

Risk management, internal control and financial reporting

The Board of Directors and Executive Management are responsible for PEG's control and risk management in connection with the financial reporting process, including compliance with rules and regulations relevant to financial reporting. PEG's objective is to ensure that financial reporting is prepared in accordance with applicable rules, policies and practices and provides a correct and reliable view of PEG's operations and financial position.

PEG's finance function provides regular internal interim financial reporting to Executive Management and monthly reporting to the Board of Directors, supporting management oversight and Board supervision. The annual audit and reporting process is planned in detail and includes structured coordination between Group Finance and the external auditors, based on an audit strategy approved by the Audit Committee.

PEG has established policies and procedures for key areas of financial reporting and month-end closing, including processes to analyze deviations between actual performance, business plans and budgets as well as updated estimates for the financial year. Monthly closing procedures ensure that relevant reconciliations are prepared and reviewed and that budget variances are followed up with appropriate analysis. PEG assesses cash availability and cash resources regularly, and any identified cash needs are discussed promptly with the Board of Directors and relevant stakeholders.

Risk management is an integrated part of PEG's operations. PEG applies a formal process combining bottom-up identification of key risks with Board-level oversight and follow-up. Risks are described together with mitigating actions intended to reduce either the likelihood of occurrence or potential impact, and residual risk may be further mitigated through insurance where relevant and feasible. The Audit Committee evaluates risks connected with the financial reporting process at least annually, including the presence of internal controls, policies and guidelines, the organizational structure and the risk of fraud and mitigating actions.

PEG has decided not to establish an internal audit function based on an assessment that the Company's size and complexity do not necessitate such a function at this stage.

PEG has not established a whistleblower scheme due to the Company's current size. As part of the governance documentation package adopted in 2025, PEG is evaluating the establishment of a whistleblower scheme that would allow employees and stakeholders to report serious wrongdoing or suspicions thereof confidentially and with a secure case-handling process. The Board will continue to assess the need for such a scheme as PEG develops.

PEG's value chain consists primarily of IP rights and research and development. By the nature of PEG's business, the Group is exposed to a variety of risks along the value chain. PEG manages these risks through systematic risk identification, risk monitoring and mitigation actions with clear ownership. The Audit Committee monitors key risks on a quarterly basis and reports to the Board of Directors.

The table below summarizes selected key risks that are important to PEG’s business and the operations of its subsidiary company Reponex, including examples of mitigating actions.

Risk Area	Risks	Mitigating actions
Risks relating to the business and industries in which PEG and its subsidiary company Reponex operate	Clinical development risk. Results from early clinical trials may not be replicated in larger trials. Trials may not demonstrate an acceptable risk-benefit profile or sufficient clinical benefit to support partnering, commercialisation or regulatory approvals. Trial outcomes may be inconclusive and require additional studies.	Reponex designs clinical programmes to maximise robustness and reproducibility, based on literature review and input from key opinion leaders. Reponex engages early and continuously with regulatory authorities to align on endpoints, methodology and expectations, and it adapts programmes as new evidence emerges.
Risks relating to the business and industries in which PEG and its subsidiary company Reponex operate	Development cost and timing risk. Delays or unsatisfactory outcomes in clinical trials may increase development costs and cash burn compared to estimates.	PEG and Reponex apply active financial planning and scenario analysis. Budgets include contingencies, and supplier/CRO payment structures are, where feasible, linked to activity levels. Protocol development and outcome measures are designed to maximise the likelihood of generating decision-grade data.
Risks relating to the business and industries in which PEG and its subsidiary company Reponex operate	Repositioning risk. Reponex may not succeed with any product candidate and therefore may not create a marketable product.	Reponex focuses on repurposing and reformulating established active pharmaceutical ingredients with known clinical use, which can reduce early development uncertainty. Candidates are advanced only if the safety and efficacy package supports further development. Reponex’ partnering and out-licensing approach aims to identify partners ahead of late-stage development where appropriate.

<p>Risks relating to the business and industries in which PEG and its subsidiary company Reponex operate</p>	<p>Commercialisation and market risk. If projections of addressable markets and commercial potential for product candidates are not accurate, the commercial value of candidates may be reduced.</p>	<p>Reponex maintains ongoing dialogue with relevant stakeholders and uses external market data where available. Market assumptions are revisited as clinical evidence, competitor activity and pricing/reimbursement dynamics evolve.</p>
<p>Risks relating to the business and industries in which PEG and its subsidiary company Reponex operate</p>	<p>Portinho receivable risk. If the Portinho S.A. receivable is not paid in full or on time, PEG may need to use a significant part of available cash and credit facilities for day-to-day operations and settlement of creditors if alternative financing is not available.</p>	<p>PEG continues to pursue repayment through legal proceedings while also running parallel negotiations to resolve the matter outside arbitration. Multiple hearings were held in 2025. Following a decision by the Danish Business Authority (Erhvervsstyrelsen), PEG wrote down the receivable in 2025 using the ECL method. The accounting write-down does not change the underlying risk as to whether the receivable will be collected.</p>
<p>Risks relating to the financial position of PEG and Reponex</p>	<p>Financing and capital needs. If clinical timelines shift or product development is delayed, costs may increase and expected cash flows may be deferred, which could increase PEG's financing needs.</p>	<p>Reponex' development plan experienced minor timing shifts in 2025 that are assessed to be within what can be expected in pharmaceutical development; the development risk is therefore considered to remain at the level inherent to drug development. PEG updates forecasts and cash runway assessments continuously and aligns financing planning with clinical milestones and corporate priorities under Board oversight.</p>
<p>Risks relating to the financial position of PEG and Reponex</p>	<p>Liquidity and working capital. If the Portinho receivable is not paid in full or on time, PEG's liquidity</p>	<p>PEG has continued to secure working capital support through successive loans and has reduced</p>

	position may be adversely affected.	administrative costs in 2025 compared to 2024. Liquidity is monitored closely, and the Board evaluates mitigating actions on an ongoing basis, including prioritisation of activities and financing alternatives.
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