ANNUAL REPORT

Clear line of sight to Proof-of-Concept

Initiator Pharma

We are committed to providing a better medical treatment option for the growing number of untreated patients suffering from Sexual Dysfunction, and thereby improving the quality of life for them and their partners.

www.initiatorpharma.com

Initiator Pharma

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Initiator Pharma A/S

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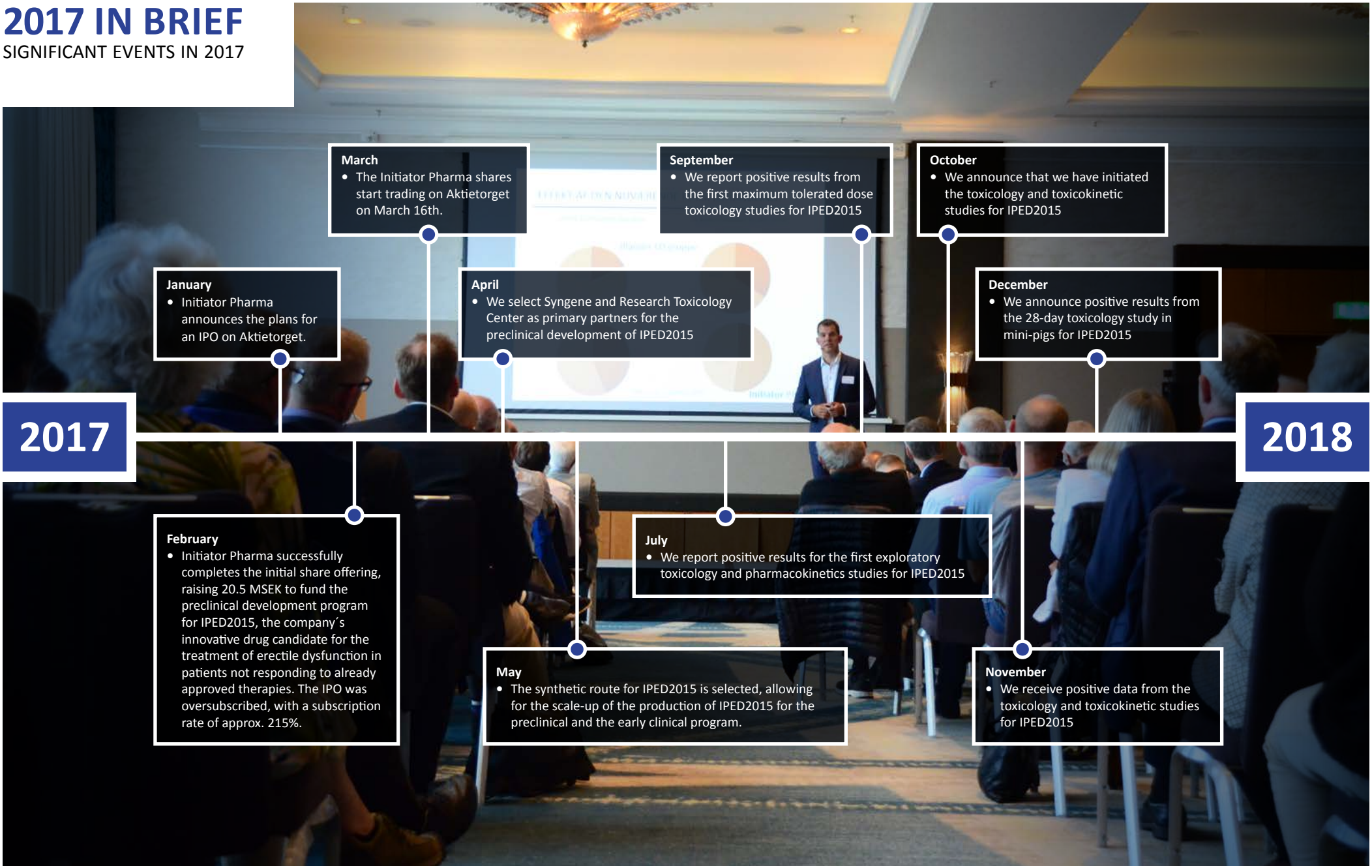


2017

January
- Initiator Pharma announces the plans for an IPO on Aktietorget.

February
- Initiator Pharma successfully completes the initial share offering, raising 20.5 MSEK to fund the preclinical development program for IPED2015, the company´s innovative drug candidate for the treatment of erectile dysfunction in patients not responding to already approved therapies. The IPO was oversubscribed, with a subscription rate of approx. 215%.

March
- The Initiator Pharma shares start trading on Aktietorget on March 16th.

April
- We select Syngene and Research Toxicology Center as primary partners for the preclinical development of IPED2015

May
- The synthetic route for IPED2015 is selected, allowing for the scale-up of the production of IPED2015 for the preclinical and the early clinical program.

July
- We report positive results for the first exploratory toxicology and pharmacokinetics studies for IPED2015

September
- We report positive results from the first maximum tolerated dose toxicology studies for IPED2015

October
- We announce that we have initiated the toxicology and toxicokinetic studies for IPED2015

November
- We receive positive data from the toxicology and toxicokinetic studies for IPED2015

December
- We announce positive results from the 28-day toxicology study in mini-pigs for IPED2015

2018

Key Figures

Income Statement, TDKK	2017	2016
Net sales	0	0
Total operating expenses	-9 561	-887
Operating profit/loss	-9 561	-887
Financial items, net	-801	-5
Profit/loss before tax	-10 362	-892
Tax on net profit	1 780	0
Profit/loss for the year	**-8 582**	**-892**

Balance Sheet, TDKK	2017	2016
Intangible assets	78	101
Property, plant and equipment	134	64
Current receivables	1 917	231
Cash and cash equivalents	7 169	167
Total assets	**9 298**	**563**
Equity	5 964	-371
Current liabilities	3 334	934
Total equity and liabilities	**9 298**	**563**

Cash flow, TDKK	2017	2016
Cash flow from operating activities before changes in working capital	-9 477	-875
Cash flow from operating activities	-7784	-178
Cash flow from investing activities	-132	-177
Cash flow from financing activities	14 917	521
Cash flow for the year	**7 002**	**167**

Key figures, %	2017	2016
Operating margin	na	na
Liquidity ratio	273%	43%
Equity ratio	64%	-66%

Share data, DKK	2017	2016
Diluted earnings per share	-1,04	-0,18
Equity per share	0,69	-0,07
Dividend	0	0
Cash flow per share	0,81	0,03

Share data, #	2017	2016
Shares outstanding	8 683 943	4 962 254
Warrants outstanding	434 197	0
Diluted shares outstanding	9 118 140	4 962 254
Weighted average number of shares	8 218 732	4 932 202

About Initiator Pharma

Initator Pharma is a Biotech company established in Aarhus, Denmark. Our main asset IPED2015 represents a novel paradigm for the treatment of Erectile Dysfunction (ED) and will improve the quality of life for the growing number for patients (and their partners) that do not respond to or cannot be treated with the currently marketed medications.

Vision

Initiator Pharma´s ambition is to become a leading biotech company within the field of mono-amine reuptake transporters and dedicated to the development of paradigm changing drugs for unmet medical needs to the benefit of both patients, society and shareholders.

Business model

The company aims to commercialize its research efforts through the following 2 business models:

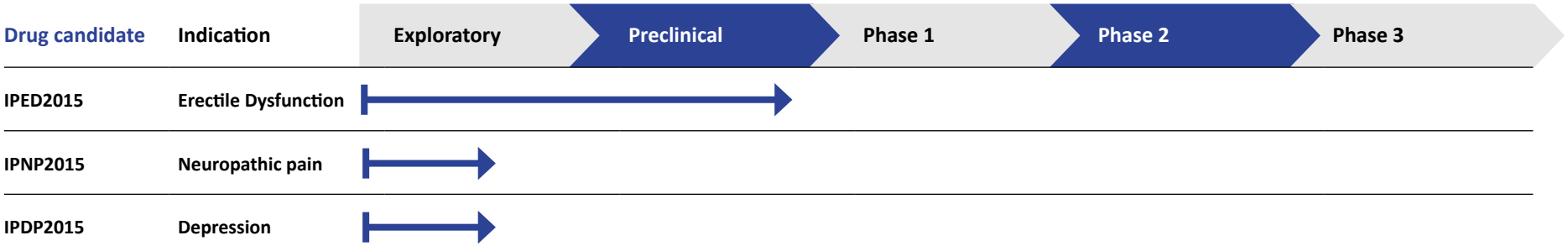
- By internal development of selected programs through the early phases of drug development before out-licensing to pharmaceutical companies, who then will take over the further development of Initiator Pharma's programs and typical with upfront payments, milestone and royalty payments on product sales to Initiator Pharma.
- Through early stage research and development collaboration with pharmaceutical companies who will fund the research and development activities and pay upfront, milestones and royalty payments on product sales to Initiator Pharma.

The market

The current number of ED patients is estimated to about 150 million men worldwide and a number that is estimated to increase to more than 300 million by 2025. About 30-40% of these patients will not respond to the current treatment and represent a significant unmet medical need. This is exactly our primary target group and will clearly distinguish us from the conventional PDE5i drugs, where patents' protection is rapidly disappearing. In 2015, the Erectile Dysfunction market generated about USD 4 billion in sales, and Initiator Pharma strongly believes that targeting the PDE5i non-responders will allow us to receive premium pricing for IPED2015 and thereby generate substantial commercial value for Initiator Pharma.

Project portfolio

In 2016 Initiator Pharma acquired three potential drug candidates from Saniona. All three drug candidates belong to the drug class known as Monoamine Reuptake Inhibitors (MRI).



IPED2015, our most advanced drug candidate, is a novel drug candidate for the treatment of patients suffering from Erectile Dysfunction (ED) that do not respond to the currently marketed drugs in the PDE5i class (e.g. Viagra©, Cialis©, Levitra©). IPED2015 has a unique dual action, both a central effect initiating erection and a peripheral effect potentiating erection through smooth muscle relaxation and is aimed at treatment of erectile dysfunction in patients suffering from erectile dysfunction due to metabolic syndrome and diabetes.

During 2017 we have advanced IPED2015 significantly, having successfully completed most of the preclinical studies required prior to start of clinical evaluation in man. We indend to continue the time efficient development of IPED2015, anticipating to file a Clinical Trial Application (CTA) with the European Medicine Agency (EMA) sometime during Q2:2018.

During 2017 the company and our advisors have revised the clinical development plan for IPED2015, with the aim of accelerating the development program until Proof-of-Concept in man. In February 2018 we communicated to the market that the clinical development plan for IPED2015 now consists of a simplified phase 1 study (single ascending dose only), to be followed by a single administration phase 2a Proof-of-Concept study. With the new clinical development plan our ambition is to report phase 2a results sometime during H1:2019.

In addition to IPED2015, we are evaluating the best way forward for our two (IPNP2015 and IPDP2015) other development projects. While our core focus and resource spending is on progressing IPED2015 to Proof-of-Concept, we will in parallel be investigating potential sources for industry partnership and/or research grants to help progress these projects.

Note from the CEO

2017 was an eventful year for Initiator Pharma. In early January we announced plans for an IPO on Aktietorget. The IPO was successfully completed and first day of trading on Aktietorget was March 16, 2017.

The 20.5 MSEK raised from the IPO will finance the completion of the preclinical development program for IPED2015, our lead drug candidate to treat patients suffering from Erectile Dysfunction. Our ambition is to position IPED2015 as a unique and efficacious first line of treatment option for the patients that do not resond to already approved drugs or have tolerability issues with these drugs.

The proceeds raised in the IPO has allowed us to rapidly execute our preclinical development plan and in close cooperation with our preclinical development suppliers we have:

- Selected the large-scale synthetic route for IPED2015 and completed the manufacturing of both non-GMP and GMP material for the preclinical program and for the planned phase 1 and phase 2 clinical studies.
- Conducted the preclinical toxicology and toxicokinetic studies necessary to confidently plan for the start-up of our clinical development program.

”We now believe that we can achieve a clinical phase 2a Proof-of-Concept in the first half of 2019, approximately a year ahead of the original plan and at a lower cost. We believe that we, after a successful clinical phase 2a study, will have a data package for IPED2015 that is interesting to potential pharmaceutical partners. This would possibly allow for an exit opportunity as early as 2019.”

In January of 2018, we were able to announce that we had completed pre-clinical development ahead of the set schedule. The positive results of the final genotoxicity and safety pharmacology studies in the preclinical development of IPED2015 mean that we have cleared a major obstacle for the future development of IPED2015. The fact that the study was completed ahead of schedule is obviously an extra bonus, which shows the commitment and expertise of our entire team. Now the time has come to look ahead and begin to study IPED2015 in humans.

Our goal now is to begin a clinical phase I study as soon as possible. Regarding the upcoming clinical development, we have made an important strategic decision which will have positive effects on both time and costs. We now believe that the clinical phase I study can be completed before the end of 2018. The clinical phase 2a study will then commence as soon as possible. Our goal is to obtain Proof-of-Concept in a clinical phase 2a trail in the first half of 2019, roughly a year ahead of the original schedule and at a lower cost for the Company and its shareholders. With a successful clinical phase 2a study, we expect to have a data package for IPED2015 which is interesting to potential pharmaceutical partners. This would then allow us to exit before the end of 2019. The board of Initiator Pharma expects the remaining development costs of IPED2015, including clinical phase 2a Proof-of-Concept and potential exit, to be around 30 MSEK, rather than the original estimate of 50 MSEK.

“Since listing the Company on the stock market around a year ago, we have been able to keep a high development pace and deliver according to our plan and budget, which I consider strong proof of both the quality of our pharmaceutical candidate IPED2015 and the expertise of the team behind Initiator Pharma.”

The life expectancy is ever increasing, and the world’s population is increasingly suffering from various lifestyle diseases like diabetes and cardiovascular diseases. This means that the male part of the population is also increasingly afflicted by erectile dysfunction (ED). The medical indication ED affects a man’s ability to achieve and maintain an erection, i.e. his sexual capacity. But research has shown that the problem can also have other serious consequences. The indication ED can lead to loss of self-confidence, depression, relationship problems and a general decline in quality of life. In other words, it is very important to find effective treatments for patients suffering from ED, not least because an effective treatment leads to improved mental health and a significantly improved quality of life both in the patient and his partner.

Today, many ED sufferers are helped by medicines such as tadalafil, vardenafil and not least sildenafil, more known under the commercial brand Viagra©. However, 30-40 percent of all patients diagnosed with ED do not respond to the treatment for various medical reasons. We founded Initiator Pharma with the idea of developing a family of pharmaceutical candidates based on MRI technology (Monoamine Reuptake Inhibitor). The main candidate in this family is IPED2015, which may constitute a new type of treatment for ED, specifically targeted at those patients who do not respond to existing treatments. Our goal has from the start been to develop IPED2015 through to the clinical phase 2a Proof-of-Concept, an important point in our development, were we can document the effect and safety of IPED2015.

To finance the clinical phase I study and the clinical phase 2a study for a Proof-of-Concept, we successfully completed a preferential rights issue in March 2018, raising approximately 19 MSEK, and an additional 12 MSEK can be added to the company through full use of associated warrants redeemable in the fourth quarter of 2018. The main ambition of this financing model, in case the associated warrants are fully subscribed, is that no additional capital will be needed for the development of IPED2015 to reach the stage which we have had as our focal point since the start, the clinical phase 2a Proof-of-Concept.

2018 will be another eventful year for Initiator Pharma. We anticipate that we will submit the Clinical Trial Application for our phase 1 study during Q2:18, and conduct the phase 1 study during Q3:18, with data available during Q4:18.

I want to use this opportunity to thank the shareholders for your continuing support, and look forward to report significant progress on our IPED2015 development program through the year.

Claus Elsborg Olesen
CEO, Initiator Pharma A/S

"The single most important reason to invest in Initiator Pharma is that we can provide a solution to a very serious medical problem that affects a lot of people."

Business concept and strategy

About Initiator Pharma and its business concept

Initiator Pharma was founded in 2016 as a spin out company from Saniona, with the business concept of further developing a family of three drug candidates based on Monoamine Reuptake Inhibitor (MRI) technology. Of these three drug candidates, IPED2015 for treating patients with Erectile Dysfunction (ED) is the most advanced.

Initiator Pharma's primary business concept is to further develop, with the help of a skilled team of researchers, the existing IPED2015 drug candidate, which in pre-clinical tests have already shown good potential for efficacy. With this drug candidate, it is the Company's objective to create a new first-in-line treatment (i.e. recommended treatment) for the large group of men who suffer from ED, but who, for various reasons, do not adequately respond to the currently recommended treatment with PDE5i.

The established goals and milestones

The Company's primary goal is to efficiently conduct the development of the drug candidate IPED2015 until completion of the phase 2a clinical trials (Clinical Proof-of-Concept). After this, the Company intends to either license out the drug candidate, or alternatively to sell some or all of the Company, and thus provide an exit for its shareholders.

Thanks to an extensive data package from earlier research on IPED2015, conducted by the candidate drug's previous owner, Initiator Pharma's Board of Directors believes that the development process can be accomplished in less time than is normally the case concerning pharmaceutical drug development. This is because much of the time-consuming pre-clinical work has already been undertaken and that the Company thus already has a good understanding of the candidate drug's mechanisms of action. In the last year Initiator Pharma have successfully completed the preclinical development of IPED2015. We are now aiming to submit the Clinical Trial Application (CTA) later this spring and to start the first-in-humans (FIH) dosing after the summer. The goals for the coming year are presented below:

Year	Activity
2018	• Apply for regulatory approval to initiate phase 1 clinical trials • Initiate and conduct phase 1 clinical trials (toxicology and safety study) • Complete planning of a phase 2a clinical study • Evaluate the future for the other drug candidates in the pipeline
2019	• Conduct phase 2 clinical trials (Proof-of-Concept) • Initiate discussion with potential industry partners for IPED2015 • Seek to make a deal for IPED2015

It is Initiator Pharma's objective that a phase 2a clinical trial can be completed during H1:2019, and that an out-licensing or exit can then be implemented after that. The Board of Directors also believes at this point that an out-licensing, or alternatively an exit, is the most profitable course for the shareholders: at this stage the Company will have built up a considerable value with the drug candidate, while leaving the costly and extensive phase 2b and phase 3 clinical studies for the buyer of the project. A biopharmaceutical industry report from EP Vantage has estimated that the average size of the transfer agreements for drug candidates in phase II is approximately USD 300 million, with an up-front payment of approximately USD 30-40 million.

The market for treatments for ED

Erectile Dysfunction or ED, colloquially called impotence, is defined as the inability of a man to achieve and maintain an erection and thereby be able to engage in sexual intercourse. In the present situation, the problem is already huge, and is affecting a growing part of the population – today ED affects about 150 million men worldwide, and this figure is expected to rise to around 322 million by 2025 fuelled by demographics (aging population) and increasing prevalence of lifestyle-related diseases such as diabetes and obesity. The medical indication ED only affects the man's sexual performance; however, research has shown that the problem can have many serious consequences. Men suffering from ED have, among other issues, a greater tendency to commit suicide compared to the general population, and also have a higher likelihood of suffering from other illnesses and ailments. In addition, the indication may lead i.e. to lower self-esteem, depression, relationship problems and a general deterioration of the quality of life for both the man and his eventual partners.

The problem of ED has been addressed, to some extent, in connection with the introduction to the market of medicines based on Phosphodiesterase inhibitors, called PDE5 inhibitors ("PDE5i"), such as sildenafil, vardenafil (Levitra) and tadalafil (Cialis). The best-known drug in this category, sildenafil citrate, is marketed under the brand name Viagra©, and in the present situation this drug is the recommended regimen of the indication.

The market for traditional treatments of ED amounts to about USD 4 billion (2015 figures)[1]. The Board of Directors has made the assessment that in 2019 the value of the market for these treatments will amount to as much as USD 4-5 billion, partly due to the fact that patents for several of the drugs within the category will expire and the number of patients increases.

PDE5 inhibitors have usually shown good effect but there are also major problems directly associated with them – about 30-40% of the men who suffer from ED do not respond to this type of medication. The group of patients who may be resistant to PDE5i treatment for ED include, among other patients, those with neurological injuries or disorders, diabetes or serious cardiovascular diseases. Other groups that may have a resistance to PDE5i treatment include patients who are being treated with certain antidepressants and anxiolytics. Overall, as the Board of Directors estimates by 2025 there may be over 100 million men suffering from ED who for various reasons can not be treated with PDE5i. There is thus a great unmet medical need and thus also a need for an alternative treatment for ED that can satisfy the group of patients that are resistant to the currently the recommended regimen.

Assuming that up to 30-40% of the patients do not respond to conventional treatment methods[2], the Board of Directors is of the view that the IPED2015 program has a great potential financial value, and it is the Board's hope that IPED2015 will become established as the recommended treatment for all patients suffering from ED and who are resistant to the treatment with PDE5 inhibitors.

Business model and financing strategy

Initiator Pharma's business model is to conduct drug development primarily financed by investments, but also to a certain extent by various research subsidies and possibly joint collaborations with others. In order to minimize the Company's outlays and expenses, and thus maximize the investors potential returns, the company uses a virtual structure, with limited in-house activities. Among other things, this means a minimal infrastructure in terms of offices and research facilities, that all people working in the Company (with the exception of the CEO, Claus Olesen) will be engaged on a consultancy basis, and that the bulk of the research, drug development and the regulatory work will be outsourced via contracts with Contract Research Organizations (CROs). The work will however be conducted under the direction and supervision of Initiator Pharma.

On April 5th 2018 the Company announced the successful completion of a preferential share issue of 19,1 MSEK in gross proceeds (16,8 MSEK in net proceeds). As part of the rights issue the company also issued 5 789 294 warrants, each warrant giving the right to subscribe one new share at a price of SEK 2,20 per share in a subscription period starting Oct 11th and ending Nov 1st 2018. Assuming that the warrants are fully subscribed,

1. Acute Markets Report, 2016, 2. Kendirci et al., 2006; Dhir et al., 2011

providing 12,7 MSEK in gross proceeds, it is the expectation of the Board at this point that no additional funds need to be raised before Proof-of-Concept for IPED2015 has been obtained in a phase 2a trial.

In addition to the capital raised via the issuance of new shares, the Company is also actively pursuing non-dilutive funding opportunities.

Product portfolio and patents

Currently, Initiator Pharma has three drug candidates in its product portfolio, all based on Monoamine Reuptake Inhibitor technology. The technology relates to inhibiting the reuptake of monoamines in the body's nerves and via this increasing the dopamine levels in various parts of the body. Dopamine is a vital neurological neurotransmitter, and by increasing the body's dopamine level, a number of different indications can be treated.

The primary candidate, which is also the Company's primary focus, is called IPED2015, and is a type of monoamine reuptake inhibitor that is primarily intended to treat ED in men. This drug candidate has been administered in animal experiments in preclinical studies and has shown promising results. In addition to IPED2015, the Company also owns the drug candidates IPDP2015 (intended for the treatment of depression) and IPNP2015 (intended for the treatment of neuropathic pain). These are based on the same fundamental technology as IPED2015, however Initiator Pharma has not currently adopted a plan for how or when the further development of these drug candidates will occur. All three drug candidates have been purchased in their entirety from Saniona, after Initiator Pharma was established. Together with the drug candidates, Initiator Pharma also received the patent rights for the three drug candidates. These patents were previously owned by Saniona AB subsidiary Saniona A/S. The patent for the primary drug candidate IPED2015 is registered in the U.S. and runs until the end of 2031. See the table below for further details on Initiator Pharma's portfolio with regard to intellectual property rights.

Drug candidate	Patent status
IPED2015	• Approved in the U.S. until the end of 2031
IPDP2015	• Approved in the U.S. until the end of 2028 • Presently in process patent application in Europe
IPNP2015	• Approved in the U.S. until the end of 2028 • European Patent has been approved and validated in Switzerland, Germany, France and the United Kingdom until the end of 2028

Competitors

There are a small number of other treatment methods for ED under development by other pharmaceutical companies which could be considered as competitors to Initiator Pharma and our primary drug candidate IPED2015. The competing methodologies are based primarily, according to the Board's assessment, on different variants of testosterone treatments, further developments of existing treatments with PDE5 inhibitors, as well as certain technical or more surgical solutions such shockwave therapy. However Initiator Pharma's assesses that IPED2015 represents a unique treatment that could be able to fulfill the needs of the large group of patients who do not respond to existing therapies, and that the actual competition is therefore limited.

The share, share capital and ownership structure

On December 31, 2017, the number of shares outstanding amounted to 8 683 943. The company has as of December 31, 2017 a total of 434 197 outstanding warrants, representing 5.0% of the number of issued shares.

On December 31, 2017 the company had around 3,200 shareholders. The 25 largest shareholders in the company on December 31, 2017 owned 63,4% of all outstanding shares.

Top 25 shareholders as of March 31, 2018

Owners	Number of shares	Shares (%)
BNY Mellon SA/NV (Former BNY)	928 771	10,70%
Mikael Södergård Thomsen APS	505 946	5,83%
Claus Olesen Holding APS	503 348	5,80%
DanPet AB	503 348	5,80%
Nordnet Pensionsförsäkring AB	324 996	3,74%
Försäkringsaktiebolaget, Avanza Pension	324 663	3,74%
Olofsson, Christian	300 000	3,45%
Swedish Growth Fund AB	272 724	3,14%
Feldthus, Thomas	267 143	3,08%
Leif Andersson Consulting AB	250 859	2,89%
Hendriksen, Lars	170 353	1,96%
Sv Handelsbanken Denmark	126 176	1,45%
Christophersen, Palle	117 143	1,35%
JP Morgan Luxemburg	100 429	1,16%
Thaser Holding	100 100	1,15%
Larsen, Janus Schreiber	100 058	1,15%
Brästrup, Claus	90 050	1,04%
Clearstream Banking S.A.	84 659	0,97%
Peters, Leif Anders Rudolf	72 726	0,84%
Aktiebolaget Skånska Bruk	70 000	0,81%
SEB Life - CJ Wachtmeister Consult	68 148	0,78%
Nordea Livförsäkring Sverige AB	66 667	0,77%
CBNY-Charles Schwab FBO	65 000	0,75%
SIX SIS AG	60 000	0,69%
Marnfeldt, Bengt	52 500	0,60%
Other shareholders	3 158 136	36,37%
Total	**8 683 943**	**100,00%**

Report from the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer of Initiator Pharma, corporate identity number 37663808, hereby present the Annual Report for the calendar year 2017.

Initiator Pharma is a limited liability company registered and headquartered in Aarhus, Denmark. The address of the head office is Lyngsiesvej 18, 8230 Åbyhøj, Denmark. Initiator Pharma was incorporated on May 2, 2016 and was listed on AktieTorget on March 16, 2017.

ABOUT INITIATOR PHARMA

Initiator Pharma is a research and development company focusing on the development of innovative drugs targeting key unmet medical needs within the central and peripheral nervous system. The company´s research is focusing on monoamine reuptake inhibitors, molecules that are affecting the synaptic concentrations of neurotransmitters such as dopamine, serotonin and noradrenaline.

The Company´s lead drug candidate, IPED2015 is targeting the medical condition Erectile Dysfunction (ED), and specifically patients with ED that are non-responsive to drugs within the PDE5i class, including the approved drugs Viagra©, Cialis© and Levitra©. Initiator Pharma is currently preparing a preclinical development program aiming to enable the company to initiate clinical studies in the 2nd half of 2018.

SIGNIFICANT EVENTS IN 2017

- Initiator Pharma completed a rights share issue of up to MSEK 20.5
- Listing on Aktietorget March 16th
- Initiator Pharma has selected Syngene, India and Research Toxicology Centre, Italy (RTC) as contract research organizations (CROs) to conduct the pre-clinical development of the drug candidate IPED2015 for the treatment of ED
- Synthesis Route for IPED2015 was selected
- The first exploratory toxicology and pharmacokinetic rat studies for IPED2015 for the treatment of Erectile Dysfunction have been conducted at Syngene
- AGM (16 May 2017)
- Publication of the annual report for 2016.
- The AGM approves changes to article of association, incentive program and remuneration for the board members.
- The first maximum tolerated dose toxicology and toxicokinetic mini-pig studies have been conducted at RTC, Rome, Italy, under the supervision of Initiator Pharma's CDO Mikael Thomsen. The data are in line with what was observed in comparable rat studies already executed and supports the further development of IPED2015 with the aim to start clinical trials in 2018.
- The warrant program 2017/2020, comprising a maximum of 434,197 warrants as resolved at the Annual General Meeting of May 16, 2017, has been fully subscribed. Subscription of warrants have been submitted by employees, board members and key consultants, in total 7 persons, according to Appendix 2 to the AGM protocol from May 16, 2017.
- In October Initiator Pharma A/S initiated its first Good Laboratory Practice (GLP) toxicology and toxicokinetic rat study at Syngene, Bangalore, India.
- In November the company received very positive preliminary results from its first Good Laboratory Practice (GLP) toxicology and toxicokinetic rat study at Syngene, Bangalore, India.
- In December the company reported that it had successfully completed an in vivo 28 days toxicology study in mini-pigs for its drug candidate IPED2015, thus moving the development program forward towards the Clinical Trial Application (CTA) and with the aim of initiating a phase 1 clinical trial next year.

EVENTS AFTER THE BALANCE SHEET DATE

- In January the company announced that it had successfully completed the preclinical development of its drug candidate IPED2015. The studies were concluded ahead of the previously announced schedule and included experimental work with most of the recent positive data from the cardiovascular telemetry study, the respiratory study and a clean genotoxicity profile.
- The company announced that the company has received an Intention to Grant notice from the European Patent Office ("EPO") for its patent application for the IPDP2015 product candidate. In essence, this means that the EPO intends to approve the company's application.

- The board proposed 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 19.1 MSEK through subscription of shares and a further approximately 12.7 MSEK in the case that all attached share options are exercised. In total, approximately 31.8 MSEK before issuing costs. 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.
- On April 5th the company announced the successful completion of the 19.1 MSEK share issue.

FINANCIAL DEVELOPMENT IN 2017

Initiator Pharma A/S was incorporated on May 2, 2016. Consequently, there are no available comparative financial figures for the previous periods. Initiator Pharma A/S is a Danish registered company, and is reporting its financial figures in Danish kroner (DKK).

Revenue and results of operation

As a development company Initiator Pharma generated no revenues in the financial year 2017, unchanged from 2016. The company recognized an operating loss of TDKK 9 561 for the full year 2017, compared to TDKK 887 for the period from incorporation to December 31, 2016.

The increase in operating costs during 2017 reflects both the start-up of the preclinical development programs for IPED2015 that is required before the company can advance the drug candidate into clinical trials, anticipated to start in the 2nd half of 2018, as well as increased administrative costs.

External R&D costs in 2017 amounted to TDKK 6 088, compared to 0 in the same period in 2016.

Financial position

The equity as of December 31, 2017 was TDKK 5 964. Cash and cash equivalents amounted to TDKK 7 169 as of December 31, 2017. Total assets as of December 31, 2017, were TDKK 9 298.

In Q1:17 the company successfully completed an IPO on Aktietorget, raising approximately MDKK 15.9 gross and MDKK 14.8 net of transaction related costs.

On September 6th 2017 the board approved the subscription of warrants as part of the company´s incentive program, approved on the AGM in May 2017. The program was fully subscribed, with a total of 434,197 warrants being subscribed at a subscription price of SEK 0.49 per warrant, totaling net proceeds to the company of TDKK 166.

Cash flow

The operating cash flow for the financial year 2017 was TDKK -7 784, after a positive change in working capital of TDKK 2 449. Cash flow from financing activities was TDKK -132. Cash flow from investment activities was TDKK 14 917.

Risks

Initiator Pharma is exposed to various kinds of risks that may impact the Company's results and financial position. The risks can be divided into operational risks and financial risks.

Operational risks

Brief history

Initiator Pharma was incorporated in 2016 as a spin-out from Saniona AB. Consequently, the Company has a relatively short history, which should be taken into consideration when evaluating the Company.

Financing needs and capital

Initiator Pharma´s research and development activities involve significant costs for the Company. Initiator Pharma is thus depending on that capital can be accessed to finance its planned activities. Any delays in product development could affect the cash flow negatively. There is a risk that the Company is unable to raise the additional capital needed. This may lead to the development being temporarily stopped or that Initiator Pharma is required to operate at a lower speed than wanted, which may affect the Company´s operations negatively. In case Initiator Pharma is unable to raise capital there is a risk that the Company cannot further develop its business. If the Company cannot finance the operations, there is a risk that Initiator Pharma´s drug development stops.

Suppliers

Initiator Pharma has entered an agreement with the Indian service provider Syngene regarding the production and preclinical development of IPED2015. The Company will enter less comprehensive agreements with other suppliers in order to develop IPED2015. There is a risk that one or more of Initiator Pharma's suppliers choose to discontinue its cooperation with the Company, which could have a negative impact on the business. There is also a risk that Initiator Pharma's suppliers do not fully meet the quality standards set by the Company. There is also a risk that the establishment of new suppliers or replacement of existing suppliers becomes more costly and/or takes longer than the Company estimates, which may negatively affect the Company's results and financial position.

Key individuals and employees

Initiator Pharma's key individuals and employees have high competence and long experience in the Company's business. A loss of one or more key individuals or employees may have negative consequences for the Company's operations and results. It is not possible to fully protect against unauthorized disclosure of information, with the risk that competitors can gain access to and benefit from the know-how developed by Initiator Pharma, which could be detrimental to the Company. There is a risk that the loss of one or more key individuals, employees and consultants leads to delays in the Company's work to develop drugs. Any delays can cause increased costs for the Company. Thus, there is also a risk that delays could negatively affect the Company's results.

Competitors

Initiator Pharma is a research and development company engaged in pharmaceutical development of drugs to be used for erectile dysfunction, depression and pain. Initiator Pharma's research is focused in the area of monoamine reuptake inhibitors. The Company's drug research will be conducted primarily through its own pharmaceutical development in the early phase and through potential cooperations with other major pharmaceutical companies. Some of the Company's competitors are multinational companies with large financial resources. A comprehensive investment and product development from a competitor may result in less favorable market conditions for Initiator Pharma. Furthermore, companies with global operations, which in the current situation are working in related areas, can also establish themselves within the Company's business. Increased competition could lead to could lead to negative sales and earnings effects for the Company in the future.

Economic development and currency risk

External factors such as inflation, currency and interest rate fluctuations, supply and demand as well as economic recessions and booms may have an impact on operating costs, sales prices and share valuations. A significant share of Initiator Pharma's development costs is in international currencies. Exchange rates can change substantially. There is a risk that Initiator Pharma's future operating costs, revenue and share valuation may be negatively affected by these factors, which are beyond the control of the Company.

Political risk

The Company, through its pharmaceutical developments operates in a number of different countries and can therefore be affected by political and economic uncertainties in these countries. There is a risk that Initiator Pharma is negatively affected by changes in laws, taxes, duties, exchange rates and terms for foreign companies. The Company may also be negatively affected by any domestic policy decisions. The above could have negative consequences for the Company's research in pharmaceutical development and can thus affect the Company's future results and financial position.

Patents and other intellectual property

Currently Initiator Pharma holds 3 different patent families. There is a risk that any future patent applications will not be approved and there is also a risk that an approved patent will not constitute a total commercial protection in the future. Patents have a limited life. If the Company is forced to defend future patent rights against a competitor, this will involve considerable costs, which may negatively affect the Company's research, results and financial position. Furthermore, in the industry in which Initiator Pharma operates there is always the risk that the Company may or is alleged to infringe patents held by third parties. Other actors' patents may also limit the ability of one or more of the Company's future partners to freely use the product or production method concerned. The risk associated with patent protection implies that the outcome of such disputes is difficult to predict. Negative outcome of litigation relating to intellectual property rights may lead to loss of protection, prohibition to continue to use the right or obligation to pay damages. In addition, the costs of litigation, even in case of a favorable outcome for Initiator Pharma, may be substantial, which could negatively affect the Company's results and financial position. The above could imply difficulties or delays in the commercialization of future products and thus also difficulties in generating revenue.

Development expenditure

Initiator Pharma will continue to develop drug candidates in its operating area. Time and cost aspects of drug development can be difficult to determine in advance with accuracy. This creates the risk of a planned product development program becoming more costly than planned, which may affect the Company's future results and financial position.

Financial risks

Financial risks relate to a potential negative impact on the financial position resulting from changes in the financial risk factors. The Board of Directors is ultimately responsible for the exposure, management and monitoring of the Company's financial risks. The Board of Directors sets the framework that applies to the exposure, management and monitoring of the financial risks and this framework is evaluated and revised yearly. The Board of Directors can decide on temporary departures from its predetermined framework. Below is a brief description of the financial risk factors that are deemed the most significant for Initiator Pharma.

Currency risks is the risk that the fair value of future cash flows fluctuate because of changed exchange rates. Exposure to currency risk is primarily sourced from payment flows in foreign currency and from the translation of balance sheet items in foreign currency, as well as upon the translation of foreign subsidiaries' income statements and balance sheets to the Company's reporting currency, which is DKK.

Interest risk is the risk that fair value or future cash flows fluctuates as a result of changed market interest rates.

Liquidity risk is the risk that the Company encounters difficulties in satisfying commitments related to the Company's financial liabilities.

Credit risk is the risk that a counterparty in a transaction generates a loss for the Company by being unable to satisfy its contracted obligations. Credit risk may also arise if the Company's surplus liquidity is invested in various types of financial instruments.

Corporate governance

Initiator Pharma does not provide a Corporate Governance Report for 2017. The Board of Directors has reviewed the governance structure for Initiator Pharma in relation to the Company's plans for listing at AktieTorget. The Board of Directors has adapted the following policies:

- Rules of Procedure for the Board of Directors
- Instructions for the CEO
- Information Policy

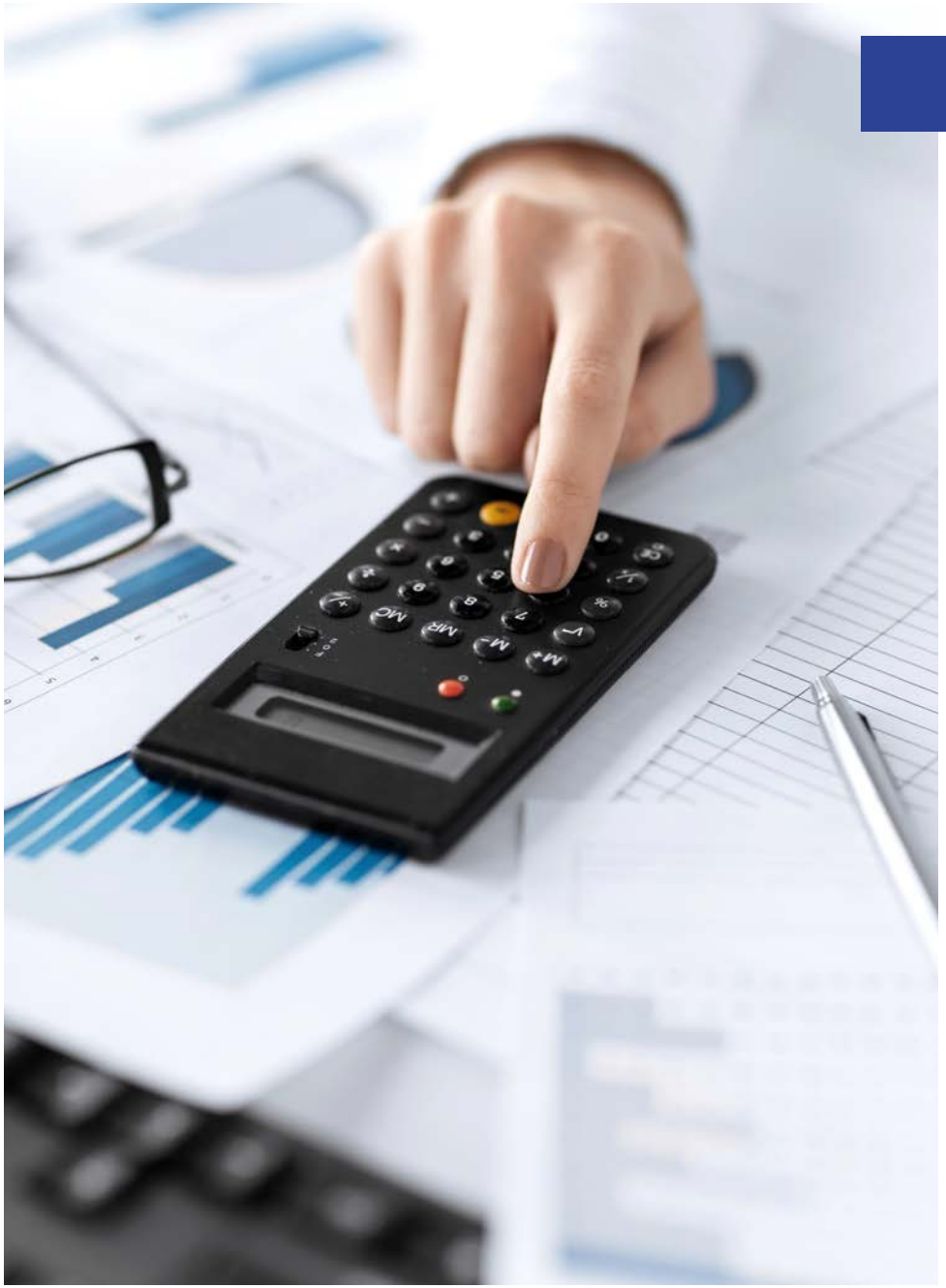
Organisation

The average number of employees in the Company during the year amounted to 1.5 of whom none were women. As of December 31 2017, the number of employees was 0.5 of which none were women. Of these employees, none were full-time employees, 1 was part-time employee.

In addition to its employees Initiator Pharma has a number of consultants who work with the Company on an ongoing basis.

Remuneration

The AGM resolves on remuneration to the Chair of the Board and other Board members. The AGM also resolves on guidelines for remunerating the CEO and other senior executives. For more information on remuneration in the year, see note 1.



Profit & Loss Statement

(TDKK)	Notes	2017	2016
Gross loss		-8 180	-700
Staff costs	1	-1 297	-175
Depreciation and write-downs	2	-84	-12
Operating profit/loss		**-9 561**	**-887**
Other financial expenses		-801	-5
Profit after financial items		**-10 362**	**-892**
Tax	3	1 780	0
Profit/loss for the year	4	**-8 582**	**-892**

Balance Sheet on December 31, 2017

ASSETS

(TDKK)	Notes	2017	2016
Patents, acquired rights		78	101
Intangible assets	5	**78**	**101**
Other fixtures, fittings, tools and equipment		134	64
Property, plant and equipment	6	**134**	**64**
Fixed assets		**212**	**165**
Other receivables		182	32
Income tax receivable		1 735	
Prepayments	7	0	199
Current receivables		**1 917**	**231**
Cash and cash equivalents	8	**7 169**	**167**
Current assets		**9 086**	**398**
Assets		**9 298**	**563**

EQUITY AND LIABILITIES

(TDKK)	Notes	2017	2016
Contributed capital	9	912	521
Retained earnings		5 052	-892
Equity		**5 964**	**-371**
Other payables		3 334	934
Current liabilities other than provisions		**3 334**	**934**
Liabilities other than provisions		**3 334**	**934**
Equity and liabilities		**9 298**	**563**
Contingent liabilities	11		

Statement of changes in equity for 2017

(TDKK)	Contributed capital	Retained earnings	Total
January 1, 2017	**521**	**-892**	**-371**
Increase of capital	391	14 360	14 751
Issue of warrants		166	166
Profit/loss for the year		-8 582	-8 582
December 31, 2017	**912**	**5 052**	**5 964**

Statement of cash flow

(TDKK)	Notes	2017	2016
Operating profit/loss		-9 561	-887
Amortisation, depreciation and impairment losses		84	12
Changes in working capital	10	2 449	703
Cash flow from operating activities before financial items		**-7 028**	**-173**
Other financial expenses		-801	-5
Tax credit		45	
Cash flow from operating activities		**-7 784**	**-178**
Investing activities			
Investments in intangible assets		-132	-112
Investment in tangible assets		0	-65
Cash flow from investing activities		**-132**	**-177**
Financing activities			
New share issue		14 751	521
Issue of warrants		166	
Cash flow from financing activities		**14 917**	**521**
Increase/decrease in cash and cash equivalents		**7 002**	**167**
Cash and cash equivalents at the end of period		**7 169**	**167**

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are as stated below.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as equipment.

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance Sheet

Intellectual property rights, etc.

Intellectual property rights comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights etc. acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment: 3 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

Notes to the financial statements

Note 1 - Staff costs

(TDKK)	2017	2016
Wages and salaries	1 270	168
Pension costs	10	
Other social security costs	5	
Other staff costs	12	7
	1 297	**175**
Average number of employees	2	1

Remuneration to the Executive Board has not been disclosed with reference to The Danish Financial statements Acts § 98 B.

Note 2 - Depreciation, amortisation and impairment losses

(TDKK)	2017	2016
Amortisation of intangible assets	22	11
Depreciation of property, plant and equipment	62	1
	84	**12**

Note 3 - Tax on profit/loss for the year

(TDKK)	2017	2016
Tax on current year taxable income	1 735	0
Adjustment concerning previous years	46	0
	1 780	**0**

Note 4 - Proposed distribution of profit/loss

(TDKK)	2017	2016
Retained earnings	8 582	892
	8 582	**892**

Note 5 - Intangible assets

(TDKK)	Acquired rights
Cost beginning of year	112
Cost end of year	**112**
Amortisation and impairment losses beginning of year	11
Amortisation for the year	22
Amortisation and impairment losses end of year	**34**
Carrying amount end of year	**78**

Note 6 - Property, plant and equipment (TDKK)	Other fixtures and fittings, tools and equipment
Cost beginning of year	65
Additions	132
Cost end of year	**196**
Depreciation and impairment losses beginning of the year	1
Depreciation for the year	62
Depreciation and impairment losses end of the year	**62**
Carrying amount end of year	**134**

Note 7 - Prepayments

As per December 31, 2016 this item included costs incurred in connection with the ongoing process of listing on AktieTorget. The cost has in 2017, after completion of the listing process, been set off against the proceeds received.

Note 8 - Cash

Total cash funds amounts to 7 169 TDKK, of which 200 TDKK is pledged as security for the guarantee provided by the Company's bank.

Note 9 - Contributed capital	Number	Par value (DKK)	Nominal value (TDKK)
Shares	8 683 943	0,105	912
	8 683 943		**912**

The company has a warrant program, approved by the Annual General Meeting in 2017. The purpose of the warrant program is to align the long-term incentives of board members, management and key consultants with those of our shareholders.

The warrant program, with a ceiling of 434 197 warrants representing 5% of outstanding shares, an exercise price of SEK 4,34 per share, duration until January 2020, vesting conditions relating to the progression of the development program of IPED2015 and a subscription price of SEK 0,49 per warrant was fully subscribed.

Note 10 - Change in working capital (TDKK)	2017	2016
Increase/decrease in receivables	49	-231
Increase/decrease in trade payables etc	2 401	934
	2 449	**703**

Note 11 - Contingent liabilities

On behalf of the company the bank has issued a guarantee to third party for an amount of 150 TDKK. The company has in this connection pledged a bank account with a balance of 200 TDKK.

Statement by Management concerning the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Initiator Pharma A/S for the fiscal year 01.01.2017 - 12.31.2017.

The annual report is presented in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the entity's financial position at 12.31.2017 and of the results of its operations and cash flows for the fiscal year 01.01.2017 - 12.31.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend that the Annual Report with its accompanying financial statements be adopted at the Annual General Meeting.

Copenhagen, 03.05.2018

Executive Board

Claus Elsborg Olesen

Board of Directors

Gunnar Magnus Severus Modée Persson
Chariman

Peter Joakim Holm

Henrik Kristian Moltke

Claus Elsborg Olesen

Independent Auditor's Report

To the shareholders of Initiator Pharma A/S

Opinion

We have audited the financial statements of Initiator Pharma A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Entity's ability to continue as a going Concern, for disclosing, as applicable, matters related to going Concern, and for using the going Concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 exits. 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Based on the work we have performed, we conclude that the 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, 03.05.2018
Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jens Sejer Pedersen
State Authorised Public Accountant
Identification number (MNE) mne14986

Initiator Pharma's Board of Directors, Senior Management, and Auditors

Members of the Board of Directors and Senior Management

MAGNUS PERSSON (b. 1960)
Chairman and member of the Board of Directors since 2016

Education: Medical doctor and Ph.D. from the Karolinska Institute

No. of shares held: 7 791*

Warrants held: 78 155 through companies

HENRIK MOLTKE (b. 1958)
Member of the Board of Directors since 2016

Education: Master's degree in international economics and strategic management from the Copenhagen Business School

No. of shares held: 7 791*

Warrants held: 17 367

PETER HOLM (b. 1974)
Member of the Board of Directors since 2016

Education: Ph.D. in biochemistry from the Karolinska Institute and a Master's degree in chemistry from the University of Linköping

No. of shares held: 0

Warrants held: 0

CLAUS OLESEN (b. 1974)
Member of the Board of Directors and CEO of Initiator Pharma since 2016 and co-founder of the Company

Education: Ph.D. in Physiology and Biophysics from Aarhus University

No. of shares held : 503 348* through companies

Warrants held: 86 841 through companies

* As of March 31, 2018

TORGEIR VAAGE (b. 1964)
CFO of Initiator Pharma A/S since 2016

Education: Ph.D. in business administration from UC Berkeley and master's degree from the Norwegian School of Economics

No. of shares held: 7 791* through companies

Warrants held: 78 155 through companies

MIKAEL THOMSEN (b. 1968)
CSO of Initiator Pharma A/S since 2016 and co-founder of the Company

Education: Ph.D. in Pharmacology and Toxicology (University of Copenhagen) and two M. Sc. degrees in Pharmacy and Human Biology (from University of Pharmaceutical Sciences, Copenhagen and University of Copenhagen, Medical Faculty).

No. of shares held: 505 946* through companies

Warrants held: 78 155 through companies

ULF SIMONSEN (b. 1963)
CMO of Initiator Pharma A/S since 2016 and co-founder of the Company

Education: Medical doctor (Aarhus University) and Ph.D. in Physiology (Complutense University, Madrid). Currently Professor of Pharmacology and head of Department of Pharmacology at Aarhus University.

No. of shares held: 503 348* through companies

Warrants held: 47 762 through companies

DAN PETERS (b. 1961)
CTO of Initiator Pharma since 2016 and co-founder of the Company.

Education: Ph.D. in Organic Chemistry (University of Lund). Previously with NeuroSearch, heading their monoamine reuptake inhibitor program. Peters has published more than 70 scientific papers and holds more than 100 patents.

No of shares: 503,348* through companies

Warrants held: 47,762 through companies

Auditor: Deloitte Statsautoriseret Revisionspartnerselskab.

Auditor in charge: Jens Sejer Pedersen. **Address:** Deloitte Statsautoriseret Revisionspartnerselskab, Weidekampsgade 6, 2300 Copenhagen S, Denmark

* As of March 31, 2018

Glossary

Business terms

CNS
The Central Nervous System, a part of the nervous system consisting of the brain and spinal cord.

CTA
Clinical Trial Application which a pharmaceutical company file to EMA in order to obtain permission to ship and test an experimental drug in Europe before a marketing application for the drug has been approved. The approved application is called an Investigational New Drug (IND) in the US.

EMA
European Medicines Agency.

Erectile Dysfunction
Erectile dysfunction (ED) or impotence is sexual dysfunction characterized by the inability to develop or maintain an erection of the penis during sexual activity in humans.

FDA
US Food and Drug Administration.

IND
Investigational New Drug is a program by which a pharmaceutical company obtains permission to ship and test an experimental drug in the US before a marketing application for the drug has been approved. In Europe, the application is called a Clinical Trial Application (CTA).

IPED2015
IPED2015, our most advanced drug candidate, is a novel drug candidate for the treatment of patients suffering from Erectile Dysfunction (ED) that do not respond to the currently marketed drugs in the PDE5i class (e.g. Viagra©, Cialis©, Levitra©)

Monoamine re-uptake inhibitor
A monoamine reuptake inhibitor (MRI) is a drug that acts as a reuptake inhibitor of one or more of the three major monoamine neurotransmitters serotonin, norepinephrine, and dopamine by blocking the action of one or more of the respective monoamine transporters.

Neuropathic pain
Neuropathic pain is a complex, chronic pain state that usually is accompanied by tissue injury. With neuropathic pain, the nerve fibers themselves may be damaged, dysfunctional, or injured. These damaged nerve fibers send incorrect signals to other pain centers.

PDE5 inhibitor
A drug used to block the degradative action of the PDE5 enzyme in the smooth muscle cells lining the blood vessels supplying the corpus cavernosum of the penis. These drugs, including Viagra©, Cialis© and Levitra© are used in the treatment of erectile dysfunction and were the first effective oral treatment available for the condition.

Financial

Earnings per share
Profit/loss for the period divided by the average number of shares outstanding at the end of the period.

EBIT
Earnings Before Interest and Taxes (Operating profit/loss).

Equity ratio
Shareholders' equity as a proportion of total assets.

Diluted earnings per share
Profit/loss for the period divided by the average number of shares after dilution at the end of the period.

Operating margin
EBIT as proportion of revenue.

Financial calendar and contact information

FINANCIAL CALENDAR

Year-End Report 2017	February 21, 2018
Interim Report Q1	May 25, 2018
Interim Report Q2	August 24, 2018
Interim Report Q3	November 23, 2018
Year-End Report 2018	February 22, 2019

CONTACT INFORMATION

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Denmark

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E-mail: ceo@initiatorpharma.com

Initiator Pharma

Initiator Pharma A/S

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