

Pharma Equity Group



Clinical Development Progression and Strengthened IP-Portfolio

Pharma Equity Group (“PEG” or “the Company”) presented a Q4-report marked by advancements in the clinical development, the addition of two well-experienced board members, and a bolstered IP portfolio. As PEG’s broad Phase II-pipeline progresses further towards potential licensing agreements, the cost base and burn rate are on the rise, as evidenced by the R&D and administrative costs, marking a 26% and 15% increase Q-Q, respectively. PEG has taken critical measures to reinforce the balance sheet and to ensure a solid financial position going into 2024. These measures include the utilization of convertible loans and the securing of a new credit facility after the end of Q4-23. Analyst Group derives a potential present value of DKK 1,448, equivalent to DKK 1.4 (1.4) per share in a Base scenario.

Clinical Progression Remains on Track

During Q4-23, the Company unveiled encouraging preliminary findings from the Phase II clinical trial of the drug candidate RNX-051, successfully achieving the trial’s primary endpoints. The comprehensive analysis of the study’s outcomes is anticipated to be disclosed in early 2024, marking a short-term value driver.

Strengthened IP-Portfolio

Apart from clinical progression, protecting the IP-rights is a cornerstone in the pharmaceutical industry. During the quarter, PEG obtained a granted patent in the US for a method of treatment using its topical wound-healing composition, and following the end of Q4-23, the Company was granted EU patents for drug candidates RNX-051 and RNX-022. Both the US and the EU represent key markets for PEG, and Analyst Group considers these milestones pivotal in the Company’s IP-strategy. A reinforced IP-portfolio not only offers legal protection for the pipeline candidates but also serves as substantial assets during negotiations with potential licensing partners.

Enhanced Financial Position

During Q4-23 and the beginning of 2024, PEG successfully issued convertible loans totaling DKK 16m and secured a new credit facility, expanding the available credit line to DKK 12.6m. The cash balance at the end of Q4-23 amounted to DKK 4.2m, and with an estimated monthly burn rate of DKK -2.0m, reflecting a period of increased R&D and administrative costs, Analyst Group estimates that PEG will be adequately financed throughout 2024, all else being equal. As PEG relies on external financing until potential licensing agreements materialize, the enhanced financial position is vital.

Valuation Range Remains Intact

After making slight adjustments to the estimated cost base, Analyst Group maintains the opinion that the vast potential in PEG’s drug candidates is not reflected in today’s valuation. A potential present market value of DKK 1,448m is derived through a rNPV-model, equivalent to DKK 1.4 (1.4) per share.

VALUATION RANGE

Bear
DKK 0.5

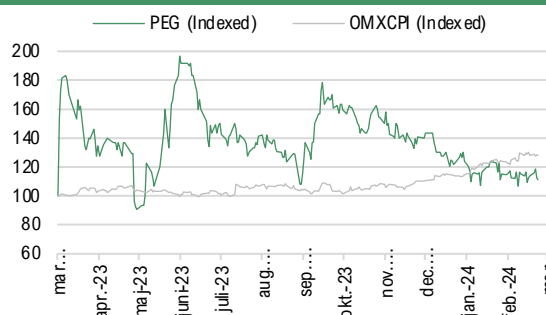
Base
DKK 1.4

Bull
DKK 2.4

KEY INFORMATION

Share Price (2024-03-21)	0.33
Shares Outstanding	1,022,963,883
Market Cap (DKKm)	341.7
Net cash(-)/debt(+)	25.5
Enterprise Value (DKKm)	367.2
List	Nasdaq Small Cap Copenhagen
Quarterly report 1 2024	2024-05-16

SHARE PRICE DEVELOPMENT



TOP SHAREHOLDERS (SOURCE: THE COMPANY)

Biopharma Holding ApS	N/A
Beier Holding ApS	N/A
Niels Erik Jespersen Holding ApS	N/A

Estimates (DKKm)	2025E	2026E	2027E	2028E
Risk-adj. Royalties	36.7	87.1	221.7	392.1
COGS	-2.0	-2.0	-2.0	-2.0
Gross profit	34.7	85.1	219.7	390.1
R&D	-17.5	-16.5	-15.5	-14.0
Administrative costs	-16.0	-15.5	-15.0	-15.0
EBIT	1.2	53.1	189.2	361.1
Net Income	-1.8	39.8	146.8	281.7
P/S	9.3	3.9	1.5	0.9
EV/S	10.0	4.2	1.7	0.9
P/E	-191.5	8.6	2.3	1.2
EV/EBIT	302.1	6.9	1.9	1.0

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Other

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