



Statutory Report on Corporate Governance, cf. Section 107b of the Danish Financial Statements Act – Pharma Equity Group A/S ("Company") 2025

Pharma Equity Group A/S
CVR No. 26791413

This Statutory Report on Corporate Governance covers the financial year 2025 (1 January – 31 December 2025) and forms part of the Management Review in the Annual Report 2025. It is prepared pursuant to section 107b of the Danish Financial Statements Act and follows the Recommendations on Corporate Governance issued by the Committee on Corporate Governance (Komiteen for god Selskabsledelse) for issuers listed on Nasdaq Copenhagen.

In 2025, the Company strengthened its governance foundation through a new overall strategy, an updated communication strategy, updated committee charters and an updated Code of Conduct. These documents support transparent engagement with stakeholders, robust decision-making and long-term value creation.

About the Report

This Statutory Report on Corporate Governance forms part of the Management Review in the Annual Report for 2025 and covers the period 1 January – 31 December 2025. The report is prepared pursuant to section 107b of the Danish Financial Statements Act.

The report includes the Recommendations on Corporate Governance issued by the Committee on Corporate Governance and should be interpreted in accordance with the rules for companies listed on Nasdaq Copenhagen.

The Company prioritises open and consistent dialogue with shareholders and the capital market. Good corporate governance is anchored in the Articles of Association and supported by the Company's governance framework, including the overall strategy, the communication strategy, committee charters, the Code of Conduct and other policies, as well as applicable legislation and Nasdaq Copenhagen A/S' Rules for Issuers of Shares.

PEG applies the Recommendations on Corporate Governance on a comply-or-explain basis. The Board of Directors reviews the recommendations at least annually and assesses how they can strengthen the Company's governance and support long-term value creation for shareholders.

For 2025, the Company complies with the recommendations, except for the following:

- 1.2.1 webcast of general meetings – partly complied with
- 1.4.1 Corporate Social Responsibility policy – not complied with
- 5.1.2 whistleblower scheme – not complied with

The full comply-or-explain overview is set out below.



PHARMA EQUITY GROUP

1. Corporate Governance

Pharma Equity Group A/S (“PEG”) is committed to a governance framework that strengthens confidence in the Company’s decision-making, supports transparent dialogue with the capital market and enables disciplined execution of PEG’s strategy. Governance in PEG is designed to ensure clear accountability, a robust decision process and a predictable flow of information to shareholders and other stakeholders.

At least annually, and as part of the Board’s annual plan, the Board of Directors and the Executive Management review PEG’s governance set-up to ensure that governance documentation, committee mandates and reporting practices remain fit for purpose and aligned with PEG’s strategic priorities.

1.1 The Board of Directors

PEG is managed in a two-tier structure composed of the Board of Directors and the Executive Management. The Board of Directors provides the overall strategic leadership of PEG and supervises the Company’s performance, risk exposure and market communication. This structure enables clear separation between strategic oversight and operational execution and provides shareholders with transparency about where accountability resides.

The Board sets guidelines for the distribution of responsibilities between the Board and the Executive Management, including requirements for management reporting and escalation of matters of material importance. By defining decision rights and reporting expectations, the Board’s governance framework supports timely decisions while maintaining appropriate control over matters that can materially affect PEG’s strategy, capital allocation, portfolio development or disclosure obligations.

The Executive Management is appointed by the Board and is responsible for the day-to-day operations and execution within the framework set by the Board. Matters of an unusual nature, material importance or potentially far-reaching implications are submitted to the Board for decision, ensuring that key strategic and financial judgements are anchored at Board level.

During 2025, PEG strengthened its governance foundation through a new overall strategy, an updated communication strategy, updated committee charters and an updated Code of Conduct. These documents create a coherent governance package that supports consistent prioritisation, disciplined preparation of decisions and clear expectations for conduct and communication.

1.2 Composition of the Board of Directors

The Board elects a Chairperson and a Vice Chairperson, which supports continuity and effective leadership of the Board’s work. Board members are nominated and elected based on competencies and experience relevant to PEG’s strategy and development stage. The Board assesses the competence mix on an ongoing basis and considers continuity, renewal and diversity as part of its composition assessment.

More than half of PEG’s shareholder-elected Board members are assessed to be independent, which strengthens the Board’s ability to make balanced decisions and exercise effective oversight in the interest of all shareholders.

As of 31 December 2025, PEG’s Board consisted of six shareholder-elected members. The Chairperson of the Board was Christian Vinding Thomsen. Other Board members were Lars Gundorph, Omar Quandel, Charlotte Pahl and Troels Peter Troelsen. Information about the Board members’ qualifications and other managerial



PHARMA EQUITY GROUP

duties is disclosed in connection with the convening of the Annual General Meeting and is available on PEG's website, enabling shareholders to make informed voting decisions.

In 2025, the Board of Directors held fourteen Board meetings. The Board works according to an annual plan that sets the cadence and

key focus areas for the year. This supports structured follow-up on strategy, portfolio matters, financing activities and disclosure-relevant topics, while allowing flexibility to address matters arising during the year.

| Board of Directors | Nationality | Year of Birth | Shares held | Independent | Total Term | First Elected | Term Expires | Board of Directors | Audit Committee | Nomination & Remuneration Committee | Investment Committee | Research & Development Committee |
|---|---------------|---------------|-------------|-------------|---------------------|---------------|--------------|--------------------|-----------------|-------------------------------------|----------------------|----------------------------------|
| Christian Vinding Thomsen - Chair of Board of Directors - Chair of the Nomination & Remuneration Committee | Denmark | 1975 | 3,373,417 | No | 31 Mar 2023 – now | 2023 | 2025 | 15/15 | | 1/1 | | |
| Peter Vilmann - Chair of the Research & Development committee | Denmark | 1952 | 0 | Yes | 27 Apr 2023 – now | 2023 | 2025 | 15/15 | | | | 2/2 |
| Lars Gundorph - Chair of the Audit Committee - Chair of the Investment Committee | Denmark | 1960 | 21,351,475 | Yes | 31 Mar 2023 – now | 2023 | 2025 | 14/15 | 4/4 | 1/1 | 0/0 | |
| Omar Quandel | Saudia Arabia | 1961 | 0 | Yes | 2 Nov 2023 – Now | 2023 | 2025 | 11/15 | | | 0/0 | 0/2 |
| Charlotte Pahl | Denmark | 1963 | 4,694,210 | Yes | 16 April 2025 – Now | 2025 | 2026 | 10/10 | | | | |
| Troels Peter Troelsen | Denmark | 1945 | 26,064,970 | Yes | 16 April 2025 – Now | 2025 | 2026 | 9/10 | 3/4 | | | |



PHARMA EQUITY GROUP

1.4 Diversity in Management

PEG's Board discusses the Company's activities and development needs at least annually to ensure that relevant diversity is addressed across management levels in a manner proportionate to PEG's size and organisational set-up. PEG has adopted a diversity policy which is included in the management commentary and published on the Company's website. Diversity considerations form part of Board recruitment and succession planning and are assessed together with the competencies required to support PEG's strategy and long-term development.

The gender composition targets and the current composition of the Board of Directors, Executive Management and key management personnel are set out in the Annual Report. PEG is committed to improving gender balance over time while maintaining a competence-based approach to recruitment and appointments. Due to the current size of the Executive Management, balanced representation at this level is not expected until the management team is expanded. During 2025, the gender composition of the Board of Directors improved from 5/0 to 5/1, and PEG therefore expects to achieve its target in 2027 rather than 2026.

1.5 Evaluation of the Board

In accordance with the Board of Directors' annual plan, the Board conducts an annual self-evaluation covering the Board's work, efficiency, contribution and composition, including the committee structure, the quality of materials provided for Board decisions, Board

dynamics and the Chairperson's leadership. The Board intends to engage external assistance for the evaluation at least every third year. The purpose of the evaluation is to identify concrete improvements that strengthen the Board's ability to support PEG's execution and supervision.

The Board evaluates the work and results of the Executive Management on an ongoing basis against pre-established criteria, with a formal review at least annually. This provides a structured basis for performance follow-up and supports clarity on priorities and expectations.

1.6 Remuneration Policy and Remuneration Report

The remuneration of the Board of Directors and the Executive Management is governed by PEG's Remuneration Policy approved by the Annual General Meeting. The policy is designed to be competitive and aligned with PEG's long-term shareholder interests and is presented for approval at least every fourth year. Where variable remuneration elements are used, the policy provides defined limits and performance criteria and includes a clawback option. This framework supports alignment between remuneration and long-term value creation while maintaining transparency for shareholders.

In accordance with section 139 b of the Danish Companies Act, PEG prepares an annual remuneration report describing remuneration paid to the individual members of the Board of Directors and the Executive Management. The remuneration report is presented to the



PHARMA EQUITY GROUP

Annual General Meeting for an advisory vote and is made available on PEG's website.

1.7 Business Ethics and Data Ethics Policy

PEG promotes a good culture and sound values as a core element of governance and long-term value creation. In 2025, the Board defined PEG's overall strategy and assessed how the strategy supports PEG's purpose and long-term development. To support consistent expectations for employees and stakeholders, PEG adopted an updated Code of Conduct in 2025. The Code of Conduct sets out key principles for responsible conduct and supports a common standard for behaviour across the organisation and in PEG's stakeholder interactions.

PEG has not adopted a separate standalone corporate social responsibility policy in 2025. Based on PEG's size and current activity profile, the Board assessed that resources should be prioritised elsewhere at this stage, while noting that expectations and governance in this area will be reevaluated during 2026. PEG's approach is therefore to maintain clear standards through its governance documentation and to revisit formal CSR policy requirements as the Company's activities and reporting expectations evolve.

Board Committees

To support the Board of Directors in its duties, the Board has established board committees. The committees prepare and review matters within their remit ahead of Board meetings and support structured decision-making. During 2025, the Company updated its

committee charters and governance documentation. The Research and Development Committee was closed during 2025 with the relevant activities transitioned to Reponex, and an Investment Committee was established. The committee charters are available on the Company's website.

Below is a report of each committee's main tasks during 2025:

Audit Committee

In 2025, the committee held four meetings and dealt with the following tasks:

- Reviewed and proposed the Company's financing strategy and fundraising process
- Reviewed and proposed the Board's approval of the year-end statements for 2024
- Reviewed and proposed the Board's approval of the 2025 half-year report
- Reviewed and proposed the Board's approval of the auditor's audit book comments and audit plan
- Monitored and controlled the auditors' independence, objectivity and competence
- Reviewed and proposed the Board's recommendation of auditors for election at the next AGM
- Reviewed and proposed the Board's approval of engagement fees for audit services
- Reviewed and approved updates to the procedure for approval of non-audit services from the appointed auditors
- Monitored and reported to the Board on significant accounting policies, significant accounting estimates, related



PHARMA EQUITY GROUP

party transactions and uncertainties and risks, including in relation to the outlook for the current year

- Discussed audit legislation and key audit matters with the auditors
- Monitored internal currency and financing policies
- Reviewed and assessed reports on internal control and risk management systems, including cyber risk preparedness
- Reviewed and discussed the Company's risk management process
- Reviewed, assessed and proposed the Board's approval of the Company's insurance coverage

Nomination & Remuneration Committee

In 2025, the committee held one meeting and dealt with the following tasks:

- Performed a Board composition review, including desired competences and qualifications required by the Board and Board assessment
- Mapped competences for new Board members
- Reviewed and proposed remuneration levels for 2025 for the Board and its sub-committees for approval by the AGM
- Reviewed remuneration levels for 2025 for the Executive Management
- Discussed diversity at Board and Company level as well as diversity and inclusion activities going forward

Research and Development Committee (closed during 2025)

In 2025, the committee met twice before its responsibilities were transitioned and addressed the following:

- Review of the Company's drug candidates and trials

Internal controls and risk management in relation to the financial reporting process

Financial reporting process

The Board of Directors and the Executive Management of Pharma Equity Group are responsible for the Group's control and risk management in connection with the financial reporting process, including compliance with rules and regulations relevant to the Company's financial reporting. The Board of Directors has established an Audit Committee, which reviews and discusses accounting and audit practices, risks and policies with the Company's auditors elected at the AGM in accordance with the committee's rules of procedure.

The Company's focus is to ensure that its financial statements follow rules, policies and practices and provide a correct and reliable view of the Company's and the Group's operations and financial position.

The Company's finance function provides regular detailed internal interim financial reporting to Executive Management as part of Executive Management's financial controlling and oversight role. Monthly financial reporting is provided to the Board of Directors as part of its oversight role. The annual audit and reporting process includes detailed planning of individual tasks and planning meetings between Group Finance and the auditors and is based on an audit strategy approved by the Audit Committee.



PHARMA EQUITY GROUP

Internal controls

The Company has policies and procedures for all key areas of financial reporting as well as plans for the month-end closing process, ensuring in-depth analysis of deviations between actual performance, business plans and budgets, and updated estimates for the financial year. The monthly closing procedures ensure that all relevant reconciliations are prepared and reviewed. The finance function is responsible for the monthly closing process, where actual figures are compared with budget, followed by in-depth procedures for budget variances.

Cash availability and cash resources are assessed regularly and any identified cash needs are immediately discussed with the Board of Directors and other stakeholders.

Risk assessment

The Company's policy is to identify and mitigate risks deriving from the Company's operations, to establish an appropriate level of internal controls and reporting processes, and to establish sufficient insurance coverage where possible and 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 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 organisational structure, including the risk of fraud and the measures to be taken to reduce and/or eliminate such risk. In that regard, any incentive or motive from the Executive Management to manipulate earnings or perform any other fraudulent action is discussed.

The Group's internal controls and guidelines provide 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 do not necessitate such a function.

As part of the governance documentation package adopted in 2025, including the updated Code of Conduct and committee charters, the Company is evaluating the establishment of a whistleblower scheme. Such a scheme would give employees and other stakeholders the opportunity to report serious wrongdoing or suspicions thereof confidentially, with a secure process for case handling.

Risk factors

The Company has identified a number of risks that the Pharma Equity Group management currently views as material. For an overview of key risks and examples of mitigating actions, please see the Company's Annual Report.



PHARMA EQUITY GROUP

Control environment

The Executive Management has implemented approval and authorisation rules, and segregation of duties has been implemented as much as possible with due regard to the Company's current size

and organisational structure, to avoid that unauthorised transactions can take place or remain undetected for an unacceptable period.

The Executive Management believes that all significant elements of risk have been identified and addressed.

This Statutory Report on Corporate Governance covers January 1 - December 31, 2025 and forms part of the Management Review in the Company's Annual Report 2025. The Corporate Governance section is not covered by the auditor's statement in the Annual Report. Information on the composition of the Company's management bodies is covered by the auditor's statement on the Management Review.

In 2025, the Company strengthened its governance foundation through a new overall strategy, a new communication strategy, updated committee charters and an updated Code of Conduct. These documents support transparent engagement with stakeholders, robust decision-making and long-term value creation.

The report includes the Recommendations of the Committee on Corporate Governance (Komiteen for god Selskabsledelse) and should be interpreted in accordance with the rules for companies listed on Nasdaq Copenhagen.

The Company prioritizes open and consistent dialogue with shareholders and the capital market. Good corporate governance is anchored in the Articles of Association and supported by the Company's governance framework - including the overall strategy (2025), the communication strategy (2025), committee charters, the Code of Conduct and other policies - as well as applicable legislation and Nasdaq Copenhagen A/S' Rules for Issuers of Shares.

Corporate governance recommendations

The Company is subject to the Recommendations on Corporate Governance issued by the Committee on Corporate Governance

(Komiteen for god Selskabsledelse), available at corporategovernance.dk.

The Board of Directors reviews the Recommendations at least annually and assesses how they can strengthen the Company's governance and support long-term value creation for shareholders. For 2025, the Company complies with the Recommendations with the exceptions listed below: 1.2.1 (webcast of general meetings) - partly complied with; 1.4.1 (Corporate Social Responsibility policy) - not complied with; and 5.1.2 (Whistleblower scheme) - not complied with. The full comply-or-explain overview is available on the Company's website.



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|--|----------------------|-------------------|---|
| 1. Communication and interaction by the Company with its investors and other stakeholders | | | |
| <i>1.1. Dialogue between Company, shareholders and other stakeholders</i> | | | |
| <p>1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors, and other stakeholders gain the relevant insight into the Company's affairs, and that the Board of Directors obtains the possibility of hearing and including their views in its work.</p> | x | | <p>An updated Communication Strategy has been adopted and made available on the Company's website. Other relevant documentation and information have been made available on the Company's website and through Company announcements. Stakeholders will be able to subscribe to news from the Company. The Company further holds investor meetings and performs online investor presentations in connection with the Company's financial reporting to the market. In addition, separate meetings are held with investors and analysts (H C Andersen Capital) in Denmark and abroad when needed. Further, the Company's Board of Directors has added a fixed agenda item regarding update on dialogue with shareholders and investors to each Board Meeting. The Investor Relations function is managed by the Company's CEO and an external IR-Representative.</p> |
| <p>1.1.2. The Committee recommends that the Board of Directors adopts policies on the Company's relationship with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the Company's considerations and that such policies are made available on the Company's website.</p> | X | | <p>The Company has adopted a Communication Strategy. The strategy is reviewed annually and is published on the Company's website.</p> |
| <p>1.1.3. The Committee recommends that the Company publishes quarterly reports</p> | X | | <p>The Company publishes half year Reports. Dates for publications can be found in the Company's Financial Calendar on the Company's website.</p> |
| <i>1.2. General Meeting</i> | | | |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|--|----------------------|--|--|
| <p>1.2.1. The Committee recommends that the Board of Directors organizes the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the Board of Directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p> | | <p>Due to the size of the Company and current financial state, it is assessed that resources can be spent more wisely at the moment.</p> | <p>The Company encourages shareholders to use their influence, especially by attending general meetings and using their voting rights and their right to speak and ask questions.</p> <p>Currently, the Company does not webcast all of its general meetings (except where the AGM is held as a fully electronic meeting) and thus only partially complies with this recommendation.</p> |
| <p>1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p> | X | | <p>Proxies and postal votes enable the Company's shareholders to consider each individual item on the agenda.</p> |
| 1.3. Takeover bids | | | |
| <p>1.3.1. The Committee recommends that the Company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the Board of Directors to consider in the event of a takeover bid, or if the Board of Directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the Board of Directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p> | X | | <p>The Company has adopted a procedure with a road map for takeover bids covering the recommended information and which prevents decisions on a takeover without shareholder approval.</p> |
| 1.4. Corporate Social Responsibility | | | |
| <p>1.4.1. The Committee recommends that the Board of Directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the</p> | | <p>Due to the size and current activities of the Company,</p> | <p>The Board of Directors adopted an updated Code of Conduct in 2025. The Company has not yet adopted a separate standalone Corporate Social Responsibility/sustainability policy. The Board expects to assess and develop this area further during 2026, taking into account the Company's updated overall strategy and stakeholder expectations.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|---|--|
| policy is available in the management commentary and/or on the Company's website. The Committee recommends that the Board of Directors ensures compliance with the policy. | | no procedure has been prepared at this stage. | |
| 1.4.2. The Committee recommends that the Board of Directors adopts a tax policy to be made available on the Company's website. | X | | The Company has adopted a tax policy, which has been made available on the Company's website. |
| 2. The duties and responsibilities of the Board of Directors | | | |
| <i>2.1. Overall tasks and responsibilities</i> | | | |
| 2.1.1. The Committee recommends that the Board of Directors in support of the Company's statutory objects according to its articles of association and the long-term value creation considers the Company's purpose and ensures and promotes a good culture and sound values in the Company. The Company should provide an account thereof in the management commentary and/or on the Company's website. | X | | <p>The Board of Directors has defined the Company's overall strategy and assessed how the strategy contributes to the Company's purpose and long-term value creation. It is a primary aim for the Company to promote a good culture and sound values. To ensure this aim, the Board of Directors has adopted a Code of Conduct consisting of a number of principles, which reflects the culture that the Board of Directors wants to promote in the Company and among its employees and stakeholders.</p> <p>A statement on the Company's strategy is included as part of the management commentary in the Annual Report, which is available on the Company's website.</p> |
| 2.1.2. The Committee recommends that the Board of Directors at least once a year discusses and on a regular basis follows up on the Company's overall strategic targets in order to ensure the value creation in the Company. | X | | The Company has developed a new overall strategy in May 2025 and the overall strategy is regularly discussed at the Company's Board meetings and includes discussions on how the strategy may provide the greatest possible value creation for the Company and its shareholders. |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|--|----------------------|-------------------|---|
| <p>2.1.3. The Committee recommends that the Board of Directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the Company as well as the shareholders. The Committee recommends that the Company gives an account thereof in the management commentary.</p> | X | | <p>The Board of Directors closely monitors the Company's share and capital structure, and an account thereof has been included in the management commentary in the Annual Report.</p> |
| <p>2.1.4. The Committee recommends that the Board of Directors prepares and on an annual basis reviews guidelines for the Executive Management, including requirements in respect of the reporting to the Board of Directors.</p> | X | | <p>The Board of Directors annually reviews and approves the Executive Management's Rules of Procedure.</p> |
| <p>2.2. Members of the board of directors</p> | | | |
| <p>2.2.1. The Committee recommends that the Board of Directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.</p> | X | | <p>The Board of Director has elected both a Chairperson and a Vice Chairperson. A Vice Chairperson, in accordance with the Rules of Procedure of the Board of Directors, functions in the event of the Chairpersons absence and is otherwise an effective sparring partner for the Chairperson.</p> |
| <p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the Board of Directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p> | X | | <p>At least once a year, the Company's board members' special knowledge and competencies are mapped as part of the Board of Directors' annual self-evaluation.</p> <p>In connection with this evaluation, the Chairperson in cooperation with the individual board members evaluate, based on the Company's current state, whether competences are being applied in the best possible manner and the need for new knowledge or skills in the Board.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|--|
| <p>2.2.3. The Committee recommends that if the Board of Directors, in exceptional cases, requests a member of the Board of Directors to take on special duties for the Company, for instance, for a short period to take part in the daily management of the Company, the Board of Directors should approve this in order to ensure that the Board of Directors maintains its independent overall management and control function. It is recommended that the Company publishes any decision on allowing a member of the Board of Directors to take part in the daily management, including the expected duration thereof.</p> | X | | <p>The Board of Directors' Rules of Procedure contain guidelines for the Chairperson or a Board member's exceptional execution of special tasks for the Company. Such a decision will be made public.</p> |
| 3. The composition, organization and evaluation of the board of directors | | | |
| <i>3.1. Composition</i> | | | |
| <p>3.1.1. The Committee recommends that the Board of Directors on an annual basis review and in the management commentary and/or on the Company's website states</p> <ul style="list-style-type: none"> • which qualifications the Board of Directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the Board of Directors. | X | | <p>As a part of the Annual Plan, the Board of Directors will carry out an assessment of the qualifications, composition and diversity of the Board as part of its annual self-evaluation.</p> <p>A description of the Board's qualifications, composition and diversity is included in the management commentary in the Annual Report. The individual members' qualifications also appear on the Company's website and will be announced at the convening of the Annual General Meeting.</p> |
| <p>3.1.2. The Committee recommends that the Board of Directors on an annual basis discusses the Company's activities in order to ensure relevant diversity at the different management levels and</p> | X | | <p>The Board of Directors' annual plan includes activities for ensuring that the Company takes steps to ensure diversity at all levels. In addition, the Board has adopted a policy on diversity, which is included in the management commentary and has been published on the Company's website.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|--|
| adopts a diversity policy, which is included in the management commentary and/or available on the Company's website. | | | |
| <p>3.1.3. The Committee recommends that candidates for the Board of Directors are recruited based on a thorough process approved by the Board of Directors.</p> <p>The Committee recommends that in assessing candidates for the Board of Directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p> | X | | <p>The process of selection and recommendation has been stated in the Board of Directors' Rules of Procedure which has been approved by the Board of Directors and which is reviewed annually by the entire Board of Directors.</p> <p>When evaluating its composition and assessing new candidates, the Board of directors will consider the competencies and qualifications as well as the need for continuity, renewal and diversity.</p> |
| <p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the Board of Directors is on the agenda - in addition to the statutory items also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organizational assignments and • independence. | X | | <p>The notice convening the General Meeting contains a presentation of proposed candidates, qualifications, including information on qualifications, other managerial duties in commercial undertakings and demanding organizational assignments (if any). It is also stated whether the candidate under consideration for the Board of Directors is considered independent.</p> |
| <p>3.1.5. The Committee recommends that members of the Board of Directors elected by the general meeting stand for election every year at the Annual General Meeting, and that the members are nominated and elected individually.</p> | X | | <p>The Company's Articles of Association state that Board members are elected for one year at a time and are accordingly up for election every year. The candidates are nominated and elected individually.</p> |
| 3.2. The board of <i>director's independence</i> | | | |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|---|
| <p>3.2.1. The Committee recommends that at least half of the members of the Board of Directors elected in general meeting are independent in order for the Board of Directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the Executive Management or an executive employee in the Company, a subsidiary or a Group Company, • within the past five years have received large emoluments from the Company/Group, a subsidiary or a Group Company in another capacity than as member of the Board of Directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the Company, a subsidiary or a Group Company, which is significant for the Company and/or the business relationship, • be or within the past three years have been employed with or a partner in the same company as the Company's auditor elected by general meeting, • be the CEO in a Company with cross-memberships in the Company's management, • have been a member of the Board of Directors for more than twelve years, or • be closely related to persons, who are not considered independent, cf. the above-stated criteria. | X | | <p>More than half of the members of the Board of Directors elected by the general meeting are deemed to be independent, so that the Board can act independently of special interests. All items mentioned are included in the Board's annual plan for self-evaluation, where the independence of the Board members is assessed.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|--|----------------------|-------------------|--|
| Even if a member of the Board of Directors does not fall within the above-stated criteria, the Board of Directors may for other reasons decide that the member in question is not independent | | | |
| 3.2.2. The Committee recommends that members of the Executive Management are not members of the Board of Directors and that members retiring from the Executive Management does not join the Board of Directors immediately thereafter. | X | | The Executive Management is not member of the Board of Directors. |
| <i>3.3. Members of the Board of Directors and the number of other managerial duties</i> | | | |
| 3.3.1. The Committee recommends that the Board of Directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner. | X | | The item is included in the Board of Directors' annual plan for self-evaluation, so that each Board member submits the said assessment. Furthermore, it is clear from the Board of Directors' Rules of Procedure that members of the Board of Directors must not assume more duties than can be performed in a manner satisfactory to the Company. |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|--|
| <p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the Board of Directors:</p> <ul style="list-style-type: none"> • the position, age and gender • competencies and qualification relevant to the Company, • independence, • year of joining the Board of Directors, • year of expiry of the current election period, • participation in the meetings of the Board of Directors and Committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organizational assignments, and • the number of shares, options, warrants, etc. that the holds in the Company and its group companies and any changes in such holdings during the financial year. | X | | The items mentioned are available in the management commentary in the Annual Report. |
| 3.4. Board Committees | | | |
| <p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> • the board committees' most significant activities and number of meetings in the past year, and • the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. | X | | <p>The Company's website and the management commentary includes:</p> <ul style="list-style-type: none"> • The board committees' most significant activities and number of meetings in the past year, and • The members on the individual board committees, including the chairperson and the independence of the members of the committee in question. |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|--|
| <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p> | | | |
| <p>3.4.2. The Committee recommends that the Board Committees solely consist of members of the Board of Directors and that the majority of the members of the Board Committees are independent.</p> | X | | <p>The board committees consist solely of members of the Board of Directors, and the majority of the members of the Board Committees are considered independent.</p> <p>This item is also be included in the Board of Director's annual plan for the self-evaluation, and each Board member will perform the assessment.</p> |
| <p>3.4.3. The Committee recommends that the Board of Directors establish an Audit Committee and appoints a chairperson of the Audit Committee, who is not the Chairperson of the Board of Directors.</p> <p>The Committee recommends that the Audit Committee, in addition to its statutory duties, assists the Board of Directors in:</p> <ul style="list-style-type: none"> • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, | X | | <p>The Board of Directors has established an Audit Committee. The Chair of the Audit Committee is not the Chairperson of the Board of Directors.</p> <p>In accordance with the Board of Director's annual plan and the Audit Committee's charter, the Audit Committee will monitor and report to the Board of Directors on the items mentioned in the recommendation, including the assessment of the need for an internal audit function (which is assessed annually).</p> <p>The Audit Committee's charter has been published on the Company's website and is reviewed annually by the Board of Directors in accordance with the annual plan.</p> <p>Due to the size and stage of the Company, no internal audit function has been deemed necessary.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|--|
| <ul style="list-style-type: none"> • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the Board of Directors, for instance, that the Board of Directors and the Audit Committee at least once a year meet with the auditor without the Executive Management being present. <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function. | | | |
| <p>3.4.4. The Committee recommends that the Board of Directors establishes a Nomination Committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the required qualifications for a given member of the Board of Directors and the Executive Management, the estimated time required for performing the duties of this member of the Board of Directors and the competencies, knowledge and | X | | <p>The Board of directors has established a combined Nomination & Remuneration Committee.</p> <p>The Committee's mandate includes the listed tasks and has been published on the Company's website. The mandate is reviewed annually by the Board of Directors in accordance with the Board's annual plan.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|--|
| <p>experience that is or should be represented in the two management bodies,</p> <ul style="list-style-type: none"> • on an annual basis evaluating the Board of Directors and the Executive Management's structure, size, composition and results and preparing recommendations for the Board of Directors for any changes, • in cooperation with the chairperson handling the annual evaluation of the Board of Directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the Board of Directors, • handling the recruitment of new members to the Board of Directors and the Executive Management and nominating candidates for the Board of Directors' approval, • ensuring that a succession plan for the Executive Management is in place, • supervising Executive Managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the Board of Directors' approval. | | | |
| <p>3.4.5. The Committee recommends that the Board of Directors establishes a Remuneration Committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the Board of Directors' approval prior to the presentation at the general meeting, | X | | <p>The Board of directors has established a combined Nomination & Remuneration Committee.</p> <p>The Committee's mandate includes the listed tasks and has been published on the Company's website. The mandate is reviewed annually by the Board of Directors in accordance with the annual plan.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|--|----------------------|-------------------|--|
| <ul style="list-style-type: none"> • providing a proposal to the Board of Directors on the remuneration of the members of the Executive Management, • providing a proposal to the Board of Directors on the remuneration of the Board of Directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and • assisting in the preparation of the annual remuneration report for the Board of Directors' approval prior to the presentation for the general meeting's advisory vote. | | | |
| <p><i>3.5. Evaluation of the performance of the Board of Directors and the Executive management</i></p> | | | |
| <p>3.5.1. The Committee recommends that the Board of Directors once a year evaluates the Board of Directors and at least every third year engages external assistance in the evaluation focuses on the recommendations on the Board of Directors' work efficiency, composition and organization, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics.</p> <ul style="list-style-type: none"> • the composition of the Board of Directors with focus on competencies and diversity • the Board of Directors and the individual member's contribution and results, • the cooperation on the Board of Directors and between the Board of Directors and the Executive Management, | X | | <p>In accordance with the Board of Director's annual plan, the Board of Directors carries out an annual self-evaluation, which include the recommended topics.</p> <p>The Board of Directors intend to – at least every third year – engage external assistance to assist with the evaluation of the Board of Directors' work etc., cf. recommendations 3.1-3.4.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|---|
| <ul style="list-style-type: none"> the chairperson's leadership of the Board of Directors, the committee structure and the work in the committees, the organization of the work of the Board of Directors and the quality of the material provided to the Board of Directors, and the board members' preparation for and active participation in the meetings of the Board of Directors. | | | |
| <p>3.5.2. The Committee recommends that the entire Board of Directors discusses the result of the evaluation of the Board of Directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the Company's website and at the Company's general meeting.</p> | X | | <p>According to the Board of Directors' annual plan and the planned self-evaluation, the Board of Directors assesses and discusses the results of the evaluation, and the general conclusions of the evaluation are described in the management commentary and on the Company's website.</p> <p>The Chairperson also explains the Board's evaluation, including the process and overall conclusions at the general meeting prior to election to the Board of Directors.</p> |
| <p>3.5.3. The Committee recommends that the Board of Directors at least once a year evaluates the work and results of the Executive Management according to pre-established criteria, and that the chairperson reviews the evaluation together with the Executive Management. In addition, the Board of Directors should on a continuous basis assess the need for changes in the structure and composition of the Executive Management, including in respect of diversity, succession planning and risks, in light of the Company's strategy.</p> | X | | <p>The Board of Directors evaluates the work of the Executive Management on a continuous basis (in accordance with pre-established criteria), and the performance of the Executive Management is reviewed and assessed at least once a year.</p> <p>The Board of Directors also discusses and assesses the need for changes in the structure and composition of the Executive Management in light of diversity, succession planning, the Company's strategy etc. on an ongoing basis.</p> <p>The Chairperson of the Board of Directors and the Executive Management also meet at least once annually and discuss the results of the evaluation.</p> |
| <p>4. Remuneration of management</p> | | | |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|--|----------------------|-------------------|--|
| 4.1. Remuneration of the board of directors and the executive management | | | |
| <p>4.1.1. The Committee recommends that the remuneration for the Board of Directors and the Executive Management and the other terms of employment/service is considered competitive and consistent with the Company's long-term shareholder interests.</p> | X | | <p>The General Meeting has approved a Remuneration Policy for the Board of Directors and the Executive Management, which provides that remuneration for the Board of Directors and the Executive Management is set at a level that is deemed competitive.</p> <p>From this Remuneration Policy, it is clear that the remuneration of the Board of Directors and Executive Management is set with an aim to ensure achievement of the Company's short-term and long-term goals as well as to ensure consistency between the interests of management, the Company and shareholders.</p> <p>The Remuneration Policy is approved at the Annual General Meeting every fourth year and is available on the Company's website.</p> |
| <p>4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p> | X | | <p>At this stage, the Company is in the process of establishing a share-based incentive scheme. According to the Company's Remuneration Policy, as adopted by the Annual General Meeting, the allocation, maturity and utilization of any share-based instruments can, according to the decision of the Board of Directors, depend on whether the conditions and goals defined in the agreement have been achieved in whole or in part. This may include measurable results for the Executive Management's own performance, the Company's financial results, other financial ratios or the occurrence of relevant events ("KPIs") and continued employment with the Company. Financial and non-financial KPIs, if any, are set by the Board of Directors at the time of grant.</p> <p>The Share-based incentive scheme is expected to be revolving, i.e. that they will be periodically granted, and they will primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p> |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|-------------------|---|
| 4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios. | X | | The Company's Remuneration Policy, as adopted by the Annual General Meeting, (and individual agreements) contains the recommended information, including a defined limit to the variable parts of the remuneration at the time of grant and requirements for performance criteria to be quantifiable and clearly defined. |
| 4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the Executive Management's departure, does not exceed two years' remuneration including all remuneration elements. | X | | The Company has not entered into an agreement with any member of the Executive Management, which includes remuneration (incl. severance pay) for a termination period of more than two years of total remuneration, incl. all remuneration elements. |
| 4.1.5. The Committee recommends that members of the Board of Directors are not remunerated with share options and warrants. | X | | The members of the Board of Directors are at the moment not rewarded with share options and warrants. Notwithstanding the foregoing, the Board of Directors is authorized by the General Meeting to issue share options and warrants to the Board of Directors, if considered beneficial as remuneration to the Board of Directors. |
| 4.1.6. The Committee recommends that the Company has the option to reclaim, in whole or in part, variable remuneration from the Board of Directors and the Executive Management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration. | X | | In accordance with the Company's Remuneration Policy the Company will have the option to reclaim variable remuneration if it was paid on the basis of information which can be subsequently documented as being incorrect. |
| 5. Risk management | | | |
| 5.1. <i>Identification of risks and openness in respect of additional information</i> | | | |



PHARMA EQUITY GROUP

| Recommendation | The Company complies | Why not compliant | The explanation for complying or not complying with the recommendation |
|---|----------------------|---|--|
| <p>5.1.1. The Committee recommends that the Board of Directors based on the Company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The Company should in the management commentary give an account of these risks and the Company's risk management.</p> | <p>X</p> | | <p>Risk management is an integrated part of the Company's operations. A 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.</p> <p>The Board of Directors and Audit Committee discusses the Company's risks, which then form part of the Board's overall decisions about the Company's strategy. An overview of the key risks and how they are managed are presented in the Company's annual report.</p> |
| <p>5.1.2. The Committee recommends that the Board of Directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p> | | <p>Due to the size of the Company, a whistleblower scheme has not been established.</p> | <p>Due to the size of the Company, the Company has not established a whistleblower scheme. However, the Company will assess the need to establish such whistleblower scheme as the Company matures and develops further.</p> |