

Initiator Pharma A/S: The board proposes Extraordinary General Meeting to decide on the conduction of a rights issue of units

Aarhus, Denmark, February 6 2018 – Initiator Pharma A/S ("Initiator Pharma"), hereby announces that the board has proposed to an Extraordinary General Meeting to conduct a rights issue of up to 8 683 941 shares and 5 789 294 attached consideration-free share options of series TO1, as units. Fully subscribed rights issue provides Initiator Pharma initially with approximately SEK 19.1 million through subscription of shares and a further approximately SEK 12.7 million in the case that all attached share options are exercised. In total, approximately SEK 31.8 million before issuing costs. The general public are also invited to subscribe for units in the rights issue. Beforehand, Initiator Pharma has agreed on subscription commitments amounting to approximately SEK 8 million and guarantee commitments amounting to SEK 5.5 million. The guarantee commitments are activated top-down, meaning that the guarantee commitments of approximately SEK 5.5 million will only be activated in the case that the rights issue is not fully subscribed. In total, SEK 13.5 million, which equals about 70 % of the rights issue's total initial volume, has been agreed in writing. Notice of Extraordinary General Meeting will be published shortly.

Summary of the offering

- **Subscription period:** 15th of March until the 29th of March 2018.
- **Record date and preferential rights:** The record date is on the 9th of March 2018. Shareholders of Initiator Pharma at the record date have preferential rights in the unit issue. Last day of trading in Initiator Pharma's share including the right to receive unit rights is on 7th of March 2018. First day of trading in Initiator Pharma's share excluding the right to receive unit rights is on 8th of March 2018. Each currently held share qualifies for one (1) unit right. Three (3) unit rights entitles the subscriber to subscribe for one (1) unit. One (1) unit consists of three (3) new shares and two (2) consideration free share options of series TO 1.
- **Issue price:** 6,60 SEK per unit, corresponding to 2,20 SEK per share. Share options of series TO 1 are received free of consideration.
- **Volume of issuance:** The offering consists of 8 683 941 shares at the most and a total of 5 789 294 share options of series TO 1 at the most, corresponding to approximately SEK 19.1 million and SEK 12.7 million respectively. If the unit issue are fully subscribed and all the share options of series TO 1 are executed, Initiator Pharma is provided with a total of approximately SEK 31.8 million before issuing costs.
- **Subscription commitments and guarantee commitments:** Initiator Pharma has prior to the planned unit issue in writing agreed on subscription commitments of approximately SEK 8 million and guarantee commitments of approximately SEK 5.5 million. Thus, in total the company has agreed on approximately SEK 13.5 million, corresponding to approximately 70 % of the issue volume, through subscription commitments and guarantee commitments.
- **Number of shares before the unit issue:** 8 683 943 shares.
- **Valuation (pre-money):** Approximately SEK 19.1 million.
- **Trading in unit rights:** Trading in unit rights will be made at AktieTorget during the time period 15th of March – 27th of March 2018.
- **Trading in BTU:** Trading in BTU (Paid Subscribed Unit) will take place on AktieTorget from 15th of March 2018 until Erhvervsstyrelsen has registered the unit issue. This registration is expected to take place in the middle of April 2018.
- **Marketplace:** The share of Initiator Pharma is listed at AktieTorget.
- **Cross border-transfer of securities:** From February 9th 2018 until March 12th 2018, cross border-transfer of shares, i.e. transfers of shares from VP-Securities to Euroclear or vice versa, in Initiator Pharma, are stopped. Unit rights and paid and subscribed units ("BTU") in the company will not be subject to cross border-transfer between VP-Securities and Euroclear during this period.

Summary of the terms for the share options

- The issued share options of series TO 1 are planned to be subject to trading on AktieTorget in end of April 2018.

- Possession of one (1) share option of series TO 1 entitle to subscription for one (1) new share for a price of 2,20 SEK. Subscription for shares on the basis of share options can be made from 11th of October 2018 until the 1st of November 2018.

Motive for the planned rights issue and use of the rights issue funds

In January 2018, Initiator Pharma announced that the company had successfully completed the pre-clinical development, ahead of the earlier communicated schedule. With the positive results from the concluding studies within genotoxicology and safety pharmacology in the pre-clinical development of IPED2015, the company have passed a major milestone in the continued development of IPED2015. The company's goal is, as soon as possible, start a clinical Phase 1 study. Regarding the upcoming clinical development, Initiator Pharma's board of directors have recently taken a strategically important decision which has positive effects on both the duration and cost. The board now assesses that the clinical Phase 1 study can be completed already in 2018. After that, the clinical Phase 2a study will start and the company's goal is to conclude this with achieved clinical Phase 2a proof of concept during H1 2019 – approximately one year ahead of the original time schedule and at a lower capital need. It is the board's assessment that the company, with a successful clinical Phase 2a study, will have a data package for IPED2015 that will be interesting for potential pharmaceutical partners. Consequently, this bring an exit opportunity already in 2019. The board of Initiator Pharma now assesses that the remaining development cost for IPED2015, including clinical Phase 2a proof of concept, will amount to approximately SEK 30 million, instead of SEK 50 million which has been previously communicated. This means that the estimated remaining cost for reaching a potential exit is approximately SEK 30 million. To finance the completion of a clinical Phase 1 study and a clinical Phase 2a study with obtained proof of concept, the board has now proposed to an Extraordinary General Meeting to conduct a rights issue of approximately SEK 31.8 million in total, of which approximately SEK 19.1 million can be provided to the company initially and approximately SEK 12.7 million can be provided to the company via a full exercise of the attached share options, which will have an exercise period in Q4 2018. The company's main ambition with this financing model is that, in the case that both the now imminent rights issue and the exercise of share options of series TO1 are fully subscribed, no further capital needs to be raised to develop IPED2015 to the point which has been Initiator Pharma's main goal all along – clinical Phase 2a proof of concept.

CEO Claus Olesen comments

"I see several good reasons why Initiator Pharma is a good investment. Firstly, we have a drug candidate which in the preclinic has shown both good efficacy and low toxicity, which of course bodes well for the coming clinical studies. We meet a significant market demand on which we have identified a market segment in which a very large number of patients today are without an effective treatment. Our time- and cost-efficient development plan will also enable us to reach proof of concept, our most value-creating inflection point, already in 2019. The single most important reason to invest in Initiator Pharma is that we can provide a solution to a very serious medical problem which affects a very large number of people."

Full terms and conditions, information on subscription commitment as well as the prospectus and the folder will be published on the company's (www.initiatorpharma.com), AktieTorget's (www.aktietorget.se) and Sedermera Fondkommission's (www.sedermera.se) respective websites no later than when the subscription period of the offering begins.

Financial advisor

Sedermera Fondkommission is the financial advisor to Initiator Pharma in connection with the planned unit issue.

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This information is information that Initiator Pharma A/S is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on February 6th, 2018.

About Initiator Pharma

Initiator Pharma is a Biotech company established in Aarhus, Denmark. Its main asset IPED2015 represents a novel treatment paradigm for patient suffering from Erectile Dysfunction (ED) and will improve the quality of life for the growing number for patients (and their partners) that do not respond to the current market PDE5i medications. Learn more at initiatorpharma.com.

About erectile dysfunction

Erectile dysfunction is characterized by the inability to develop or maintain an erection of the penis during sexual activity. ED affects more than 150 million men worldwide and that number is expected to increase to more than 320 million by 2025, fuelled by aging demographics and increasing prevalence of life style diseases such as diabetes. The large diabetic ED patient segment is often responding poorly to the current medication and is therefore of particular interest for Initiator Pharma. ED patients have decreased quality of life due to various psychosocial factors such as low self-esteem, depression, sadness, anger, frustration, anxiety, relationship problems etc. (Althof, 2002; Shabsigh et al., 1998, Tsai, 2008; Litwin et al., 1998).

This is an English translation of a press release originally drafted in Swedish. In the case of any discrepancies, the Swedish version shall prevail.