

INITIATOR PHARMA: PREPARING FOR THE CLINICAL PHASE

Financial Highlights

Initiator Pharma A/S is a Danish registered company, and is reporting its financial situation in Danish kroner (DKK). Initiator Pharma A/S was registered on May 2, 2016. Because of this, comparing numbers refer to the time period 2016-05-02 – 2016-12-31.

Fourth Quarter (2017-10-01 – 2017-12-31)
• Net revenues were TDKK 0 (0)
• EBIT was TDKK -3,863 (-713)
• Earnings per share was DKK -0.27 (-0.14)

Full Year (2017-01-01 – 2017-12-31)
• Net revenues were TDKK 0 (0)
• EBIT was TDKK -9,561 (-887)
• Earnings per share was DKK -1.04 (-0.18)
• Cash and bank: TDKK 7,169 (167)
• Solidity: 64%

*Group earnings per share: period result divided by a number of 8 683 943 stocks (on 2017-12-31).
Solidity: equity divided by assets.*

Business highlights in Q4 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.

Significant events after this reporting period

- 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 SEK 19.1 million through subscription of shares and a further approximately SEK 12.7 million in the case that all attached share options are exercised. In total, approximately SEK 31.8 million before issuing costs. The 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.

Comments from the CEO

"In Q4 Initiator Pharma obtained positive data from the toxicologic and toxicokinetic animal studies and in January we announced the successful completion of the preclinical development of IPED2015. The

recent advances means that we can now implement our plans for the start of clinical Phase 1 studies in humans in the middle of this year. In order to fund these plans the board of directors has decided to conduct a preferential rights issue. It is the company's ambition that if Extraordinary Assembly to be held on March 1 approves the proposal and if the share issue as well as the warrant program TO1 is fully subscribed the company will be fully funded to complete the clinical Phase IIa proof of concept for IPED2015.

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 is listed on Aktietorget and has about 3.600 shareholders. Read more at www.initiatorpharma.com.