Risk Management

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

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

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

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

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

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

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

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

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

Risk Area	Risks	Mitigating Actions
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to clinical trials if results from the early clinical trials are not repeated in more extensive clinical trials, if Reponex' current and future clinical trials will not prove a risk benefit ratio or sufficient clinical benefit for Reponex Pharmaceuticals to be able to subsequently sell its products to partners or customers or obtain regulatory approvals or if, clinical trial results may prove inadequate to draw any conclusions and may have to be repeated.	When preparing a more extensive clinical trials Reponex Implement a meticulously designed clinical trial strategy that accounts for potential variations in patient populations, ensuring robustness and reliability of results also in relation to previously obtained data. Exhaustive literature search and key opinion leaders are the foundation for designing clinical trials which build on top of previous data and to ensure more knowledge of safety and efficacy in relation to regulatory demands, which adds value to the products. Another important step is early engagement with regulatory authorities to foster early and ongoing communication with regulatory bodies to align on trial endpoints, methodologies, and expectations. This step also Minimizes regulatory surprises and ensures that trial designs align with the evolving regulatory landscape. Lastly, in some cases (if needed) comprehensive preclinical assessments will be conducted to add additional knowledge of the data from early clinical trials to ensure that the mode of action and proof of concept of products is even better understood and causing the wanted output. This step adds more understanding of project to minimize risk related to setup of more extensive clincal trials and add additional value to the product.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to increased development costs as a consequence of either delays or unsatisfactory results from clinical trials, which may lead to increased cash burn for Reponex and Pharma Equity Group compared to estimates.	Navigating the complexities of clinical trials is inherent in pharmaceutical development, and the associated financial risks demand meticulous attention. Evaluating the depth of financial planning underscores the company's proactive stance in anticipating and addressing potential cost escalations. Risk Factors such as delays or unsatisfactory results, are integrated into the financial projections to ensure the company are foresight and prepared for contingencies. In the event of trial delays, it is important for Reponex to have an adaptive financial strategy dealing with contingencies. Firstly, a planned budget for clinical trial can include and financial overhead, creating a financial room for contingencies. Secondly, the deal with the clinical sites/CRO can have a payment structure based on the number of patients treated, which minimizes the cash burn if any delays pauses the treatment of patients. As the design of the upcoming clinical trials is a blinded placebo controlled data won't be available after all patients have been treated and data have been interpreted. To minimize risks of unsatisfactory data, the development of the protocol more specifically defining clinical outcome

		measures is very important, which is done in collaboration with authorities and key opinion leaders. This gives Reponex the best foundation for collecting data, which reflects the safety and efficacy of the products. In case of unsatisfactory results Reponex have done scenario planning, with clear defined operational tasks to understand the unsatisfactory data and why it had happened together with a strategic plan for the company to proceed on.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Repositioning Risks related to repositioning of established clinically proven active pharmaceutical ingredients if Reponex Pharmaceuticals never succeeds with any particular product candidate and as a result, never succeeds in creating a marketable product	The risk for Reponex to never succeed in creating a marketable product is not related to the repositioning strategy of the company. Reponex R&D and company strategy revolves around recombining, rerouting and repurpose already existing drugs and to proof they are efficacious and safe. The strategy minimizes early development steps, which shortens the need for time and finances compared to traditional drug development. Reponex Drug candidates will undergo clinical testing as traditional developed drugs. This elucidate that the risk of never succeeding in creating a marketable product is not related to the repositioning strategy, but the related to the safety, efficacy and usability of the product like all other development drugs in clinical testing. Reponex out licensing strategy also entails that prior to a phase 3 clinical trial a licensing partner have been identified to continue the clinical development of the product. Depending on the structure of the licensing agreement, Reponex have received payments and transferred the riske of getting market authorization to the licensing partner.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to the projection of the addressable market and the commercial potential of the product candidates which may reduce their commercial value if Reponex Pharmaceuticals' projection of the addressable market and commercial potential for its product candidates are not accurate.	In the development phase it is important to Reponex to have close communication with potential stakeholders of their products this entails patients, physicians and market analytics. This frequent communication helps the company to monitor and adjust its market projections in response to evolving market dynamics, and incorporate mechanisms to ensure proactive adjustments. The use of External sources and their validation enhances confidence in the accuracy and reliability of market projections used and presented by Reponex.
Risks relating to the business and industries in which Pharma Equity Group and its subsidiary company Reponex operate	Risks related to the repayment of the Portinho S.A receivable, which if not paid in full or in time may force Pharma Equity Group to use a large part of the current cash and credit facilities available on the day-to-day operations of the Group and for settlement of existing	The Company's Board of Directors, which was elected in connection with the transition of the Company to a pharma-company, and Executive Management have, since the Reverse Take-over 28/3-2023 had a very close dialogue with the management of Portinho S.A. regarding the redemption of the Company's receivable from Portinho S.A. At the same time, the Company's Board of Directors and Executive Management have allocated considerable resources to identify which transactions from the previous

	creditors, including banks and other financial lenders, if other cash or financing resources are not available.	management originally led to the establishment of the receivables as well as the rationale for the subsequent transactions of the former management that have affected the migration of the receivable. This work is still ongoing with, among other things, both Danish and Portuguese legal advice. The scope and assessment of the preliminary results of the investigation work has led to the conclusion that it is no longer the Company's assessment that the receivable will be repaid shortly.
Risks relating to the financial position of Pharma Equity Group and Reponex Pharmaceuticals:	Risks related to financing needs and capital for Reponex Pharmaceuticals if delays in clinical trials or product development results in delayed revenues and increased costs, negatively affecting future expected cash flows.	Pharma Equity Group has not observed delays in the clinical programs in relation to the announced expectations in the prospectus of February 27, 2023, regarding revenue streams in 2025 and beyond. We have recogniced revenue streames in the outlook for 2025 in late Q3 and Q4
Risks relating to the financial position of Pharma Equity Group and Reponex Pharmaceuticals:	Risks related to the financial situation of Pharma Equity Group if the Portinho S.A receivable is not paid in full or on time.	On 15 April 2024, the company submitted a summons to the Maritime and Commercial Court against Portinho S.A. with a demand for immediate payment of the receivable of DKK 9.55 million. euros plus interest. There is also an arbitration case pending against Interpatium at the Arbitration Institute (DIA) in connection with the related sale of the shares in Portinho S.A.
Risks relating to the financial position of Pharma Equity Group and Reponex Pharmaceuticals:	Pharma Equity Group fails to raise capital in due time, if and when needed, it will limit the further product development.	As a result of the postponement of the payment by Portinho S.A., the Company has continued to take out loans that will continuously support the Company's working capital. The supply of loans is successive and progressing satisfactorily. At the same time, the company has significantly minimized many of the administrative costs in 2025, which means that the capital requirement for 2025 is significantly lower than it was in 2024