

INITIATOR PHARMA PROGRESSING ACCORDING TO TIMELINE

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 situation in Danish kroner (DKK).

Q1 2017	Q1 2016
• Net revenues were TDKK 0	• na
• EBIT was TDKK -1.211	• na
• Earnings per share was DKK -0.22	• na
• Diluted earnings per share was DKK -0.22	• na

Business highlights in 1Q 2017

- Initiator Pharma completed a rights share issue of up to MSEK 20.5
- Listing on Aktietorget March 16th

Significant events after this reporting period

- Initiator Pharma elects Syngene, India and Research Toxicology Centre, Italy (RTC) as collaboration contract research organizations (CROs) to conduct the pre-clinical development work on drug Candidate IPED2015 for the treatment of Erectile dysfunction.
- Initiator Pharma together with Syngene identified and selected the optimal synthesis route.
- Publication of the annual report for 2016.
- The AGM approves changes to article of association, incentive program and remuneration for the board members.

Comments from the CEO

"The first quarter of 2017 has been very eventful for Initiator Pharma. The company successfully completed a rights issue and with solid support from current investors shown by the 215% subscription rate. We subsequently listed the company on Aktietorget. The proceeds from the rights issue are used to advance our Drug Candidate IPED2015 for the treatment of erectile dysfunction. We are very happy with the current progress which is in accordance with our timeline to initiate a first in man clinical phase I trial in 2018"

For more information, please contact

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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 was listed on Aktietorget on March 16th 2017 and has about 4.000 shareholders. Read more at www.initiatorpharma.com.

Letter from the CEO

First quarter of 2017 has been very eventful for Initiator Pharma. Initiator Pharma that was formally established in May 2016, as a spin-out from Saniona AB, completed a rights issue and a listing on Aktietorget. The proceeds from the rights issue is primarily used to advance the Initiator Pharma Erectile dysfunction candidate IPED2015 into the preclinical development program designed to enable an approval for a clinical trials summer/autumn 2018.

During Q1 Initiator Pharma has elected Syngene, India and Research Toxicology Centre, Italy (RTC) as collaboration contract research organizations (CROs) to conduct the pre-clinical development work on drug Candidate IPED2015 for the treatment of Erectile dysfunction. The work will be directed and supervised by Initiator Pharma's CDO Mikael Thomsen, who has more than 25 years experience of bringing projects from the preclinical stage to clinical Phase I and II trials; and by Initiator Pharma's CTO Dan Peters. Most recent the synthesis route has been elected. This represents an important step in the production of the API (Active Pharmaceutical Ingredient) and is part of the regulatory track to obtain approval for conducting clinical Phase I trials.

For Q2 our focus and key tasks will be to continue the upscaling of IPED2015, and to prepare and initiate the first toxicology and pharmacology studies in rodents.

Another important focus is to continue the maturation of the other assets in our pipeline. Initially, we focus on strategically identifying unmet and attractive potential medical indications and market analysis as well as scientific evaluation, which subsequently will put us in good a position to select a high-value medical indication to pursue with the Initiator Pharma assets. Initiator Pharma's CSO Ulf Simonsen will conduct studies to aid the evaluation and validate the potential new indications that Initiator Pharma will pursue in the future.

Finally, I would like to take this opportunity to thank our shareholders for continuous support and trust in our company. Together we will build a stronger Initiator Pharma that will deliver paradigm changing medicine and delivery value for patients and shareholders.

Claus Elsborg Olesen
CEO, Initiator Pharma A/S

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).

Financial review		
TDKK	1Q:2017	2016
Net sales	0	0
Total operating expenses	-1 211	-887
Operating profit/loss	-1 211	-887
Cash flow from operating activities	-1 865	-178
Operating margin, %	neg	neg
Average number of employees, #	0,5	0,5
Earnings per share, DKK	-0,22	-0,18
Diluted earnings per share, DKK	-0,22	-0,18
31.03.2017 31.12.2016		
Cash and cash equivalents	12 923	167
Equity	12 880	-371
Total equity and liabilities	13 317	563
Equity ratio, %	97 %	neg
<i>Number of shares outstanding</i>	<i>8 683 943</i>	<i>4 962 254</i>
<i>Number of shares, fully diluted</i>	<i>8 683 943</i>	<i>4 962 254</i>
<i>Weighted number of shares</i>	<i>6 823 099</i>	<i>4 937 210</i>

Revenues and result of the operation

Revenue

Initiator Pharma generated total revenues of TDKK 0 for the first quarter of 2017.

Operating profit/loss

The company recognized an operating loss of TDKK 1,211 for the first quarter of 2017.

Financial position

The equity as of March 31, 2017 was TDKK 12,880. Cash and cash equivalents amounted to TDKK 12,923 as of March 31, 2017. Total assets as of March 31, 2017, were TDKK 13,317.

On February 15th the company successfully completed a preferential rights issue raising approximately MDKK 15.9 gross and MDKK 14.8 net of transaction related costs. With these proceeds the company expects to have sufficient capital to initiate the planned development activities into 1Q:2018.

Cash flow

Total operating cash flow for the first quarter of 2017 was TDKK -1,865, incl a negative change in working capital of TDKK -380. Cash flow from investment activities was TDKK -132. Cash flow from financing activities was TDKK 14,751.

The share, share capital and ownership structure

At March 31, 2017, the number of shares outstanding amounted to 8,683,943 The company has as of March 31 no outstanding warrants.

At March 31, 2017 the company had around 4,000 shareholders. The 25 largest shareholders in the company on March 31 owned 63,36% of all outstanding shares:

Top 25 shareholders as of March 31, 2017		
Owners	Number of shares	Shares %
BNY Mellon SA/NV (Former BNY)	593 908	6,84 %
Mikael Södergård Thomsen APS	505 946	5,83 %
Claus Olesen Holding APS	503 348	5,80 %
DanPet AB	503 348	5,80 %
Försäkringsaktiebolaget, Avanza Pension	481 898	5,55 %
Nordnet Pensionsförsäkring AB	380 200	4,38 %
Handelsbanken Denmark	349 452	4,02 %
Nykredit Bank	334 959	3,86 %
Swedish Growth Fund AB	272 724	3,14 %
Feldthus, Thomas	267 143	3,08 %
Olofsson, Christian	260 000	2,99 %
Christophersen, Palle	117 143	1,35 %
Brästrup, Claus	105 100	1,21 %
JP Morgan Luxembourg	100 487	1,16 %
Larsen, Janus Schreiber	100 058	1,15 %
Clearstream Banking S.A.	84 659	0,97 %
HCN Group AB	76 545	0,88 %
Peters, Leif Anders Rudolf	72 726	0,84 %
Aktiebolaget Skånska Bruk	71 817	0,83 %
SEB Life - CJ Wachtmeister Consult	68 148	0,78 %
SIX SIS AG	60 000	0,69 %
Ferm, Peter	59 820	0,69 %
Nielsen, Karin Sandanger	49 479	0,57 %
Jacobsen, Thomas Amos	41 956	0,48 %
Lundquist, Ola	40 908	0,47 %
Other shareholders	3 182 171	36,64 %
Total	8 683 943	100,00 %

Personnel

As of March 31, 2017, the number of employees was 1, of which 0 were 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.

Audit review

This Interim 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, May 26, 2017

Magnus Persson - Chairman

Henrik Moltke – Board member

Peter Holm – Board member

Claus Olesen – Board member and
CEO

Financial Statements

Statement of income

TDKK	1Q:2017	2016
Gross loss	-882	-700
Staff costs	-311	-175
Depreciation and write-downs	-18	-12
Operating profit/loss	-1 211	-887
Other financial expenses	-289	-5
Profit/loss	-1 500	-892

Statement of financial position

TDKK	1Q:2017	2016
ASSETS		
Patents	95	101
Intangible assets	95	101
Fixture, fittings, tools and equipment	183	64
Property, plant and equipment	183	64
Fixed assets	278	165
Other receivables	31	32
Prepayments	85	199
Current receivables	116	231
Cash and cash equivalents	12 923	167
Current assets	13 039	398
Assets	13 317	563
EQUITY AND LIABILITIES		
Contributed capital	15 272	521
Retained earnings	-2 392	-892
Equity	12 880	-371
Other payables	437	934
Current liabilities other than provisions	437	934
Liabilities other than provisions	437	934
Equity and liabilities	13 317	563

Statement of changes in shareholder equity

TDKK	Contributed capital	Retained earnings	Total
January 1, 2017	521	-892	-371
Increase of capital	14 751	0	14 751
Profit/loss for the period	0	-1 500	-1 500
March 31, 2017	15 272	-2 392	12 880

Statement of cash flow

TDKK	1Q:2017	2016
Operating profit/loss	-1 211	-887
Amortisation, depreciation and impairment losses	18	12
Changes in working capital	-383	703
Cash flow from operating activities before financial items	-1 575	-173
Interest income received	52	
Interest expense paid	-342	-5
Cash flow from operating activities	-1 865	-178
Investing activities		
Investment in tangible assets	-132	-65
Investments in intangible assets	0	-112
Investments in other financial assets	0	0
Cash flow from investing activities	-132	-177
Financing activities		
New share issue	14 751	521
Cash flow from financing activities	14 751	521
Increase/decrease in cash and cash equivalents	12 756	167
Cash and cash equivalents at the end of period	12 923	167

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