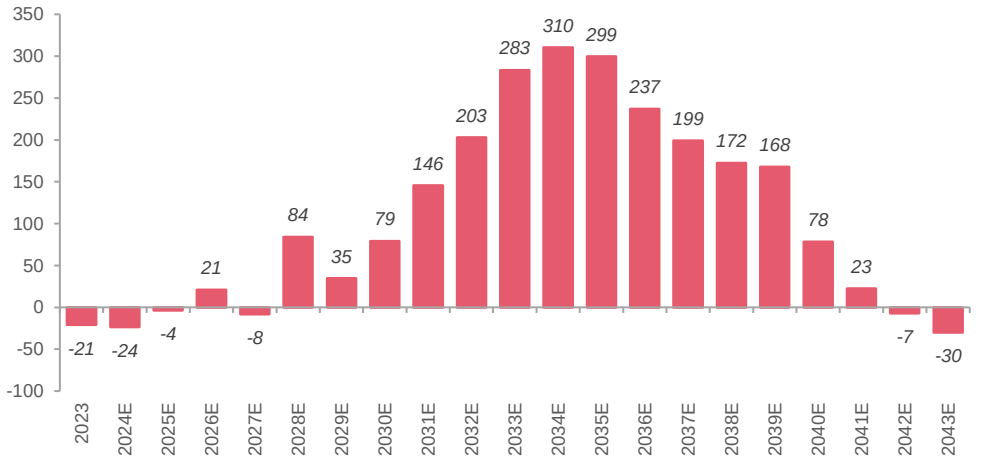
Figure 76. Opex estimates 2023-32E, probability weighted (DKKm)



Source: Company data, Danske Bank Equity Research estimates

We forecast that PEG will reach sustainable breakeven EBIT in 2028E and reach peak EBIT in 2034E of DKK310m. The operating expenses reflect the full impact from ongoing and planned clinical trials and have not been probability weighted.

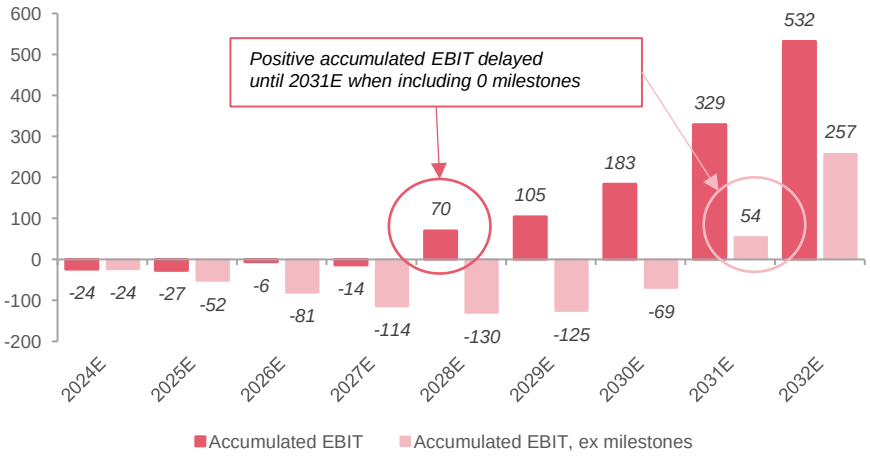
Figure 77. Base case: EBIT forecast 2024-2043E (DKKm)



Source: Danske Bank Equity Research estimates

Our estimates reflect that accumulated EBIT losses will peak in 2025E with c.DKK-27m and reach positive levels by 2028E. Such losses would require substantial financing, which we have discussed previously.

Figure 78. Accumulated EBIT, 2024-2031E (DKKm)



Source: Danske Bank Equity Research estimates

Profit and loss statement estimates

Figure 79. Profit and loss statement estimates

P&L	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
RNX-011 (Bacterial peritonitis)	0	0	0	0	0	11	22	46	71	99
RNX-051 (Colorectal cancer)	0	0	0	0	0	11	24	49	77	106
RNX-041 (Inflammatory bowel disease)	0	0	0	0	0	0	3	5	11	17
RNX-022 (Chronic skin ulcers)	0	0	0	0	0	0	0	6	20	41
RNX-023 (Chronic skin ulcers)	0	0	0	0	0	0	0	0	2	7
Milestones	0	0	25	50	25	100	30	23	23	0
Total sales	**0**	**0**	**25**	**50**	**25**	**122**	**78**	**129**	**204**	**270**
y/y growth (%)	*n.m.*	*n.m.*	*n.m.*	*100%*	*-50%*	*388%*	*-36%*	*65%*	*58%*	*33%*
COGS	0	0	0	0	0	0	0	0	0	0
Gross profit	**0**	**0**	**25**	**50**	**25**	**122**	**78**	**129**	**204**	**270**
Gross margin (%)	*n.m.*	*n.m.*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
R&D and initial launch costs	9	10	14	13	16	19	22	27	32	39
Sales & Distribution costs	0	0	0	0	0	0	0	0	0	0
Admin costs	12	14	15	16	18	19	21	23	26	28
Total opex	**21**	**24**	**29**	**29**	**33**	**38**	**44**	**50**	**58**	**67**
y/y growth (%)		*12%*	*21%*	*2%*	*14%*	*15%*	*15%*	*15%*	*15%*	*16%*
EBIT	**-21**	**-24**	**-4**	**21**	**-8**	**84**	**35**	**79**	**146**	**203**
EBIT margin (%)	*n.m.*	*n.m.*	*n.m.*	*42%*	*n.m.*	*69%*	*44%*	*61%*	*72%*	*75%*
Interest income	0	0	0	0	0	0	0	0	0	0
Interest expenses	-2	0	0	0	0	0	0	0	0	0
Other financials	-4	-5	-5	-5	-5	-5	-5	-5	-5	-5
Net financials	**-6**	**-5**	**-5**	**-5**	**-5**	**-5**	**-5**	**-5**	**-5**	**-5**
Pre-tax profit	**-27**	**-29**	**-9**	**16**	**-13**	**79**	**29**	**74**	**140**	**198**
Tax	2	5	2	-4	3	-17	-6	-16	-31	-44
Net profit	**-25**	**-24**	**-7**	**12**	**-10**	**62**	**23**	**58**	**110**	**154**

Source: Company data, Danske Bank Equity Research estimates

Guidance for 2024

Figure 80. Guidance tracker

DKKm	2023 Actual	2024 guidance	2024 Mid-range	DBER	DIFF to mid-range
Revenue	0	0	0	0	0
Profit before tax	-27*	-24 to -29**	-27	-29	-2

** 2023 included a write-down of DKK4.4m related to the Portinho receivable*

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

Source: Company data, Danske Bank Equity Research (DBER) estimates

The financial guidance for 2024 provided by the company indicates a year of preparatory work, with no expected revenue but a forecasted loss before tax of DKK24-29m, implying a mid-range loss of DKK27m, compared to a pretax loss of DKK27m in 2023. Our estimates point to a pretax loss of DKK33m, based on DKK24m in operating expenses and DKK5m in net financials. Net loss offset by a tax benefit of DKK6m.

The loss of DKK27m in 2023 included a one-off write-down of DKK4.4m of the Portinho receivable, which the company does not expect again in 2024. Bear in mind that we assign no value to the Portinho receivable in our sum-of-the-parts. For 2024, the company plans to lay down a robust groundwork for revenue generation starting from 2025, as it increases activities with key opinion leaders and potential partners. Key strategies include enhancing development, research, and regulatory activities; seeking strategic partnerships for its drug candidates; strengthening the financial base of the company; and ramping up investor relations to boost visibility.

Valuation

Valuation methodology

We use fundamental valuation as the primary basis for our valuation of PEG and have used a projected net present value for each of the drug candidate in clinical development.

Figure 81. Danske Bank Equity Research healthcare WACC

Company	Ticker	Mcap (DKKm)	WACC
Aquaporin A/S	AQP-DK	441	12.5%
Zealand Pharma A/S	ZEAL-DK	55,634	10.0%
Bavarian Nordic A/S	BAVA-DK	12,190	9.0%
Genmab A/S	GMAB-DK	118,980	8.0%
ALK-Abello A/S Class B	ALK.B-DK	35,340	7.3%
H. Lundbeck A/S Class B	HLUN.B-DK	37,336	7.0%
Novo Nordisk A/S Class B	NOVO.B-DK	4,590,020	6.0%

Source: Market capitalization as of 25 June 2024, FactSet, Danske Bank Equity Research estimates

Biotech investments are associated with considerable above-average risk, which includes an investment in PEG. Its research projects may fail, or the company could run into liquidity problems if the expected revenues do not materialise. See our Risk section for more details.

WACC

We assign PEG a relatively high WACC of 12.5%, on par with Aquaporin, but higher than Zealand Pharma, which has the second highest WACC of 10% in our Danish healthcare research universe, which ranges from 6% to 10%, as shown in the table below.

Figure 82. WACC components

WACC components	
Risk-free interest rate	2.60%
Market risk premium	4.50%
Equity risk adjustment factor	2.20
Implicit asset beta	*1.47*
Small cap premium	0.00%
Cost of equity	**12.50%**
Cost of debt	5.00%
Tax-rate used in WACC	22%
Equity weight	100%
WACC	**12.50%**

Source: Danske Bank Equity Research estimates

We believe that PEG carries a higher risk than Zealand Pharma and the other healthcare companies in our coverage, given that PEG is a pre-revenue biotech company and because the company only has drug candidates in early Phase 2. However, in our view we can lower the WACC once we have more certainty of the pipeline development.

Sum-of-the-parts valuation: Base case

We use a discounted cash flow (DCF) based sum-of-the-parts valuation, which is based on 20-year forecasts from 2024-2043 and an 12.5% WACC, and points to a fair value range of DKK0.34-0.89 per share on a 12M basis. In our base case we derive at our fair value estimate of DKK0.56. We have only modelled and assigned NPV values to studies in Phase 2, which means what we have not assigned any value to the new molecular entities (NMEs) in pre-clinical development, which are several years from clinical development.

We have not included the Portinho S.A. receivable in the SoTP, which offers further upside if paid in full. The book value of DKK58m, equalling DKK0.06 per share, offers upside of c. 10% to our SoTP, with the total value of DKK80m equalling DKK0.08 per share, with c. 14% upside to our SoTP if repaid in full. We believe that a partial or full repayment of the receivable would

lower short-term funding overhang and allow management to solely focus on the pipeline projects and the partnership strategy.

Overhead costs reflect overhead cost of an average c.DKK41m per year until 2043.

We do not include any terminal value for PEG/Reponex.

Figure 83. Valuation summary sum-of-the-parts, base case

Compound	Indication	Phase	Expected Launch	Peak sales DKKm	De-risked NPV per share	Probability	Fair value DKKm	NPV per share
RNX-011	Bacterial peritonitis	2	2028	4,309	1.11	25%	288	0.28
RNX-051	Colorectal cancer	2	2028	4,614	1.18	25%	307	0.30
RNX-041	Pouchitis	2	2029	1,048	0.20	20%	47	0.05
RNX-021, 022	Chronic skin ulcers	2	2030	3,305	0.53	15%	83	0.08
RNX-023	Chronic skin ulcers	2	2031	1,171	0.17	15%	28	0.03
Net cash/(debt)							-26	-0.03
Overhead costs							-158	-0.15
Fair value	**WACC 12.5%**						**570**	**0.56**

Source: Danske Bank Equity Research estimates

Valuation scenarios

As highlighted below, the royalty rate is highly sensitive for our model, with a bear case sales-based royalty rate of 10% suggesting a fair value of DKK346m (DKK0.34 per share), compared to DKK570m (DKK0.56 per share) in our base case (15% royalty rate) and DKK906m (DKK0.89 per share) in our bull base based on a 22.5% royalty rate.

Figure 84. Valuation scenarios, NPV (DKKm)

Compound	Indication	Royalty rate		
		Bear case (10%)	***Base case (15%)***	***Bull case (22.5%)***
RNX-011	Bacterial peritonitis	200	288	421
RNX-051	Colorectal cancer	212	307	449
RNX-041	Inflammatory bowel disease	38	47	62
RNX-021, 022	Chronic skin ulcers	59	83	120
RNX-023	Chronic skin ulcers	21	28	38
Total		**530**	**754**	**1,090**
Net cash/(debt)		-26	-26	-26
Overhead costs		-158	-158	-158
Fair value	**WACC 12.5%**	**346**	**570**	**906**
Fair value per share		*0.34*	*0.56*	*0.89*
*Upside/downside**		*14%*	*88%*	*199%*

** Share price of DKK0.296 as of 28 June 2024*

Source: Danske Bank Equity Research estimates, Refinitiv

Figure 85. Sensitivity analysis, NAV per share (DKK)

WACC \ Royalty rate (% of sales)	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
8.0%	0.39	0.56	0.74	0.92	1.09	1.27	1.44
9.5%	0.33	0.47	0.62	0.77	0.92	1.07	1.22
11.0%	0.27	0.40	0.53	0.66	0.78	0.91	1.04
12.5%	0.23	0.34	0.45	0.56	0.67	0.78	0.89
14.0%	0.19	0.29	0.38	0.47	0.57	0.66	0.76
15.5%	0.16	0.24	0.32	0.40	0.49	0.57	0.65
17.0%	0.13	0.20	0.27	0.34	0.42	0.49	0.56

Source: Danske Bank Equity Research estimates

Share price catalysts

For 2024 and forward, we have listed the key potential share price catalysts in the table below. We believe that the main upside risks are partnership agreements and increased confidence in key pipeline assets.

Figure 86. Expected news flow and catalysts

Timing	Type	Event	Share impact
2024	Partnership	Announce partnership deal(s) to further support develop of the pipeline.	High
2024	Capital structure	Ongoing capital raises from convertible bonds and/or equity.	High
2024	Portinho receivable	Repayment of Portinho receivable (c.DKK80m).	High
H2 24	RNX-011	Ongoing non-clinical formulation optimization.	Moderate
August 2024	Financial	Q2 24 results. Focus on pipeline progress and capital structure.	Low
Q2 25	RNX-041	Phase 2 data readout in pouchitis.	High
Ongoing	RNX-021, 022, 023	Restart of paused trials at Bispebjerg Hospital, depending on financial resources available.	Moderate

Source: Danske Bank Equity Research estimates

Risks to achievement of valuation range

Biotech is risky and PEG is no exception. Biotech investments are associated with considerably above-average risk, which include an investment in PEG. Its research projects may fail, or the company could run into liquidity problems if the expected revenues do not materialise.

Technology risk

A key risk factor when investing in biotech companies is the proprietary technology used to develop the drug candidates, as this could prove inadequate and stop the company from securing satisfactory clinical results and thus launching its product. PEG's clinical pipeline is based on repositioning already approved drugs, which lowers the technology risk.

Failure of pipeline candidates

PEG is not dependent on a single compound or technology for its clinical trials, but the share price is highly sensitive to the release of clinical data or delays in the development process. Clinical data from potentially competing products could also impact the value of the company.

Commercial risk

The company intends to out-license its clinical trials prior to the Phase 3 stage to large pharma companies with established commercial resources, thereby eliminating the need to market its own products. The primary risk involved in this strategy is the potential failure to secure any

partnership agreements, which could result in the company being left with suspended clinical trials.

Patents and exclusivity

The patent protection that covers the company pipeline studies are method-of-use patents, compared to the standard composition of matter patents given to new developed drugs that protect the drugs from generic competition. In our view, method-of-use patents are inherently weaker than composition of matter patents, as PEG's drug candidates are based on approved drugs with expired patents, and it is unclear how strong these patents are until they have been challenged in court.

Financial risk

PEG does not currently have any income to fund the development of the pipeline and therefore depends on investor funding. We believe the company will probably need additional funding from the market until it is profitable from expected future royalty income.

Biotech sentiment

If the economy suffers a downturn, liquidity is likely to tighten and the high-risk asset classes could fall out of favour, leading to tough times for biotech investments.

Appendix

Executive management and board of directors

Figure 87. Executive management

Group CEO: Thomas Kaas Selsø

Education

• MSc Finance and Accounting, Copenhagen Business School.

• Graduate Diploma in Auditing (HD), Copenhagen Business School.

Shares: 1,822,474 shares (2023).

Employed: CEO since March 2023. Joined Reponex in 2022 as CFO.

Prior experience

• CFO at Finansmanangement ApS prior to his current position at PEG. Finansmanagement ApS is the controlling shareholder i Biopharma Holding Aps, which owns c. 20% of PEG.

• Previously CFO at NORTH and NHH Group.

• 14 years at CBS as part time associate professor in financial statement analysis.

Chief Medical Officer: Christopher Burton

Education

• PhD, Lung Transplantation, University of Copenhagen.

• MBBS, Medicine, Imperial College London.

• Master's degree, Medicine, Unversity of Cambridge.

Shares: 0 shares.

Employed: CMO since June 2023 at PEG, and CMO at RepoCeuticals.

Prior experience

• Previously CMO at SoftOx Solutions, Senior Director at Savara Pharmaceuticals.

• Formerly Medical Director and Head of Tablet Immunotherapy at ALK-Abello and Senior Global Medical Advisor at Novo Nordisk.

Source: Company data

Figure 88. Board of directors

Chairman: Christian Vinding Thomsen

Education

• Master of Laws, University of Copenhagen.

Shares: 1,233,605 shares (2023).

Employed: Chairman since June 2023, and member of the board of directors since March 2023.

Independent: No.

Prior experience

• Partner and attorney-at-law at Loeven law firm.

• Chairman of Winmed Nordic, KT Stålindustri, Untold Productions, Black Sun.

• Deputy chair at the Complaints Body of the Danish Medical Devices Industry Association (Medicoindustrien).

Deputy Chairman: Martin Engell-Rossen

Education

• Master of Corporate Communication from Copenhagen Business School (CBS).

• Master of Political Science from Aarhus University.

• Master of International Relations from Jerusalem, Israel affiliated with the University of Gothenburg in Sweden.

Shares: 0 shares.

Employed: Deputy Chair of the board of directors since November 2023.

Independent: No.

Prior experience

• Rossen is best known as leading political strategist.He has a 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.

Source: Company data

Company summary

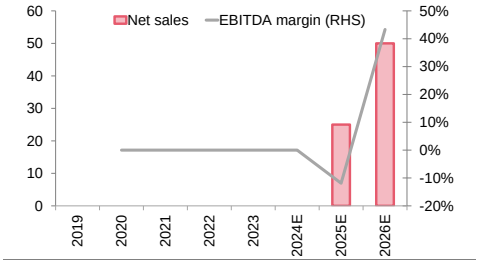
Company information

Pharma Equity Group
Slotsmarken 18, 2.th., 2970 Hørsholm
Denmark
www.pharmaequitygroup.com

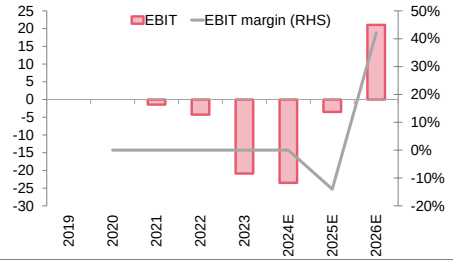
Main shareholders

Name	Votes (%)	Capital (%)
Biopharma Holding ApS	20.1%	20.1%
Beier Holding ApS	7.6%	7.6%
DMZ Holding ApS	5.0%	5.0%

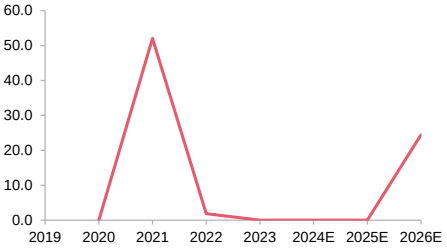
Net sales and EBITDA margin (DKKm)



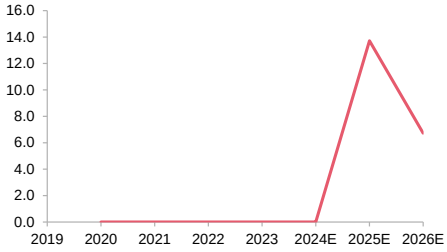
EBIT and EBIT margin (DKKm)



P/E NTM (x)



EV/sales NTM (x)



Source: FactSet, Company data, Danske Bank Equity Research estimates

Summary tables

INCOME STATEMENT										
Year end Dec, DKKm	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Net sales				0.0	0.0	0.0	0.0	0.0	25.0	50.0
Cost of sales & operating costs					-1.4	-4.3	-20.9	-22.9	-28.0	-28.3
EBITDA				**0.0**	**-1.4**	**-4.3**	**-20.9**	**-22.9**	**-3.0**	**21.7**
EBITDA, adj.				0.0	-1.4	-4.3	-20.9	-22.9	-3.0	21.7
Depreciation								0.0	0.0	-0.1
EBITA				**0.0**	**-1.4**	**-4.3**	**-20.9**	**-23.0**	**-3.0**	**21.6**
EBIT incl. EO, bef. ass.				**0.0**	**-1.4**	**-4.3**	**-20.9**	**-23.5**	**-3.5**	**21.1**
EBIT, adj.				0.0	-1.4	-4.3	-20.9	-23.5	-3.5	21.1
Associated income					4.8	5.8	-4.4			
Financial items, net	0.0	0.0	0.0	0.0	2.0	2.0	-1.5	-5.2	-5.0	-5.1
Pre-tax profit				**0.0**	**5.4**	**3.5**	**-26.8**	**-28.7**	**-8.5**	**15.9**
Taxes							2.2	5.2	1.5	-3.5
Net profit, rep.				**0.0**	**5.4**	**3.5**	**-24.6**	**-23.6**	**-7.0**	**12.4**
Net profit, adj.				0.0	5.4	3.5	-24.6	-23.6	-7.0	12.4

CASH FLOW										
DKKm	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
EBITDA				0.0	-1.4	-4.3	-20.9	-22.9	-3.0	21.7
Change in working capital				1.9	34.8	-1.2	3.4	1.0	-2.5	-4.8
Net interest paid				-0.2	-1.2	-0.7	-1.5	-5.2	-5.0	-5.1
Taxes paid				4.2	5.5	5.5	1.9	5.0	1.5	-3.2
Other operating cash items				6.7	9.6	21.3	0.6			
Cash flow from operations				**12.6**	**47.2**	**20.5**	**-16.6**	**-22.2**	**-9.0**	**8.5**
Capex				-1.7	-0.1	-0.2	-0.1	-0.1	-0.1	-2.0
Div to min										
Free cash flow				**11.0**	**47.0**	**20.4**	**-16.7**	**-22.2**	**-9.1**	**6.5**
Disposals/(acquisitions)										
Free cash flow to equity				**11.0**	**47.0**	**20.4**	**-16.7**	**-22.2**	**-9.1**	**6.5**
Dividend paid										
Share buybacks										
New issue common stock				43.7	155	61.9	8.3			
Incr./(decr.) in debt				88.9	10.4	7.9	-99.4	-7.8	3.8	1.3
Minorities & other financing CF				-107	4.8	-185	-47.0			
Cash flow from financing				**25.5**	**170**	**-115**	**-138**	**-7.8**	**3.8**	**1.3**
Disc. ops & other										
Incr./(decr.) in cash				**36.4**	**217**	**-94.4**	**-155**	**-30.1**	**-5.4**	**7.8**

BALANCE SHEET										
DKKm	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Cash & cash equivalents				36.4	253	159	4.2	-25.8	-31.2	-23.4
Inventory									5.0	10.0
Trade receivables				15.6	13.5	8.8	63.0	63.0	63.0	63.0
Other current assets										
Goodwill										
Other intangible assets				16.6	16.6	16.6	13.6	13.1	12.5	12.0
Fixed tangible assets				0.2	1.2	1.0	0.1	0.1	0.2	2.1
Associated companies						0.2	-4.2	-4.2	-4.2	-4.2
Other non-current assets				0.1	0.3	0.3	0.5	0.5	0.5	0.5
Total assets				**68.9**	**285**	**186**	**77.1**	**46.6**	**45.8**	**60.0**
Shareholders' equity				**-58.4**	**49.4**	**-27.7**	**38.9**	**15.4**	**8.4**	**20.8**
Of which minority interests										
Current liabilities				32.3	64.9	76.6	34.3	35.3	37.8	38.0
Interest-bearing debt				88.9	99.3	107	7.8		3.8	5.0
Pension liabilities										
Oth non-curr. liabilities				6.1	71.4	29.6	0.2	0.1	0.0	0.4
Total liabilities				**127**	**236**	**213**	**42.4**	**35.4**	**41.6**	**43.3**
Total liabilities and equity				**68.9**	**285**	**186**	**81.3**	**50.8**	**50.0**	**64.2**
Net debt				52.5	-154	-51.8	3.6	25.8	34.9	28.4

Source: Company data, Danske Bank Equity Research estimates

Danske Bank

Summary tables

PER SHARE DATA	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
No. of shares, fully diluted (y.e.) (m)	1,023.0			995.7	6.5	22.2	1,023.0	1,023.0	1,023.0	1,023.0
No. of shares, fully diluted (avg.) (m)	1,023.0	511.5		995.7	501.1	14.3	522.6	1,023.0	1,023.0	1,023.0
EPS (DKK)	0.00	0.00		0.00	0.01	0.24	-0.05	-0.02	-0.01	0.01
EPS adj. (DKK)	-0.24	0.00		0.00	0.01	0.24	-0.05	-0.02	-0.01	0.01
DPS (DKK)	0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00
CFFO/share (DKK)	0.0	0.0		0.0	0.1	1.4	-0.0	-0.0	-0.0	0.0
Book value/share (DKK)	0.00			-0.06	7.61	-1.25	0.04	0.02	0.01	0.02

MARGINS AND GROWTH	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA margin				n.m.	n.m.	n.m.	n.m.	n.m.	-11.9%	43.3%
EBITA margin				n.m.	n.m.	n.m.	n.m.	n.m.	-11.9%	43.1%
EBIT margin				n.m.	n.m.	n.m.	n.m.	n.m.	-14.0%	42.1%
EBIT adj margin				n.m.	n.m.	n.m.	n.m.	n.m.	-14.0%	42.1%
Sales growth										100.0%
EBITDA growth						n.m.	n.m.	-9.9%	87.1%	n.m.
EBITA growth						n.m.	n.m.	-9.9%	87.0%	n.m.
EPS adj growth		100.0%				n.m.	n.m.	51.1%	70.4%	n.m.

PROFITABILITY	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
ROIC (after tax, incl. GW, adj.)				0.0%	8.0%	27.2%	-49.8%	-20.9%	-3.0%	16.6%
ROIC (after tax, excl. GW, adj.)				0.0%	8.0%	27.2%	-49.8%	-20.9%	-3.0%	16.6%
ROE (adj.)				0.0%	-119.6%	32.1%	-437.8%	-86.8%	-58.7%	85.1%
ROIC (adj.) - WACC				-12.5%	-4.5%	14.7%	-62.3%	-33.4%	-15.5%	4.1%

MARKET VALUE	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Share price (DKK)			1.83	0.94	0.56	0.46	0.43	0.30	0.30	0.30
No. shares reduced by buybacks (m)	1,023.0			995.7	6.5	22.2	1,023.0	1,023.0	1,023.0	1,023.0
Mkt cap used in EV (m)				**938**	**4**	**10**	**440**	**304**	**304**	**304**
Net debt, year-end (m)				52	-154	-52	4	26	35	28
MV of min/ass and oth (m)				0	0	-0	4	4	4	4
Enterprise value (m)				**991**	**n.m.**	**n.m.**	**448**	**334**	**343**	**336**

VALUATION	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EV/sales (x)				n.m.	high	high	n.m.	n.m.	13.72	6.73
EV/EBITDA (x)				n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	15.5
EV/EBITA (x)				n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	15.6
EV/EBIT (x)				n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	16.0
P/E (reported) (x)				n.m.	52.1	1.9	n.m.	n.m.	n.m.	24.4
P/E (adj.) (x)				n.m.	52.1	1.9	n.m.	n.m.	n.m.	24.4
P/BV (x)				n.m.	0.07	n.m.	11.3	19.8	36.2	14.6
EV/invested capital (x)				14.0	n.m.	n.m.	5.1	3.8	3.6	3.3
Dividend yield										
Total yield (incl. buybacks)										
FCFE-yield				1.17%	1,293.50%	200.54%	-3.80%	-7.31%	-3.00%	2.15%

FINANCIAL RATIOS	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net debt/EBITDA (x)	n.m.	n.m.	n.m.	high	n.m.	n.m.	n.m.	n.m.	n.m.	1.3
Net debt/equity (x), year-end				-0.9	-3.1	1.9	0.1	1.7	4.2	1.4
Dividend payout ratio	n.m.			n.m.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage (x)				n.m.	-0.0	1.9	n.m.	-99.9	n.m.	187.1
Cash conversion (FCF/net profit)				n.m.	872.4%	585.0%	n.m.	n.m.	n.m.	52.6%
Capex/sales				n.m.	n.m.	n.m.	n.m.	n.m.	0.3%	4.0%
NWC/sales				n.m.	n.m.	n.m.	n.m.	n.m.	120.8%	70.1%

QUARTERLY P&L	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	Q3 24E	Q4 24E
Sales (m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA (m)	-3.4	-4.9	-5.7	-6.8	-6.7	-5.3	-5.3	-5.6
EBIT before non-recurring items (m)	-3.4	-4.9	-5.7	-6.8	-6.8	-5.5	-5.5	-5.8
Net profit (adj.) (m)	-2.9	-4.7	-5.9	-11.1	-6.7	-4.9	-2.8	-9.1
EPS (adj.) (DKK)	0.00	0.00	-0.01	-0.01	-0.01	0.00	0.00	-0.01
EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT margin (adj.)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data, Danske Bank Equity Research estimates

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