

## INITIATOR PHARMA READY TO LAUNCH

### Financial Highlights

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

#### May-Dec 2016

- Net revenues were TDKK 0
- EBIT was TDKK -887
- Earnings per share was DKK -0.18
- Diluted earnings per share was DKK -0.18

#### Q4 2016

- Net revenues were TDKK 0
- EBIT was TDKK -713
- Earnings per share was DKK -0.14
- Diluted earnings per share was DKK -0.14

### Business highlights in 4Q 2016

- Initiator Pharma prepared for the preferential rights share issue of up to SEK 20.5 mill and for the upcoming listing on AktieTorget.
- Initiator Pharma prepared the preclinical program, aiming for start of clinical phase I study mid 2018.

### Significant events after this reporting period

- On January 26<sup>th</sup> Initiator Pharma announced start of the subscription period of the rights issue, with minimum amount MSEK 14.9, maximum MSEK 20.5.
- On February 15<sup>th</sup> Initiator Pharma announced the successful completion of the fully subscribed rights issue totaling MSEK 20.5 mill (total subscriptions received: MSEK 44.1 and a subscription rate of 215%).
- Initiator Pharma increased the shareholder base by about 50, and now have more than 4000 shareholders
- The company initiated the program for production of the Active Pharmaceutical Ingredient (API) and completed planning of preclinical program enabling first-in-man clinical studies

### Comments from the CEO

"2016 was an eventful year for Initiator Pharma. The company was established as a spin-out from Saniona during the first half of the year, in the process acquiring several promising drug candidates. Through lex asea Saniona distributed its ownership in Initiator Pharma to its shareholders, and as a consequence Initiator Pharma gained a base of about 4.000 shareholders. With the successful completion of the SEK 20.5 mill share issue behind us and with the planned listing on AktieTorget in March, the company is now in an excellent position to progress our development targets, to the benefit of both patients and our shareholders."

### For more information, please contact

Claus Olesen, CEO, Initiator Pharma, Mobile: +45-61 26 00 35, E-mail: [ceo@initiatorpharma.com](mailto:ceo@initiatorpharma.com)  
Torgeir Vaage, CFO, Initiator Pharma, Mobile: +47-924 05 235, E-mail: [tv@initiatorpharma.com](mailto:tv@initiatorpharma.com)

### About Initiator Pharma

*Initiator Pharma A/S is a Danish biotechnology company focusing on the development of innovative drugs targeting key unmet medical needs within the central and peripheral nervous system. Our research is focusing on monoamine reuptake inhibitors, molecules that are affecting the synaptic concentrations of neurotransmitters such as dopamine, serotonin and noradrenaline. Our 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 based in Aarhus, Denmark. Initiator Pharma aims to be listed on AktieTorget during 1Q 2017 and has about 4.000 shareholders. Read more at [www.initiatorpharma.com](http://www.initiatorpharma.com).*

## Letter from the CEO

2016 was an eventful year for Initiator Pharma. Initiator Pharma was formally established in May 2016, as a spin-out from Saniona AB through which the company acquired three key drug development programs, all within the monoamine reuptake inhibitor class and all targeting key unmet medical needs within the central and peripheral nervous system. Our lead drug candidate, IPED2015 is targeting the medical condition Erectile Dysfunction (ED), and specifically patients with ED that are non-responsive to current prescribed drugs within the PDE5i class, including the approved drugs Viagra©, Cialis© and Levitra©.

In 2017 our primary focus will be the Regulatory Development of IPED2015 drug candidate. We are confident that will complete this work and obtain an approval from the authorities to initiate a clinical Phase I trial mid 2018. Furthermore, we will pursue the possibility to obtain soft-funding and seek potential partnerships for other assets in our portfolio.

In summary, Initiator Pharma is looking forward to the upcoming listing on AktieTorget, March 2017 and build Initiator Pharma as a durable biotech with high quality research and science for the benefit of the patients. In addition, we are very keen to get working with the Regulatory Development program for our drug candidate IPED2015.

Finally, I would like to take this opportunity once again to say welcome to all our new share holders from the Saniona lex ase distribution and thanks for the large interest in Initiator Pharma. This was clearly demonstrated in the recent completed rights issue where all shares were acquired by existing shareholders. This is a sign of trust, which we will do work hard and strive to live up to.

Claus Olesen  
CEO, Initiator Pharma A/S

## About Initiator Pharma

Initiator Pharma is a Biotech company established in Aarhus, Denmark. Its main asset IPED2015 represents a novel treatment 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 or cannot be treated with the current marketed medication. Initiator Pharma is based in Århus, Denmark.

## Vision

Initiator Pharma will be a leading biotech company within the field of mono-amine reuptake transporters and dedicated to the development of paradigm changing drug for unmet medical needs to the benefit of both patient and society.

## 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 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.

## 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:

Drug Candidate	Indication	Exploratory	Preclinical	Phase 1	Phase 2	Phase 3
IPED2015	Erectile Dysfunction	[Progress bar spanning all phases]				
IPNP2015	Neuropathic pain	[Progress bar spanning Exploratory and Preclinical]				
IPDP2015	Depression	[Progress bar spanning Exploratory and Preclinical]				

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 by having a dual action, both a central effect initiating erection and a peripheral effect potentiating erection through smooth muscle relaxation, is unique and aimed for treatment of erectile dysfunction in patients suffering from erectile dysfunction due to metabolic syndrome and diabetes.

## Market

The current number of ED patients is estimated to about 150 mio men worldwide and a number that is estimated to increase to more than 300 mio 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 PDE5i drugs, where patents protection rapidly is disappearing and experience increasing price pressure from generics. In 2015 the Erectile dysfunction market generated about 4 bn USD 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.

## Financial review

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

KDKK	01.10.2016	01.10.2015	01.01.2016	01.01.2015
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	3 months	3 months	12 months	12 months
Net sales	0	-	0	-
Total operating expenses	-713	-	-887	-
Operating profit/loss	-713	-	-887	-
Operating margin, %	na		na	
Cash flow from operating activities	87	-	-177	-
Earnings per share	-0,14		-0,18	
Diluted earnings per share	-0,14		-0,18	
Average shares outstanding	4 962 254		4 962 254	
Diluted average shares outstanding	4 962 254		4 962 254	
Average number of employees, #	1	-	0,5	-

  

	31.12.2016	31.12.2015
Cash and cash equivalents	167	-
Equity	-371	-
Total equity and liabilities	563	-
Equity ratio, %	neg	-
Liquidity ratio, %	neg	

## Revenues and result of the operation

### Revenue

Initiator Pharma generated total revenues of KDKK 0 for the fourth quarter of 2016, and KDKK 0 for the full year 2016.

### Operating profit/loss

The company recognized an operating loss of KDKK 713 for the fourth quarter of 2016, and KDKK 887 for the full year of 2016.

### Financial position

The equity as of December 31, 2016 was KDKK -371. Cash and cash equivalents amounted to KDKK 167 as of December 31, 2016. Total assets as of December 31, 2016, were KDKK 563.

On February 15<sup>th</sup> the company successfully completed a preferential rights issue raising approximately MSEK 20.5 gross and MSEK 19.1 net of transaction related costs. With these proceeds the company expects to have sufficient capital to initiate the planned development activities for next 12 months.

### Cash flow

Total operating cash flow for the fourth quarter of 2016 was KDKK 92, incl a positive change in working capital of KDKK 799. Cash flow from financing activities was KDKK -5. Cash flow from investment activities was KDKK -65.

For the full year 2016 operating cash flow was KDKK -173, incl a positive change in working capital of KDKK 703. Cash flow from financing activities was KDKK -5. Cash flow from investment activities was KDKK -177.

## The share, share capital and ownership structure

At December 31, 2016, the number of shares outstanding amounted to 4.962.254. The company has as of December 31, 2016 no outstanding warrants.

At December 31, 2016 the company had around 4000 shareholders. The following shareholders own more than 5% of the number of shares in Initiator Pharma:

Owners	Number of shares	Share %
DanPET AB <sup>1</sup>	489 200	9,86 %
Simonsen and Mogensen Holding ApS <sup>1</sup>	489 200	9,86 %
Mikael Søndergaard Thomsen ApS <sup>1</sup>	489 200	9,86 %
Claus Olesen Holding ApS <sup>1</sup>	489 200	9,86 %
Jørgen Dreier	334 959	6,75 %
Thomas Feldthus	267 143	5,38 %
Other shareholders (cirka 4 000)	2 403 352	48,43 %
<b>Total</b>	<b>4 962 254</b>	<b>100,00 %</b>

<sup>1</sup> Owned and controlled by Dan Peters, Chief Technology Officer in Initiator Pharma A/S

<sup>2</sup> Owned and controlled by Ulf Simonsen, Chief Medical Officer in Initiator Pharma A/S

<sup>3</sup> Owned and controlled by Michael Thomsen, Chief Scientific Officer in Initiator Pharma A/S

<sup>4</sup> Owned and controlled by Claus Olesen, Chief Executive Officer (CEO) in Initiator Pharma A/S

## Personnel

As of December 31, the number of employees was 1, of which 0 are women. Initiator Pharma follows a strategy of using an extensive network of consultants to support the development activities in the company. Such a strategy is well established in the biotech industry and ensures the company the optimal balance of access to leading edge expertise, costs and flexibility.

## Operational risks and uncertainties

All business operations involve risk. Managed risk-taking is necessary to maintain good profitability. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be specific to a certain company.

The main risks and uncertainties which Initiator Pharma is exposed to are related to drug development, the company's collaboration agreements, competition, technology development, patent, regulatory requirements, capital requirements and currencies.

A more detailed description of the company's risk exposure and risk management is included in the memorandum and small prospectus published in January 2017.

## Annual General Meeting

The Annual General Meeting (AGM) of Initiator Pharma A/S will be held on Tuesday, May 16, 2017, at 4pm, at the office of Lyngiesvej 18, 8230 Åbyhøj, Denmark.

The Board of Directors propose that no dividend will be paid for the 2016 financial year.

The Annual Report for 2016 will be published on [www.initiatorpharma.com](http://www.initiatorpharma.com) three weeks before the AGM. It will also be available at Initiator Pharma's head office Lyngiesvej 18, 8230 Åbyhøj, Denmark.

## Audit review

This Year-End Report has not been subject to review by the company's auditor.

## Financial calendar

Annual General Meeting	May 16, 2017
Interim Report Q1	May 26, 2017
Interim Report Q2	August 24, 2017
Interim Report Q3	November 24, 2017
Year-End Report	February 21, 2018

Aarhus, February 28, 2017

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Magnus Persson - Chairman

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Henrik Moltke – Board member

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Peter Holm – Board member

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Claus Olesen – Board member and  
CEO

## Financial Statements

### Statement of comprehensive income

KDKK	01.10.2016	01.10.2015	01.01.2016	01.01.2015
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	3 months	3 months	12 months	12 months
Net sales	0	-	0	-
Total operating income	0	-	0	-
Raw materials and consumables	0	-	0	-
Other external costs	-532	-	-700	-
Personel costs	-175	-	-175	-
Depreciation and write-downs	-6	-	-12	-
Total operating expenses	-713	-	-887	-
<b>Operating profit/loss</b>	<b>-713</b>	<b>-</b>	<b>-887</b>	<b>-</b>
Other financial income	0	-	0	-
Other financial expenses	-5	-	-5	-
Total financial items	-5	-	-5	-
<b>Profit/loss after financial items</b>	<b>-718</b>	<b>-</b>	<b>-892</b>	<b>-</b>
Tax on net profi	0	-	0	-
<b>Profit/loss for the period</b>	<b>-718</b>	<b>-</b>	<b>-892</b>	<b>-</b>
<b>Other comprehensive income for the period</b>				
Item that may be reclassified to profit and loss	0	-	0	-
Translation differences	0	-	0	-
<b>Total comprehensive other income for the period, net after tax</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-718</b>	<b>-</b>	<b>-892</b>	<b>-</b>
Earnings per share, DKK	-0,14	-	-0,18	-
Diluted earnings per share, DKK	-0,14	-	-0,18	-

## Statement of financial position

KDKK	31.12.2016	31.12.2015
<b>ASSETS</b>		
Fixture, fittings, tools and equipment	64	-
Tangible assets	64	-
Patents	101	-
Intangible assets	101	-
Non-current tax assets	0	-
Deferred tax	0	-
Financial assets	0	-
<b>Non-current assets</b>	<b>165</b>	<b>-</b>
Trade receivables	0	-
Current tax assets	0	-
Other receivables	32	-
Prepayments and accrued income	199	-
Current receivables	231	-
Cash and cash equivalents	167	-
<b>Current assets</b>	<b>398</b>	<b>-</b>
<b>Total assets</b>	<b>563</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	521	-
Additional paid in capital		-
Retained earnings		-
Currency translation reserve		-
Profit for the period	-892	-
<b>Equity</b>	<b>-371</b>	<b>-</b>
Trade payables	0	-
Other payables	934	-
Accrued expenses and deferred income	0	-
<b>Current liabilities</b>	<b>934</b>	<b>-</b>
<b>Total liabilities</b>	<b>934</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>563</b>	<b>-</b>



## Statement of changes in equity

KDKK	Number of shares	Share capital	Additional paid in capital	Translation reserves	Retained earnings	Shareholders' equity
<b>January 1, 2016</b>	-	-	-	-	-	-
<b>Comprehensive income</b>						
Profit/loss for the year					-892	-892
Other comprehensive income						0
Translation differences						0
<b>Total comprehensive income</b>					-892	-892
<b>Transactions with owners</b>						
Shares issued for cash	4 962 254	521				
Expenses related to capital increase						
<b>Total transactions with owners</b>	4 962 254	521	0	0		521
<b>December 31, 2016</b>	<b>4 962 254</b>	<b>521</b>	<b>0</b>	<b>0</b>	<b>-892</b>	<b>-371</b>

## Statement of cash flows

KDKK	01.10.2016 31.12.2016 3 months	01.10.2015 31.12.2015 3 months	01.01.2016 31.12.2016 12 months	01.01.2015 31.12.2015 12 months
Operating loss before financial items	-713	-	-887	-
Depreciation	6	-	12	-
Changes in working capital	799	-	703	-
<b>Cash flow from operating activities before financial items</b>	<b>92</b>	<b>-</b>	<b>-173</b>	<b>-</b>
Interest income received		-		-
Interest expense paid	-5	-	-5	-
<b>Cash flow from operating activities</b>	<b>87</b>	<b>-</b>	<b>-177</b>	<b>-</b>
<b>Investing activities</b>				
Investment in tangible assets	-65	-	-65	-
Investments in intangible assets	0	-	-112	-
Investments in other financial assets	0	-	0	-
<b>Cash flow from investing activities</b>	<b>-65</b>	<b>-</b>	<b>-177</b>	<b>-</b>
<b>Financing activities</b>				
New share issue	0	-	521	-
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-</b>	<b>521</b>	<b>-</b>
<b>Cash flow for the period</b>	<b>22</b>	<b>-</b>	<b>167</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of period</b>				
Exchange rate adjustments				
<b>Cash and cash equivalents at the end of period</b>	<b>167</b>	<b>-</b>	<b>167</b>	<b>-</b>

## Business terms - glossary

### **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 drug, incl Viagra®, Cialis® and Levitra® are used in the treatment of erectile and were the first effective oral treatment available for the condition.

## Financial Glossary

### **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