REPONEX A part of Pharma Equity Group A/S

Annual report

for the year ended 31 December 2023

Reponex Pharmaceuticals A/S

Slotsmarken 18, 2., 2970 Hørsholm, Denmark
Registered number: 30 08 23 46

GENERALFORSAMLING AFHOLDT 16/4-24

THOMAS KAAS Selsø, DIRIGENT

Content

Company information

Group companies	Reponex Pharmaceuticals A/S - 100% owned subsidiary of Pharma Equity Group A/S - listed parent company
Executive management	Thomas Kaas Selsø
Board of directors	Christian Vinding Thomsen, chairman Troels Peter Troelsen, vice chairman Charlotte Pahl
Registered number	26 79 14 13
Registered office	Slotsmarken 18, 2. th. 2970 Hørsholm Denmark
Website, Reponex Pharmaceuticals A/S	www.reponex.dk
Website, Pharma Equity Group A/S	www.pharmaequitygroup.com

CEO and Chairman letter
The transaction between Pharma Equity Group A/S and Reponex Pharmaceuticals A/S became final when they had their first trading day on the main stock exchange in Copenhagen on 28 March 2023 through the issuance of new shares in Pharma Equity Group A/S. Reponex became, indirectly, the first new Danish biotech company in several years on the Copenhagen stock exchange.

Clinic
Reponex has six promising drug candidates under clinical development and testing in four areas, each characterized by a high therapeutic need, where Reponex is currently expected to offer better and/or cheaper treatments:

- Colorectal cancer prevention and metastasis prevention
- Prevention and Treatment of Bacterial Peritonitis (Peritonitis)
- Alleviating the symptoms of the inflammatory disorders Crohn's disease and Pouchitis
- Treatment of chronic wounds and infected chronic wounds

Reponex's repositioning strategy and model makes it possible to meet the treatment needs of patients faster than conventional drug development, while at the same time significantly reducing the total development costs and risks associated with drug development. With the transaction, Reponex will now, through Pharma Equity Group, have the opportunity to attract the investors needed to realize the great potential of the business model and to get the individual drug candidates all the way to the patients, where they can help make a difference.

Reponex leads the drug candidates up to and including clinical phase 2, where a data basis has been obtained that confirms the clinical relevance of the medicine. After this, the strategy is to enter into licensing agreements with major pharmaceutical companies, which can take the drugs further in the process towards final regulatory approval for marketing and distribution.

Clinical results in 2023
On 8 June 2023, the Company provided preliminary data from the first part of a clinical trial of Pouchitis. The study investigates whether GM-CSF in combination with Metronidazole and Fosfomycin can be safely used in patients with Pouchitis. In the first part of the study, a single treatment was given topically under endoscopic monitoring to 6 patients. In the second part of the study, involving 12 patients, a daily dose for 7 days will be administered using an enema. In the first part of the clinical trial, a single application of the novel GM-CSF/antibiotic therapy developed by Reponex showed a significant improvement in symptoms and objective changes in this unpleasant and all too common inflammatory consequence of total colectomy with ileorectal anastomosis. The second part of the clinical trial looks at the results with repeated doses via enema - which may show long-term control of a condition that has been notoriously difficult to treat. And not only that: the pathology behind Pouchitis is closely related to that of Crohn's disease, and the new treatment may also prove effective as a topical treatment for Crohn's lesions in the gut. Data is expected in 2024.

On November 16, 2023, the Company announced that it is achieving the primary endpoints in the Company's Phase 2 clinical trial of the drug candidate RNX-051.

Reponex's MEFO study addresses the treatment of patients with right-sided colon cancer and right-sided polyps (precancerous precursors) with the Company's drug candidate RNX-051.

The study's primary endpoints, which relate to a quantitative change in biofilm, were achieved in the group of patients with precursors to colorectal cancer. 'Topline' results showed that the treatment with RNX-051 removes biofilm from the healthy intestinal mucosa. In patients with colorectal cancer, it also removes biofilm from the edge zone of the cancer tumour in those patients who have a particularly high amount of biofilm before treatment.

In patients with RNX-051-treated precancerous precursors, compared to untreated precursors, a higher incidence of special immune cells that are essential for the immune system's ability to prevent the development of cancer from precursors was found. Similarly, in patients with colon cancer, a more favourable combination of immune cells in the tumour was found after treatment with RNX-051. Within 2 weeks of treatment with RNX-051, it was shown that a single treatment led to an increase in the cell types known to be crucial for the immune system's killing of cancer cells.

With these results, the study has shown a mechanism that gives reason to assume that the treatment can be incorporated into future treatments that can prevent the development of cancer from precursors and try combination treatments with other treatments such as immunotherapy or similar cancer therapies. The full results of the study are expected to be fully analysed in H1 2024.

Patent approvals in 2023
On October 31, 2023, the Company announced that the United States Patent and Trademark Office (USPTO) had approved U.S. Patent Application No. 16/366,898. The patent deals with a method of treating chronic wounds by applying a hydrogel containing granulocyte macrophage colony stimulating factor (GM-CSF), sucralfate and hyaluronan to accelerate wound healing.

Reponex's treatment combines three active substances that accelerate the healing of chronic wounds such as venous and diabetic leg ulcers. According to Grand View Research, the global wound care market was valued at USD 21.4 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 4.15% from 2023 to 2030. Of this, the US market accounts for approximately USD 8 billion in 2022. The chronic wounds segment had the largest share at around 60% in 2022. The patent is valid until 2039.

On October 31, 2023, the Company announced that the European Patent Office (EPO) had issued an "Intention To Grant" for EU patent applications No. 15724673.7 and No. 19701467.3.

The former application, which deals with the wound healing candidate RNX-022, describes a procedure for treating chronic wounds by applying a hydrogel containing granulocyte macrophage colony stimulating factor (GM-CSF), sucralfate and hyaluronan to accelerate wound healing.

The latter application deals with the colorectal cancer candidate RNX-051, and describes a method for fighting bacterial layers (biofilm) that protect the cancerous tumor or adenomas (potential cancerous tumor) from fighting the body's own immune system in the colon or rectum.

An "Intention To Grant" indicates that the EPO intends to issue the applications as patents after some standard procedural steps have been completed and the patent is expected to be issued within 2 months with validity until 2035 and 2039 respectively.

According to the World Health Organization (WHO) and the International Agency for Research on Cancer (IARC), the global colorectal cancer market was valued at USD 9.4 billion in 2020. Every year, about 57 million new cases of adenomas are reported, and about 1.5 million new cases of colorectal cancer are reported in Western countries.

Organization
On June 1, 2023, Christopher Burton, MD, PhD, joined Reponex as the Company's new clinical director.

Hørsholm 20 March 2024

Christian Vinding Thomsen, chairman

Thomas Kaas Selsø, CEO

The Company´s owner structure

On the 24 March 2023 Reponex Pharmaceuticals A/S became a 100% owned subsidiary of Pharma Equity Group A/S, a company listed on Nasdaq Copenhagen main stock Exchange.

Description of Reponex' operations

Reponex is a clinical-stage biopharmaceutical company dedicated to the development of new, effective treatments for diseases that have significant patient and social impact for which current therapy is lacking or in need of improvement. The diseases are acute or life threatening, such as bacterial peritonitis and colorectal cancer, or may be chronic diseases that reduce lifespan and the quality of life and may shorten it, including inflammatory bowel diseases or complications of chronic diseases such as the disabling non-healing skin ulcers in patients with diabetes or venous insufficiency. There is a continuing unmet medical need to improve the treatment of these difficult conditions, which is what Reponex strives to achieve.

It is Reponex's ambition to create value through the Company's sustaining platform by bringing the clinical programs to a clinical stage with relevant clinical data documenting the effect of the drug candidates, that will be a strong starting point for the completion of an exclusive licensing of the Company's drug candidates to global pharmaceutical companies, that can contribute to execution of the further clinical and regulatory process as well as having relevant distribution power.

Reponex is an organizational efficient company with an aggressive commercial outsourcing strategy to be as agile as possible, to meet complex and continual changes in the pharma industry. The strategy creates a cost efficient and flexible way to create relevant human resources fast, which is considered a key factor and driver of success.

It is Reponex's clinical strategy to establish collaborations with internationally leading institutions and hospitals in combination with the best experts in each of the company's specific clinical areas.

Product and development programs

Repositioning known drugs into new intervention is the heart of what we do.
By repositioning Reponex finds new uses for active substances that are being used in other treatments. This means that the substances are used for other treatments than it was originally designated and registered for. The advantage of this is that the active substance's basic toxicity and adverse effect profile is already known and described.

Drug candidate overview

			License agreement	
Diseases	Drug Candidates	Clinical phase 2	Clinical phase 3 / License Agreement	Expected revenue
Peritonitis (Bacterial peritonitis)	RNX-011	●	○	2025
Ulcus Cruris (Chronic skin ulcers)	RNX-021 RNX-022 RNX-023	●	○	2026 2026 2027
Inflammatory bowel diseases – Chrons & Pouchitis	RNX-041	●	○	2025
Colorectal Cancer & Colon Adenoma	RNX-051	●	○	2025

Reponex have several patents for the drug candidates including these:

Candidate	Europe	US	Japan	Expiration*
RNX-011 – Bacterial peritonitis	Granted (DE, FR, IT, NL, UK)	Granted + pending	Granted	2035/2040
RNX-021 – Chronic skin ulcers	-	-	-	-
RNX-022 – Chronic skin ulcers	Allowed	Granted	-	2035
RNX-023 – Chronic skin ulcers	Granted (DE, FR, IT, NL, UK)	Pending	-	2035
RNX-041 – Inflammatory bowel disease – Pouchitis	Pending	Granted	-	2035
RNX-051 – Colorectal cancer	Allowed	Pending	Pending	2039
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.				

The potential for the drug cadidates are estimated to:

	Patient basis	Global market	Global players
RNX-011	Approx. 1.2 million new cases per year in EU, US and Japan	Estimated with some uncertainty at USD 1.5 – 2 billion.	- Pfizer Inc. - Baxter International - B. Braun - Teva
RNX-021, RNX-022	Approx. 16 million patients in the EU, US and Japan	USD 19 billion (2019) USD 25 billion (expected for 2025)	- Smith & Nephew - Coloplast, ConvaTec - Mölnlycke Health Care - Integra LifeSciences Corp - B. Braun Melsungen - Leo Pharma
RNX-023	Approx. 2.5 million patients in the EU, US and Japan		
RNX-041	Approx. 2 million patients in total in the EU and US with Crohn's disease.	USD 3.6 billion (2016), USD 4.7 billion (expected for 2025)	- Takeda Pharmaceutical Co Ltd. - AbbVie Inc. - Arena Pharmaceuticals Ltd - Galapagos NC
RNX-041	Approx. 234.000 patients in total in the EU and US with pouchitis.		
RNX-051	Approx. 1.5 million new cases per year in the western world with colorectal cancer	USD 9.4 billion (2020)	- Pfizer Inc. - Hoffmann-La Roche Ltd. - Amgen Inc. - Merck & Co. Inc. - Sanofi S.A.
RNX-051	Approx. 57 million new cases per year in the western world with colon adenomas		

Sources:

RNX-011: *Mollie F et al (Ann Surg. 2017 Aug;266(2):237-241), Gessler B et al (Int J Colorectal Dis. 2017; 32(4): 549–556), Knight S R et al (Lancet 2021; 397: 387–97), Golz R A et al (JAMA Surg. 2020;155(4):330-338), Lee J H et al (J Epidemiology 2010: 2: 97-105), Strate L L et al (Gastroenterology 2019; 156(5): 1282-1298)*

RNX-021, RNX-022: *Sen C K (Adv Wound Care 2019; 8(2): 39-48), Nelson H D (Intermountain Healthcare 2017), Fortune Business Insights (2022, Mar), www.GlobalData.com*

RNX-023: *Bui et al 2018, Int J Clin Pract 72(12):e13263*

RNX-041: *Burisch J et al (J Crohns Colitis 2013;7:322-337), Anand B S et al (Medscape Apr 2022), GlobalData 2020; GDHCER251-20), Reber J D et al (RadioGraphics 2018: 38(4): 1073-1088), Dalal et al (Inflamm Bowel Dis 2018; 23:989–996)*

RNX-051: *WHO, IARC, Global Cancer Observatory (GLOBOCAN 2020), Wong MSC et al (J. CGH 2020; 18(3): 553-561), Duvvuri A et al (Gastroenterology 201; 160: 1986-1996), Meester R G S et al (Gastroenerology 2020; 159(1): 105-118), Imperiale T F et al (Gastroenterology 2018; 155: 1776-1786)*

Reponex R&D platform
At Reponex, we are focused on repositioning generic drugs for new clinical indications.
Our repositioning strategy is to secure patent protection for drugs that have previously been used systemically, in a new formulation optimized for local application. In this way, Reponex expects to substantially reduce the development risk and time to market entry, as the safety profiles of the drugs are already known and local application is anticipated to further reduce the risk of unwanted side effects. Patent protections encompassing the new formulation and clinical use of these agents, together with data exclusivity are expected to afford Reponex with the same protections and market opportunities as seen with new drugs.

Reponex plans to develop formulations and demonstrate proof of clinical concept through the completion of Phase 2 clinical studies designed in collaboration with the regulatory authorities (EMA and FDA), and clinical medical and scientific experts.

Reponex' Research Focus
Biofilms are complex communities of bacteria, which adhere to surfaces and are encased in a slimy matrix of extracellular polymeric substances.

Biofilms may interact with the host immune system, leading to chronic immune activation and the release of pro-inflammatory cytokines.

In the intestine, changes in the composition of the gut microbiota, including an overgrowth of certain bacteria, have been associated with the development of biofilms.

Not only does the organisation of bacteria in biofilms make them difficult to eradicate with traditional antiseptic or antibiotic treatment, but biofilms may also promote cancer growth and progression.

Chronic inflammation creates a microenvironment conducive to ongoing cellular damage and genetic mutations, promoting the transition from normal tissue to precancerous lesions and, eventually, to cancer. Various metabolites produced by biofilm-associated bacteria, including short-chain fatty acids and toxins, may also contribute to the progression of colorectal neoplasia.

Reponex is building a pipeline of products to address biofilm related disease both in terms of resolving difficult to treat infections (e.g., bacterial peritonitis, and chronic skin ulcers), and disease modification through the removal of biofilms in patients with pre-cancerous and cancerous colorectal disease.

Molgramostim (GM-CSF)
Granulocyte-Monocyte Colony Stimulating Factor, commonly referred to as GM-CSF, is a vital cytokine that plays a crucial role in the regulation and stimulation of the production, differentiation, and function of white blood cells, specifically granulocytes and monocytes. GM-CSF is essential for maintaining the delicate balance of the immune system, ensuring an adequate supply of immune cells to combat infections, and promoting the formation of blood cells.

Endogenous GM-CSF is produced by various cells, including macrophages, T cells, and endothelial cells, and acts as a potent signalling molecule to stimulate the bone marrow to produce and release white blood cells into the bloodstream. GM-CSF is known for its multifaceted functions, including enhancing the survival, proliferation, and maturation of granulocytes and monocytes, as well as influencing the activation and functionality of mature immune cells.

Recombinant human GM-CSF, such as molgramostim, was developed in the 1980s as a systemic treatment to boost the immune system after bone marrow transplantation. At Reponex, we are repurposing the molecule for local treatment of severe or difficult to treat infections and wound healing.

Metronidazole & Fosfomycin
Metronidazole was first introduced in the 1960s but remains a fulcrum of many antibiotic treatment regimens due to its selective activity against microorganisms thriving in low-oxygen environments (anaerobes), which are often found in chronic wounds and the intestinal tract. Metronidazole disrupts bacterial DNA synthesis resulting in bacterial cell death.

Fosfomycin was also discovered in the 1960s and is a potent antibiotic with efficacy against a diverse array of both Gram-positive and Gram-negative bacteria, by irreversibly blocking a critical component of bacterial cell wall synthesis resulting in bacterial cell death. Fosfomycin has proven particularly effective against multidrug-resistant strains, making it a crucial therapeutic option in an era marked by escalating antibiotic resistance. As the medical community confronts challenges posed by antibiotic resistance, fosfomycin's role becomes increasingly significant.

Both antibiotics are invariably administered systemically (for example, by oral or intravenous administration). At Reponex, we are working on new formulations of these agents so that they may be administered locally, at high doses directly to the site of infection. In this way, we aim to maximize bacterial killing while minimising exposure of the rest of the body to antibiotics, which can lead to unwanted side effects, inappropriate killing of harmless commensal bacteria, and an increased risk of antimicrobial resistance.

Drug Formulation
Reponex has developed proprietary formulations of GM-CSF alone or in combination with antimicrobial agents to optimise delivery of these drugs to target tissues, while minimising systemic exposure and the risk of unwanted systemic side effects.

These include gel formulations that are either pre-mixed or form during administration (in-situ), for example, when sprayed together. The in-situ gel formulations are a promising platform for the development of products intended to be administered via an endoscope. The individual components of the formulation can be administered with ease due to low viscosity, which when sprayed together form an adhesive gel that fixes to the target tissue (e.g. a polyp or specific area or inflammation).

Continued development of these formulations will be integral to optimising drug performance and securing long-term market protection.

Bacterial peritonitis
Secondary bacterial peritonitis is a severe and potentially life-threatening condition characterized by inflammation and infection of the peritoneum, the membrane lining the abdominal cavity. Secondary bacterial peritonitis results from the contamination of the peritoneal cavity due to perforation or rupture of abdominal organs. Common triggers for secondary bacterial peritonitis include perforated appendicitis, diverticulitis, gastrointestinal perforations, traumatic injuries, or postsurgical complications. The breach in the integrity of the abdominal organs allows the escape of intestinal contents containing bacteria into the peritoneal space, leading to rapid and widespread infection.

Secondary bacterial peritonitis most often presents as an emergency, accounting for approximately 1% of all acute admissions to hospital. Patients experience severe abdominal pain, tenderness, and systemic signs of infection such as fever and elevated white blood cell count. Prompt diagnosis and intervention are crucial to prevent the progression of infection, which can lead to sepsis and multiple organ failure.

The present management of secondary bacterial peritonitis involves a multifaceted approach, including surgical intervention to address the underlying source of contamination, drainage of infected fluid, and a minimum of 3 to 5 days of intravenous broad-spectrum antibiotics followed by a course of oral antibiotics.

RNX-011 is a formulation of GM-CSF in combination with broad spectrum antibiotics, metronidazole and fosfomycin, intended to be given directly to the intraperitoneal cavity during surgery. In an exploratory study funded by Reponex, patients receiving the intraperitoneal combination of GM-CSF and antibiotics, were discharged from hospital earlier (after 2-21 hours vs. 67-169 hours) and without infectious complications (0 versus 2), compared with standard of care treatment with intravenous antibiotics.

Reponex is currently planning to conduct a larger Phase 2 study in a broader patient population and is actively seeking partnerships to streamline future Phase 3 development.

Pouchitis
Inflammatory Bowel Disease (IBD) encompasses a group of chronic inflammatory conditions affecting the gastrointestinal tract, leading to persistent and often debilitating symptoms. The two primary forms of IBD are Crohn's disease and ulcerative colitis, both characterized by periods of active inflammation interspersed with periods of remission. IBD is a complex and multifactorial disorder, involving a combination of genetic, environmental, and immunological factors. IBD affects up to 7 million people globally, and the incidence is increasing.

Pouchitis is a complication that can arise in patients who undergo ileal pouch-anal anastomosis (IPAA), a surgical procedure performed to treat ulcerative colitis. IPAA involves the removal of the colon and rectum, and the creation of an internal pouch from the end of the small intestine (ileum) to serve as a reservoir for stool. This surgery is considered a standard treatment for ulcerative colitis when medical therapy fails or becomes inadequate.

Pouchitis refers to inflammation of the ileal pouch, and it represents one of the most common long-term complications following IPAA. The condition is characterized by symptoms similar to ulcerative colitis, such as increased frequency of bowel movements, urgency, abdominal cramping, and in some cases, bloody stools.

Managing pouchitis is crucial to optimizing the quality of life for individuals who have undergone IPAA for ulcerative colitis. Treatment strategies for pouchitis often include antibiotics, which can help alleviate symptoms by targeting the underlying bacterial overgrowth or imbalance within the pouch; however, a significant proportion of patients have recurrent or chronic pouchitis. In some instances, pouchitis can lead to pouch failure, and reversion to a permanent ileostomy.

RNX-041 is a formulation of GM-CSF in combination with broad spectrum antibiotics, metronidazole and fostomycin, intended to be administered by enema directly into the pouch, with the aim of restoring the balance between immune cell function and bacterial growth, and stimulating repair of the endothelium.

Reponex is currently funding an exploratory study of GM-CSF, metronidazole and fosfomycin, and is actively pursuing an Orphan Drug Designation for the continued development of RNX-041. Reponex is actively seeking partnerships to continue the clinical development of RNX-041.

Colorectal adenoma and colorectal cancer
Colorectal cancer, a significant global health concern, arises in the colon or rectum and is characterized by the uncontrolled growth of abnormal cells within the lining of the large intestine. Colorectal cancer is the third most common cancer worldwide and the second leading cause of cancer-related deaths, highlighting its impact on public health. The number of people diagnosed with colorectal cancer is expected to increase by 60% over the next 15 years.

The development of colorectal cancer is often a gradual process, typically starting as small, benign growths called polyps on the inner lining of the colon or rectum. While not all polyps transform into cancer, some may progress over time, acquiring genetic mutations that lead to malignant transformation. Early detection and removal of colorectal adenomas are essential components of colorectal cancer prevention strategies. Regular screening, such as colonoscopies, plays a crucial role in the detection and removal of adenomas, thus preventing the

The role of biofilms in colorectal cancer development is an area of emerging research, and while the relationship is not yet fully elucidated, there is evidence suggesting that biofilms may play a role in promoting chronic inflammation and influencing the progression of colorectal neoplasia. One example is a species of bacteria called Fusobacterium nucleatum, which is often enriched in colorectal tumours, and its presence has been associated with an increased risk of cancer and worse clinical outcomes.

RNX-051 is a formulation of metronidazole and fosfomycin, that forms an in-situ gel when sprayed directly to the intestinal wall (e.g., during colonoscopy). Reponex has funded an exploratory study of these agents in patients with adenomas or colorectal cancer. Results of these studies are expected soon and will guide further clinical development.

Reponex sees a potential of RNX-051 in endoscopic surveillance in the management of hereditary adenomatous diseases, such as Familial Adenomatous Polyposis (FAP), MUTYH-associated polyposis (MAP), and Lynch syndrome. These genetic conditions predispose individuals to the development of colorectal adenomas, significantly elevating their risk of colorectal cancer, and potentially qualify for Orphan Drug Designation.

Chronic skin ulcers
Chronic skin ulcers present a challenging and persistent medical condition that often involves impaired wound healing and an extended inflammatory response. It is estimated that 1-2% of the population will develop chronic skin ulcers during their lifetime, and between 25-50% of hospitalised patients have chronic skin ulcers.

The development and perpetuation of chronic skin ulcers are influenced by a variety of factors, including vascular insufficiency, diabetes, and immune dysfunction. Recent research has shed light on the significant role that biofilms may play in exacerbating the complexity of chronic skin ulcers.

In the context of chronic skin ulcers, biofilms can form on the wound bed, comprising bacteria, fungi, and other microorganisms. These biofilms create a resilient and structured environment that facilitates bacterial colonization and persistence. Biofilms contribute to the chronicity of ulcers by promoting microbial resistance to antibiotics, hindering immune responses, and fostering an environment that sustains inflammation.

Effective treatment of chronic skin ulcers with topical antiseptics and topical or systemic antimicrobial agents is challenging owing to the number of bacterial species within a single wound, and the organisation of these colonies within the biofilm. Protracted or ineffective antibiotic treatment increases the risk of antimicrobial drug resistance.

RNX-021, RNX-022, and RNX-023 are formulations of GM-CSF alone or in combination with different antimicrobial agents aimed at restoring immunological balance within the wound micro-environment through the removal of bacteria and dead tissue and stimulating the formation of new epithelium resulting in wound healing.

Estimates and judgements

The preparation of the annual financial statements requires the making of estimates and judgements that effects the reporting of assets, liabilities and expenses. The estimates and judgements are reviewed on an ongoing basis. Estimates and judgements are based on actual results and on various other assumptions, which the Companmy believes to be reasonable under the circumstances. However, the actual result may differ significantly from the estimates. We believe that the accounting policies relating to intangible assets involve estimates or judgements that could affect the reported financial position and results.

As further described in note 1.1, the Company has changed its accounting for development projects, as Management consider that development projects are still in progress, and hence the amortisation recognised in past years have been reversed, and in stead, the development projects are subject to an annual imapirment assessment. The impact from the change in accounting policy is not considered to be significant. See disclosure in note 1.1.

Financial performance

In 2023, the Company has continued its work on preparing the portfolio of clinical programs being ready for commercialization in the coming years.

The result for the year, a loss of TDKK 14,346, is in line with Management's expectations for 2023.

Key Figures

	01-01-2023 - 31-12-2023 (audited)	*01-01-2022 - 31-12-2022 (audited)*	*01-01-2021 - 31-12-2021 (audited)*	*01-01-2020 - 31-12-2020 (audited)*	*01-01-2019 - 31-12-2019 (audited)*
	TDKK	TDKK	TDKK	TDKK	TDKK
Revenue	0	0	0	0	0
Operating profit/loss	-16,600	-11,277	-12,603	-2,302	-2,337
Financials costs, net	21	-22	-250	-81	-21
Profit/loss	-14,346	-9,444	-9,883	-1,505	-1,853
Total assets	21,662	21,516	28,708	20,408	17,502
Investments in tangible assets	73	0	0	0	16
Equity	16,757	18,911	27,371	13,428	14,933
*Solvency ratio	77.4%	87.9%	95.3%	65.8%	85.3%

*Solvency ratio: Equity at year-end/Total assets

Financial resources

Reponex is financed by Pharma Equity Group A/S. Reference is made to the annual financial report of Pharma Equity Group A/S.

Events after 31 December 2023

No Important events have occurred after 31 December 2023.

Management's report

The Board of Directors and the Executive management have today considered and approved the annual report of Reponex Pharmaceuticals A/S for the year 1 January 2023 - 31 December 2023.

The financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the financial statements provide a true and fair view of the Company's assets and liabilities and its financial position at 31 December 2023 and of the Company's results of its activities and cash flow for the year 1 January to 31 December 2023.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is submitted for adoption by the general meeting.

Hørsholm, 20 March 2024

Executive Management

Thomas Kaas Selsø, CEO

Board of Directors

Christian Vinding Thomsen Chairman	Troels Peter Troelsen Vice chairman	Charlotte Pahl

Independent auditor´s report

To the Shareholder of Reponex Pharmaceuticals A/S

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of Reponex Pharmaceuticals A/S for the financial year 1 January - 31 December 2023, which comprise statements of comprehensive income, financial position, changes in equity and cash flows, and notes, including material accounting policy information. The financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Moreover, Management is responsible for the internal control which Management deems necessary to prepare the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate them all relationships and other matters that may reasonably thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the financial statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work performed, we conclude that Management Commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management Commentary.

Copenhagen, 20 March 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Kim Mücke
State Authorised Public Accountant
MNE no. mne10944

Statement of comprehensive income

Note		*2023* TDKK	*2022* TDKK (restated)
	Revenue	**0**	**0**
	Production costs	0	0
	Gross profit	**0**	**0**
	Research and development costs	-9,082	-5,497
	Administrative costs	-7,517	-5,780
	Operating profit/loss (EBIT)	**-16,600**	**-11,277**
5	Financial income	66	0
	Financial expenses	-45	-22
	Profit/loss before tax	**-16,579**	**-11,299**
6	Tax on profit/loss for the year	2,233	1,855
	Net profit/loss for the year	**-14,346**	**-9,444**
	Other comprehensive income/loss	0	0
	Total comprehensive income/loss	**-14,346**	**-9,444**

ASSETS

Note		*31-12-2023* TDKK	*31-12-2022* TDKK (restated)
	Non-current assets		
7	Intangible assets	13,598	13,860
8	Tangible assets	55	0
8	Right-of-use assets	452	582
	Total non-current assets	**14,105**	**14,442**
	Current assets		
	Receivable group companies	1,416	0
10	Other receivables	1,548	802
10	Prepaid expenses	423	1,587
5	Current tax receivable	2,233	1,855
11	Cash and cash equivalents	1,938	2,830
	Total current assets	**7,557**	**7,074**
	Total assets	**21,662**	**21,516**

EQUITY AND LIABILITIES

Note		*31-12-2023* TDKK	*31-12-2022* TDKK (restated)
	Share capital	850	830
	Reserve for capitalised development costs	8,604	8,604
	Free reserves	7,302	9,477
12	**Total equity**	**16,757**	**18,911**
7	Lease liabilities	234	295
	Total long-term liabilities	**234**	**295**
	Trade payables	2,659	1,606
7	Lease liabilities	217	286
13	Other liabilities	1,795	418
	Total current liabilities	**4,671**	**2,310**
	Total liabilities	**4,905**	**2,605**
	Total equity and liabilities	**21,662**	**21,516**

	Share capital TDKK	Share premium account TDKK	Reserve for capitalised development costs TDKK	Free reserves TDKK	**Total equity TDKK**
Statement of changes in equity 01-01-2022 - 31-12-2022					
Equity Reponex as at 31-12-2021	830	0	9,959	16,583	27,371
Change in accounting policy - (see note 1.1)	0	0	-1,661	2,427	766
Adjustment of reserve for capitalised development costs	0	0	307	-307	0
Adjusted Equity Reponex as at 01-01-2022	**830**	**0**	**8,604**	**18,703**	**28,137**
Net profit/loss	0	0	0	-9,444	-9,444
Other comprehensive income/loss	0	0	0	0	0
Share based payments	0	0	0	217	217
	0	**0**	**0**	**-9,227**	**-9,227**
Dividends	0	0	0	0	0
Transactions with owners	**0**	**0**	**0**	**0**	**0**
Equity Reponex as at 31-12-2022	**830**	**0**	**8,604**	**9,477**	**18,910**
Statement of changes in equity 01-01-2023 - 31-12-2023					
Equity Reponex as at 01-01-2023	830	0	8,604	9,477	18,910
Net profit/loss	0	0	0	-14,346	-14,346
Other comprehensive income/loss	0	0	0	0	0
	0	**0**	**0**	**-14,346**	**-14,346**
Capital increase from warrants exercised	20	12,684	0	0	12,704
Transfer of share premium	0	-12,172	0	12,172	0
Costs related to warrants exercised	0	-512	0	0	-512
Dividends	0	0	0	0	0
Transactions with owners	**20**	**0**	**0**	**12,172**	**12,192**
Equity Reponex as at 31-12-2023	**850**	**0**	**8,604**	**7,302**	**16,757**

Note		2023 TDKK	2022 TDKK (restated)
	Profit/loss before tax	-16,579	-11,299
	Adjustment of non-cash transactions:		
	Depreciation, amortisation and impairment losses	480	539
	Share based payments	0	217
	Financial income	-66	0
	Financial expenses	45	22
	Change in working capital:		
	Receivables	-745	160
	Trade payables	1,053	860
	Prepaid expenses	1,164	-403
	Receivable group companies	-1,416	0
	Other liabilities	1,377	147
	Net cash used in operating activities before net financials	**-14,687**	**-9,757**
	Financial income received	66	0
	Financial expenses paid	-45	-22
	Corporate tax refund	1,855	1,484
	Net cash used in operating activities	**-12,811**	**-8,295**
	Purchase of tangible assets	-73	0
	Net cash used in investing activities	**-73**	**0**
	Lease instalments	-200	-278
	Proceeds from capital increases, net	12,192	0
	Net cash received from financing activities	**11,992**	**-278**
	Total cash flows for the year	**-893**	**-8,573**
	Cash and cash equivalents beginning of year	2,830	11,403
	Cash equivalents end of year	**1,938**	**2,830**
	Cash and cash equivalents, end of year, comprise:		
	Cash and cash equivalents	1,938	2,830
	Total	**1,938**	**2,830**

Notes

1. Material accounting policy information

1.1 Basis of preparation
The financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class B.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2023.

The financial statements have been prepared on the going concern basis and have been prepared under the historical cost convention.

The material accounting policies are set out below.

Change in presentation inventories / prepaid costs
In the financial report for Reponex for 2022, an amount of TDKK 1,592 was presented as inventory under current assets. The amount consists of purchased and not yet used drugs and materials to be used in the testing and documentation of the development of the different drug candidates. With effect from 2023 such purchases not yet consumed are recognized and presented as prepaid costs. The 2022 figures have been reclassified accordingly.The change in classification does not have any influence of the result nor the equity for the year.

Change in the accounting for development projects:
Reponex has a pipeline of biotech development projects in the form of product candidates in phase 2. The Company plans to out-license their product candidates to partners when this is considered feasible and commercial attractive.

Until 2020, Reponex capitalized certain development costs relating to the then ongoing development projects. Due to the general uncertainty as to whether final approvals will be obtained, and thereby the inherent uncertainty relating to the value of the ongoing development projects, Reponex ceased to capitalize further development costs from 2021, and from 2021 the then capitalized development costs have been subject to amortization on a straight-line basis over 14 years being the remaining life-time (in 2021) for underlying patents.

Considering that the development is still ongoing for the product candidates, Management has reconsidered the accounting policy adopted in 2021, and Management has concluded that it is inappropriate to amortize the capitalized development costs since amortization imply that the development has been completed and the related intellectual properties have been taken in use, which is not yet in fact the case. On this basis, from 2023 the amounts capitalized in the past are now presented as “Development projects in progress” rather than “Completed development projects”. The change is accounted for as a change in accounting policy with retroactive impact from 2021 where the previous practice was introduced, and hence the comparative figures for 2022 and 2021 have been amended accordingly by reversing the amortization charges recognized in 2022 and 2021. As a consequence of the changed accounting, the capitalized development costs will be tested annually for impairment. See note 2.1 and note 7.

The change can be summarized as follows:

Effect of change in Accounting policy	2023		2022	
	Amounts under new policy TDKK	Amounts under previous policy TDKK	Amounts under new policy TDKK	Amounts under new policy TDKK
Income statement:				
Research and development costs	-9,082	-9,848	-5,497	-6,263
Operating profit/loss (EBIT)	-16,600	-17,366	-11,277	-12,043
Tax on profit/loss for the year	2,233	2,233	1,855	1,855
Net profit/loss for the year	-14,346	-15,112	-9,444	-10,210
Total comprehensive income/loss	-14,346	-15,112	-9,444	-10,210
			0	
Statement of financial position:			0	
Intangible assets	13,598	11,301	13,860	12,328
Reserve for capitalised development costs	8,604	6,813	8,604	7,409
Total equity	16,757	14,460	18,911	17,379
Total balance sheet	21,662	19,365	21,516	19,984

1.2 Foreign currency translation

Functional and presentation currency

The financial statements are presented in DKK, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.3 Revenue and segments

The Company has not yet engaged in revenue generating activities and hence no revenue is recognized in the financial statements.

1.4 Research and development costs

Research and development costs primarily comprise internal and external costs related to development activity. The costs include external consultants, employee costs, materials and registration work regarding patents.

1.5 Administrative costs

Administrative costs comprise costs incurred during the year concerning management and company costs, including costs concerning administrative staff and IT etc.

1.6 Net financials

Net financials comprise interest, currency gains/losses, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax repayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts that relate to the respective financial years.

1.7 Share based employee remuneration
In the past, Reponex has issued equity-settled share-based remuneration plans for its employees and members of the board of directors. The last plan was settled in February 2023 with an equity inflow of DKK 12.7m in Reponex. As per 31.12 2023 there are no ongoing share-based remuneration plans.

In the past, the share-based remuneration plans have been recognized as an expense with a corresponding credit to free reserves. If vesting periods or other vesting conditions applied, the expense was allocated over the vesting period, based on the best available estimate of the number of share expected to vest.
Upon exercise of warrants, the proceeds received, net of any directly attributable transaction costs, have been allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium, and where the share premium amount is immediately reclassified to free reserves as allowed under the Danish Company Law.

1.8 Intangible assets
Development projects and patents
Patents and development costs recognised in the balance sheet are measured at cost less accumulated amortization and write-downs for impairment. Patents and finalized development projects are amortized over the remaining lifetime of the patents. Development projects in progress are not amortised, but are tested annually for potential impairment. Amortization methods, useful years and residual values are reviewed every year. Reference is made to note 1.1 above where a change between completed and ongoing development projects is described inluding reversal of amortisation recognised in the past. Further reference is made to note 2.1 where the most significant estimations relating to development projets and patents are described.

Gain and loss from the sale of intangibles are calculated based on the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the income statement as other operating income or other operating expenses.

1.9 Tangible assets
Tangible fixed assets are measured at cost less accumulated depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the depreciation period or the residual value is changed, the effect on deprecation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use. The cost of an asset is divided into separate components when relevant, these components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is recognized on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Equipment	3-5 years	0%

Gain or loss derived from the disposal of tangible fixed is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Gain or loss is recognised in the income statement as other operating income or other operating expenses.

1.10 Leased assets and leasing liabilities
The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognizes right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short-term leases and leases of low value. For these leases, lease payments is recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses if any. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of the Company's corresponding assets such as equipment. In addition, right-of-use assets are periodically reduced by impairment losses, if any.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:
- Fixed payments.
- Variable payments, if any, dependent on an index or rate.
- The exercise price of a purchase option, if any, if it is reasonably certain that the option will be exercised.
- Amounts expected to be payable under residual value guarantees, if applicable.

The lease liabilities are subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

1.11 Impairment testing of intangible assets and tangible assets
The carrying amount of both intangible and tangible assets are subject to an annual impairment assessment in order to disclose any indication of impairment beyond those expressed by amortisation and depreciation.

If indications of impairment are are assessed to exist, impairment test are carried out for each individual asset or group of assets (cash-generating unit).

Development projects in progress and any intangible assets with indefinite lives will be impairment tested annually, no matter whether or not there are any indication of impairment.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. Reference is made to note 2.1 and 7 for a discussion of the impairment assessments and impairment testing applied for 2023.

1.12 Financial instruments
Recognition, initial measurement and de-recognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments (currently not relevant) are classified into the following categories upon initial recognition:
1) loans and receivables (amortized costs)
2) financial assets at fair value through profit or loss (FVTPL) - currently not relevant
3) held-to-maturity (HTM) investments - currently not relevant.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and various receivables fall into this category of financial instruments.

1.13 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, including any expected tax refund under the tax credit system for development activities. As described in note 6, current tax in 2022 and 2023 only relate to recognition of tax credit relating to the Company's development activities.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company`s forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

As further described in note 6, no deferred tax assets have been recognized at 31.12.2023 and 31.12.2022.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

1.14 Cash and cash equivalents
Cash and cash equivalents comprise on demand bank deposits.

1.15 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and fully paid in.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. As allowed under Danish corporate laws, share premium is presented as part of free reserves, since share premium is a available for dividend distribution and can be used to cover negative free reserves.

Reserve for development costs comprise the value of capitalised development projects in progress, net of any tax impact. The reserve is not available for distribution.

Free reserves include all current and prior period retained profits and losses and share-based employee remuneration as well as transfers of share premium.

All transactions with owners are recognized separately within equity.

Dividend distributions payable to shareholders are included in other liabilities when the dividends have been approved at a general meeting prior to the reporting date.

1.16 Provisions, contingent assets and contingent liabilities
Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

No provisions have been recognized at 31. 12.2023 and 31.12.2022.

2 Significant accounting estimates and judgements
For 2023, Management has especially applied significant accounting estimates and judgements as follows:

2.1 Accounting for development costs
The Company is engaged in development activities relating to various product candidates and as such, for financial reporting purposes, the Company makes estimates as to whether the development costs meet the requirements for capitalization, or whether the costs incurred should be expensed as incurred. Reponex' development projects are all ongoing with the target of entering into partnerships with third parties who will bring the products to the market based on license agreements securing the Company revenue in the form of upfront license payments and ongoing license payments.

With effect from 2021 the then Reponex Management assessed that development costs incurred in 2021 and onwards did not meet the capitalization criteria in IAS 38 "Intangibles" and hence all development costs incurred from 2021 and onwards have been expensed as incurred. Despite Management has positive expectations for all ongoing product candidates, inherent significant uncertainty exist as to the future commercial and economical potential, including whether regulatory approvals will be obtained as a key success factor. Hence, Management has determined that it is considered most appropriate to expense all development costs as incurred also in 2023.

Also from 2021, Reponex began amortization of the amounts capitalized in the past of totally DKK 11.0m. As described in note 1.1, Management has reassessed this accounting policy and concluded that it is inappropriate to recognize amortization charges as long as the product candidates are under development and no income generating activities take place. Hence past amortization charges have been reversed applying the rules for changes in accounting policy with retroactive adjustment of comparative figures.

As a result of reclassifying the development projects to be projects in progress, IAS 38 requires that these ongoing projects are tested for impairment at least annually by comparing the carrying amounts with the recoverable amounts where the recoverable amounts are the higher of fair value less cost of disposal and value in use. Considering that the Company's primary activities relating to the ongoing development of the product candidates also are the primary activity of Pharma Equity Group A/S, the market capitalization of the Pharma Equity Group's share capital, adjusted for certain assets and liabilities, is considered to be a fair reflection of the fair value of the product candidates (referred to as "deemed fair value"). At 31 December 2023, the market capitalization of Pharma Equity Group was approx. DKK 440m, and adjusting for certain assets and liabilities, the estimated fair value of the product candidates extracted from the market capitalization equals DKK 401m, which can be compared to the carrying value of DKK 11.0m at 31 December 2023. The deemed fair value exceeds the carrying amount with a considerable head room, and thereby it can be concluded the carrying amount of development projects in progress is not impaired. Since fair value is extracted from the market value of Pharma Equity Group A/S, the fair value is considered to be based on level 2 in the IFRS fair value hierarchy.

The impairment assessment has been prepared on a portfolio basis. IAS 36 "Impairment of assets" requires that the assessment should be prepared at the smallest identifiable group of assets, which ideally are the individual product candidates. The deemed fair value extracted from the market capitalization of the Group are not stated per product candidate. Considering the level of head room for the portfolio as a whole and considering that the development of all product candidates are ongoing with realistic expectations that partnerships or other types of revenue generating activities can be achieved for all product candidates, Management has concluded that it is appropriate and realistic to assume an allocation of the deemed fair value to the underlying product candidates would show head room also on an individual basis.

3. Nature of operations
Reponex Pharmaceuticals A/S is a limited liability company incorporated in Hørsholm, Denmark. From 24 March 2023, the Company is a wholly owned subsidiary of Pharma Equity Group A/S.

Reponex Pharmaceuticals A/S is a clinical-stage pharmaceutical company dedicated to the development of new, effective treatments for diseases that have significant patient and social impact and for which current therapy is lacking or in need of improvement.

The diseases may be acute and life threatening, such as bacterial peritonitis or colorectal cancer, or may be chronic diseases that spoil the quality of life and may shorten it, such as inflammatory bowel diseases, or complications of chronic diseases such as the disabling non-healing skin ulcers in patients with diabetes or venous insufficiency.

4. Staff costs	*2023* TDKK	*2022* TDKK
Wages and salaries	4,358	2,180
Share based payments	0	217
Pensions	342	117
Social security costs	12	20
Total	**4,712**	**2,534**

Staff costs are presented as follows in the income statement:		
Research and development costs	2,173	0
Administrative costs	2,539	2,534
Total	**4,712**	**2,534**

	2023	*2022*
Average number of employees in the period	5	3
Total	**5**	**3**

Remuneration of Key Management	*2023* TDKK	*2022* TDKK
Board of Directors	175	0
CEO	2,099	1,757
Other Key Management Personnel	0	0
Total	**2,274**	**1,757**

Share based employee remuneration

In February 2023, warrant holders of Reponex exercised 203.266 warrants resulting in a cash equity inflow of DKK 12,7 million after which there are no outstanding warrants. The expense of the program was allocated over the original vesting period where the expense was determined using Black-Scholes formula as follows:

Grant date	**27 Aug 2020**
Vesting period ends (original agreement)	15 Sept 2023
Share price (DKK) at date of grant	45.00
Volatility	20.58%
Option period	3.7 years
Risk-free rate	-0.34%
Fair value (DKK) per option at grant date	2.255
Exercise price (DKK) at date of grant	62.50

The standard volatility was calculated on the basis of daily returns on pharmaceutical companies on STOXX 24 months before the grant of warrants. As the risk free rate, the 10-year treasury bond rate was used based on the average in August 2020.

The value of the warrants program was calculated to TDKK 543 which was to be allocated over the vesting period. As part of the preparation of the PEG/Reponex transaction where the warrants program was changed to be exercised before the transaction date, Reponex decided to recognise the remaining value in full in its 2022 financial statements, hence no cost has been recognised in 2023.

5. Financial income	*2023* TDKK	*2022* TDKK
Interest income from group company	51	0
Other interest income	14	0
Total	**66**	**0**

6. Tax	*2023* DKK	*2022* DKK
Tax on profit/loss for the year:		
Current tax	-2,233	-1,855
Change in deferred tax	-1,417	-1,296
Deferred tax asset not capitalized	1,417	1,296
Total	**-2,233**	**-1,855**

Under Danish tax legislation, the Company can apply for tax credit based on qualifying research and development expenses. For 2023, the expected tax credit is expected to be TKKK 2,233 (TDKK 1,855 in 2022 - amount was receieved in November 2023).

Reconciliation of effective tax rate:			
Loss before tax		-16,579	-11,299
Tax computed on the profit/loss before tax at a tax rate of 22%		-3,647	-2,654
Permanent differences		-3	-497
Not capitalized tax asset		1,417	1,296
Total - Effective tax rate	**13.5%**	**-2,233**	**-1,855**

	2023 TDKK	*2022* TDKK
Deferred tax is related to the following assets and liabilities:		
Deferred taxes arising from temporary differences are summarised below:		
Intangible assets	2,662	2,551
Tangible assets	12	0
Taxable loss carried forward	-5,607	-4,067
Deferred tax asset not capitalized	2,933	1,516
Total deferred tax	**0**	**0**

The Company has an accumulated tax loss of DKK 25.5m the value of which equals DKK 5.6m (tax rate 22%). The value of the tax losses has not been recognised on the balance sheet. Any recognition awaits that the Company will become profitable on a sustainable basis.

Tax losses incurred after 24 March 2023 can be also be used by Pharma Equity Group A/S, in which case, Pharma Equity Group A/S will pay a tax contribution for the use of the Company's tax losses.

Current tax receivable	*2023* TDKK	*2022* TDKK
Tax reimbursement, calculated for the year	-2,233	-1,855
Current tax receivable, total	**-2,233**	**-1,855**

7. Intangible assets

	Patents and licenses TDKK	Development projects in progress TDKK	Total TDKK
		(restated)	*restated)*
Financial year 2022			
Cost as at 01-01-2022	5,822	11,031	16,853
Cost as at 31-12-2022	**5,822**	**11,031**	**16,853**
Amortisation and impairment losses as at 01-01-2022	2,731	0	2,731
Amortisation for the year	262	0	262
Amortisation and impairment losses as at 31-12-2022	**2,993**	**0**	**2,993**
Carrying amount as at 31-12-2022	**2,829**	**11,031**	**13,860**
Financial year 2023			
Cost as at 01-01-2023	5,822	11,031	16,853
Cost as at 31-12-2023	**5,822**	**11,031**	**16,853**
Amortisation and impairment losses as at 01-01-2023	2,993	0	2,993
Amortisation for the year	262	0	262
Amortisation and impairment losses as at 31-12-2023	**3,254**	**0**	**3,254**
Carrying amount as at 31-12-2023	**2,567**	**11,031**	**13,598**

Reference is made to note 1.1 where it is described that Management has concluded that since all development projects are ongoing, the accounting for the development projects has changed with retroactive effect so that amortization charges are not recognized as long as projects are still under development and no revenue generating activities have started. Past recognized amortization has been reversed retroactively. The above table hence reflect the updated accounting for development projects in progress.

As a result of changing the classification of development projects to be projects in progress, IAS 38 requires that these ongoing projects are tested for impairment at least annually by comparing the carrying amounts with the recoverable amounts where the recoverable amounts are the higher of fair value less cost of disposal and value in use. As stated in note 2.1, based on fair value of the development projects being extracted from the market capitalization of the parente company; Pharma Equity Group A/S (”deemed fair value”), the deemed fair value exceeds the carrying value of the development projects with considerable head room and Management has concluded that the development projects recognized on the statement of financial position are not impaired.

Patents are amortized over the remaining life of underlying patents and thereby allocating the cost over the period where Reponex obtains protection and exclusivity to use the knowhow that the patents represent.

8. Tangible assets, right-of-use assets and leasing liabilities	*31-12-2023* TDKK	*31-12-2022* TDKK
Equipment		
Cost 01-01	16	16
Additions during the year	73	0
Disposals during the year	0	0
Cost 31-12	**89**	**16**
Depreciation and impairment losses at 01-01	16	16
Depreciation for the year	18	0
Depreciation and impairment losses at 31-12	**34**	**16**
Carrying amount as at 31-12-2023	**55**	**0**
Right-of-use assets		
Cost 01-01	860	474
Additions	652	386
Disposals	-860	0
Cost 31-12-2022	**652**	**860**
Depreciation and impairment losses 01-01-2022	278	0
Depreciation for the year	200	278
Disposals	-278	0
Depreciation and impairment losses 31-12	**200**	**278**
Carrying amount 31 December	**452**	**582**
Lease Liabilities		
Balance 01.01	582	474
Additions	652	386
Termination of leases	-582	0
Interest	45	22
Payments	-245	-300
Balance 31-12	**452**	**582**
Leasing amounts included in the income statement		
Low value and short terms leases	0	0
Interest expense leases	45	22
Depreciation right-of-use assets	200	278
Total leasing costs	**245**	**300**

9. Financial assets and liabilities

Financial assets	*31-12-2023*	*31-12-2022*
Loans and receivables carried at amortised cost	TDKK	TDKK
Receivable group companies	1,416	0
Other receivables	1,548	802
Cash and cash equivalents	1,938	2,830
Other short term financial assets	**4,902**	**3,632**
Total financial assets	**4,902**	**3,632**

Financial Liabilities	*31-12-2023*	*31-12-2022*
Financial liabilities carried at amortised costs	TDKK	TDKK
Trade and other payables	4,454	2,024
Short term lease liabilities	217	286
Long term lease liabilities	234	295
Total financial liabilities	**4,905**	**2,605**

The fair value of the above financial assets and liabilities are deemed to approximate their book values due to their relative short term nature as at 31 December 2023 and 31 December 2022 and where interest levels for interest bearing financial assets and liabilities are at arms-length-terms applying level 3 in IFRS fair value hierarchy.

	31-12-2023	*31-12-2022*
	TDKK	TDKK

10. Prepayments and other receivables

Prepayments for drugs and materials*	413	1,587
Other prepayments	9	0
VAT receivable	1,194	802
Other receivables	354	0
Non-financial assets	**1,970**	**2,389**

*Prepayments for drugs and materials were in 2022 classified as inventory. Reference is made to note 1.1

	31-12-2023	*31-12-2022*
	TDKK	TDKK

11. Cash and cash equivalents

Bank deposits	1,938	2,830
Total	**1,938**	**2,830**

12. Share capital

Capital management policies and procedures and capital rescources

The Company's share capital consists of 8,498,675 ordinary shares of DKK 0.10 each. The shares are fully paid up. All shares are equally eligible to receive dividends and repayment of capital and each share represents one vote at the shareholders' meeting.

The Company's capital management policies and procedures take place in close cooperation with the management of the parent company; Pharma Equity Group A/S.

The primary long-term capital management objectives are to provide a satisfactory return to the parent company. In the short-term and mid-term, until revenue will begin to flow-in and cash-flow from operations will be sufficient to cover investment activities and financial commitments, Management has a strong focus on securing that sufficient funds are available to carry-out its development and other operating activities as planned in the short-term and mid-term.

The Company monitors capital on the basis of the carrying amount of equity plus financial borrowings less cash and cash equivalents as presented on the statement of financial position.

In 2023, the Company obtained equity funding of totally DKK 12.2m through Reponex warrants holders exersing warrants to share capital, which secured the funding for activities in 2023.

For 2024, the Company will obtain funding from the parent company to fund its planned activities for 2024 and to ensure that the Company will settle its debts as it falls due. Reference is made to the annual report of Pharma Equity Group A/S, which describes how Pharma Equity Group A/S has secured sufficient funding for 2024 for the parent and Reponex Pharmaceuticals A/S.

13. Other liabilities	2023 DKK	2022 DKK
A-tax (withholding tax) and other social securities costs	314	80
Holiday pay	109	58
Salaries and bonus	883	0
Other liabilities	390	280
Other liabilities - current	**1,695**	**418**

14. Contingent liabilities

As from 24 March 2023, the Company became jointly taxed with Pharma Equity Group A/S with the parent company as the administration company of the joint taxation. According to the joint taxation provisions of the Danish Corporation Tax Act, as from 24 March 2023 the Company is therefore liable for income taxes etc. for the jointly taxed entities, and obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. Corporate income tax payable for the Danish jointly taxed companies amounted to DKK 0k at 31 December 2023.

15. Financial risks and financial instruments

Risk management policy
The Company manages its risks in close cooperation with its parent company; Pharma Equity Group A/S. The Company is exposed to some financial risks, which result from its operating activities. The Company does not actively engage in the trading of financial assets and financial derivatives.

Credit risk
Credit risk primarily relates to other receivables, which primarily consist of VAT receivable, with no counter party risk.

Interest rate risks
The Company's interest rate risk is only related to the interest implicit in its lease liabilities, and is as such not subject to any significant interest rate risks.

Foreign currency risk
The Company incur certain costs in other currencies than DKK, though the level of such costs are limited, and hence the Company is not considered to be subject to special currency risks and exposures at the moment.

Liquidity risk
The Company's liquidity risks cover the risk that the Group is not able to meet its liabilities as they fall due. Reference is made to the information in note 12.

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest:

	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2022					
Trade payables	1,606	0	0	0	1,606
Lease liabilities	286	295	0	0	581
Other payables	418	0	0	0	418
Total	**2,310**	**295**	**0**	**0**	**2,605**

All financial liabilities as at 31 December 2022 are measured at amortised cost.

	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2023					
Trade payables	2,659	0	0	0	2,659
Lease liabilities	217	234	0	0	452
Other payables	1,795	0	0	0	1,795
Total	**4,671**	**234**	**0**	**0**	**4,905**

All financial liabilities as at 31 December 2023 are measured at amortised cost.

16. Related party transactions

From 24 March 2023, the Company has been a wholly owned subsidiary of Pharma Equity Group A/S, who from this date has dad control over the Company.

The Company is included in the Consolidated financial statements of Pharma Equity Group A/S.

Below is a summary of transactions with Pharma Equity Group A/S:

	2023	*2022*
	DKK	DKK
Management fee to Pharma Equity Group A/S	450	0
Interest income from Pharma Equity Group A/S	51	0
Receivable from Pharma Equity Group A/S at 31.12.	1,416	0

17. Adoption of the annual report for publication

At the board meeting held on 20 March 2024, the Board of Directors adopted the Annual Report for publication. The Annual Report is presented for the shareholders' approval at the annual shareholders' meeting to be held on 16 April 2024.

18. Events occuring after the balance sheet date

No significant events have occurred after 31 December 2023.