

## **Statement of the Board of Directors in Initiator Pharma**

**This is a statement by the Board of Directors in Initiator Pharma A/S in accordance with Selskabslovens § 156, stk. 3, in connection with the planned capitalization as described in the summons for Extraordinary General Meeting of May 11, 2021.**

The financial report for Q4 2020 and full year 2020 was published on February 19, 2021 and is available on the company's homepage (<https://initiatorpharma.com/investors/financial-reports/>).

In the period after 31.12.2020 there have been no events that have had a material impact on the company's operations and financial position.

The company's ambition with the proposed capitalization is:

- To conclude the ongoing clinical Phase 2 proof of concept study in psychogenic erectile dysfunction with the drug candidate IP2018.
- To initiate the planned Phase 2b study in organic erectile dysfunction with the drug candidate IPED2015. This clinical study is to a large extent financed through the previously communicated credit agreement with MAC Clinical Research (UK).
- To conduct a Proof-of-Principle Pain trial in healthy volunteers with inflected pain with IPTN2021 (same chemical entity as IPED2015 that has already been proven safe and tolerable in clinical trials and have demonstrated efficacy for erectile dysfunction).
- To conduct a Phase 1 MAD ("Multiple Ascending Dose") study with IPTN2021, to enable a clinical development program with long-term treatment.

The proposed capitalization will secure the company SEKM 59.4 before issuing costs and approx. SEKM 56 net of issuing costs.


Copenhagen, April 14th 2021

DocuSigned by:  
  
FCCA1B3B8F43421...  
Magnus Persson  
Chairman

DocuSigned by:  
  
3008C3F7E852423...  
Claus Olesen

DocuSigned by:  
  
264CE881DD41499...  
Henrik Moltke

DocuSigned by:  
  
5E1C398287DE49E...  
Peter Holm

DocuSigned by:  
  
D485BAR126174FE...  
Annette Collin

**Statement of income**

| <b>TDKK</b>                         | <b>Q4:2020</b> | <b>Q4:2019</b> | <b>2020</b>    | <b>2019</b>   |
|-------------------------------------|----------------|----------------|----------------|---------------|
| Gross loss                          | -1 953         | -2 413         | -9 299         | -8 366        |
| Staff costs                         | -110           | -69            | -1 206         | -886          |
| Depreciation and write-downs        | -6             | -21            | -26            | -87           |
| <b>Operating profit/loss</b>        | <b>-2 069</b>  | <b>-2 503</b>  | <b>-10 531</b> | <b>-9 339</b> |
| Other financial expenses            | 357            | -585           | 291            | -636          |
| <b>Profit after financial items</b> | <b>-1 712</b>  | <b>-3 088</b>  | <b>-10 240</b> | <b>-9 975</b> |
| Tax                                 | 1 543          | 1 687          | 1 543          | 1 687         |
| <b>Net profit for the period</b>    | <b>-169</b>    | <b>-1 401</b>  | <b>-8 697</b>  | <b>-8 288</b> |

**Statement of financial position**

| <b>TDKK</b>                                      | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
| <b>ASSETS</b>                                    |               |               |
| Patents  | 11            | 34            |
| <b>Intangible assets</b>                         | <b>11</b>     | <b>34</b>     |
| Fixture, fittings, tools and equipment           | 0             | 4             |
| <b>Property, plant and equipment</b>             | <b>0</b>      | <b>4</b>      |
| <b>Fixed assets</b>                              | <b>11</b>     | <b>37</b>     |
| Other receivables                                | 487           | 1 286         |
| Tax credit                                       | 1 543         | 1 687         |
| Contributed capital in arrears                   | 58            | 866           |
| <b>Current receivables</b>                       | <b>2 088</b>  | <b>3 839</b>  |
| <b>Cash and cash equivalents</b>                 | <b>13 504</b> | <b>7 562</b>  |
| <b>Current assets</b>                            | <b>15 592</b> | <b>11 401</b> |
| <b>Assets</b>                                    | <b>15 603</b> | <b>11 438</b> |
| <b>EQUITY AND LIABILITIES</b>                    |               |               |
| Contributed capital                              | 2 909         | 2 477         |
| Retained earnings                                | 11 500        | 7 431         |
| <b>Equity</b>                                    | <b>14 409</b> | <b>9 908</b>  |
| Trade payables                                   | 666           | 1 141         |
| Other payables                                   | 528           | 389           |
| <b>Current liabilities other than provisions</b> | <b>1 194</b>  | <b>1 530</b>  |
| <b>Liabilities other than provisions</b>         | <b>1 194</b>  | <b>1 530</b>  |
| <b>Equity and liabilities</b>                    | <b>15 603</b> | <b>11 438</b> |

**Statement of changes in shareholder equity**

| <b>TDKK</b>                | <b>Contributed capital</b> | <b>Retained earnings</b> | <b>Total</b>  |
|----------------------------|----------------------------|--------------------------|---------------|
| <b>January 1, 2020</b>     | <b>2 477</b>               | <b>7 431</b>             | <b>9 908</b>  |
| Increase of capital        | 432                        | 12 353                   | 12 785        |
| Other equity postings      |                            | 414                      | 414           |
| Profit/loss for the period |                            | -8 697                   | -8 697        |
| <b>December 31, 2020</b>   | <b>2 909</b>               | <b>11 501</b>            | <b>14 410</b> |

**Statement of cash flow**

| <b>TDKK</b>   | <b>Q4:2020</b> | <b>Q4:2019</b> | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|----------------|----------------|
| Operating profit/loss   | -2 069         | -2 503         | -10 531        | -9 339         |
| Amortisation, depreciation and impairment losses                  | 6              | 21             | 26             | 87             |
| Changes in working capital  | -2 470         | -1 873         | 463            | -1 072         |
| <b>Cash flow from operating activities before financial items</b> | <b>-4 533</b>  | <b>-4 355</b>  | <b>-10 042</b> | <b>-10 323</b> |
| Financial income paid   | 357            | -585           | 291            | -636           |
| Tax credit  | 1 687          | 2 406          | 1 687          | 2 406          |
| <b>Cash flow from operating activities</b>                        | <b>-2 489</b>  | <b>-2 534</b>  | <b>-8 064</b>  | <b>-8 553</b>  |
| <b>Investing activities</b>                                       |                |                |                |                |
| Investment in tangible assets                                     | 0              | 0              | 0              | 0              |
| Investments in intangible assets                                  | 0              | 0              | 0              | 0              |
| Investments in other financial assets                             | 0              | 0              | 0              | 0              |
| <b>Cash flow from investing activities</b>                        | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Financing activities</b>                                       |                |                |                |                |
| New share issue   | 7 820          | 1 351          | 13 593         | 1 351          |
| Issue of warrants   | 0              | 0              | 414            | 273            |
| Proceeds from loan  | 0              | -3 478         |                |                |
| <b>Cash flow from financing activities</b>                        | <b>7 820</b>   | <b>-2 127</b>  | <b>14 007</b>  | <b>1 625</b>   |
| <b>Increase/decrease in cash and cash equivalents</b>             | <b>5 331</b>   | <b>-4 661</b>  | <b>5 943</b>   | <b>-6 929</b>  |
| <b>Cash and cash equivalents at the end of period</b>             | <b>13 504</b>  | <b>7 562</b>   | <b>13 504</b>  | <b>7 562</b>   |