Q4
2021

Initiator Pharma

BUSINESS HIGHLIGHTS

Business highlights in Q4 2021

- On October 1st the result of the long-term incentive program ("LTI2021") was published
- On October 8th the conditional approval for listing on Nasdaq First North Growth Market was announced
- On October 18 it was announced that a CTA for a Phase 1 study in relation to assessment of pain reducing effects with IP2015 had been filed
- On October 25th the trading of Initiator Pharma shares on Nasdaq First North Growth Market commenced
- On November 25th the approval of the CTA for a Phase 1 study in relation to assessment of pain reducing effects with IP2015 was announced
- On December 25th an update on the clinical programs was announced

Business highlights after this reporting period

- On January 20th the first dosing of subjects in the Phase 1 study in relation to assessment of pain reducing effects with IP2015 was announced

Financial review

TDKK	4Q:2021	4Q:2020	2021	2020
Net sales	-	-	-	-
Total operating expenses	-7 280	-2 069	-23 072	-10 531
Operating profit/loss	-7 280	-2 069	-23 072	-10 531
Net result	-13 875	-169	-21 064	-8 697
Earnings per share (DKK)	-0,32	-0,01	-0,48	-0,31
Earnings per share, fully diluted (DKK)	-0,29	-0,01	-0,44	-0,30
Cash flow from operating activities	-7 317	-2 489	-34 097	-8 064

	4Q:2021	4Q:2020	2021	2020
Cash and cash equivalents	34 346	13 504	34 346	13 504
Equity	34 994	14 409	34 994	14 409
Total equity and liabilities	53 701	15 603	53 701	15 603
Equity ratio, %	65%	92%	65%	92%
Number of shares outstanding	*43 772 462*	*27 705 728*	*43 772 462*	*27 705 728*
Number of shares, diluted	*48 165 325*	*28 574 121*	*48 165 325*	*28 574 121*
Average number of shares outstanding	*43 772 462*	*25 869 716*	*35 088 333*	*24 752 173*
Average number of shares, diluted	*48 165 325*	*29 968 223*	*39 685 393*	*27 375 419*

LETTER FROM THE CEO

The fourth quarter has been an intense quarter for Initiator, as has the entire year of 2021. Although we have seen another year with an ongoing pandemic that to some extent has impacted our operations, I'm overall very satisfied with our clinical achievements and, not the least, all the hard work our team has put in.

I'm very pleased to see that all of Initiator's clinical programs are progressing as expected, even though we have seen a somewhat slower pace in the inclusion of patients due to the pandemic. As mentioned in a recent clinical update, this has been most notable in the IP2018 drug program where we are working hard to have the inclusion and dosing completed as soon as possible. However, we maintain our position that we do not foresee the Covid-19 pandemic pushing the overall future development of IP2018, or any of our other clinical programs.

Patient enrollment for IPED2015 Program expected to be completed by year-end

Our most advanced ED program IPED2015 is since September 2021 being evaluated in an ongoing Phase 2b trial conducted in the UK in collaboration with MAC Clinical Research. The patient recruitment rate is progressing well and we anticipate that inclusion and dosing of the planned 120 patients should be completed in the second half of this year, pending the development of the Covid-19 pandemic.

We are truly excited to see the outcome of this pivotal study, especially as IPED2015 previously has demonstrated efficacy in a Phase 2a Proof-of-Concept study. We believe IPED2015 has the potential to become a new valuable treatment option for the large group of patients that do not respond to the currently marketed drugs in the PDE5i class, such as Viagra and Cialis.

IP2018 Program Phase 2a trial ongoing

Our Phase 2a study with the monoamine reuptake inhibitor IP2018 in depressed ED patients, is still not fully enrolled, though the patient recruitment rate has increased significantly since we obtained approval from the regulatory authorities to modify certain inclusion criteria last summer. It has been clear that the specific patient segment targeted in this trial seems to be significantly impacted by the Covid-19 pandemic. With that said, the patient recruitment is expected to be completed in the near future.

Dosing initiated in the IPTN2021 program Phase I study to assess pain reducing effects

In November we received Clinical Trial Application (CTA) approval by the UK Medicines & Healthcare products Regulatory Agency, MHRA, as well as the local Ethics Committee for an exploratory Phase I trial within the IPTN2021 program, conducted in healthy subjects challenged with pain inducing ingredient (capsaicin). Already In January, after the reporting period, we were able to announce that the first patient had been dosed in the trial.

The study is a randomised, double blind, placebo controlled study to investigate the pharmacodynamic effects of IP2015 in 24 healthy male subjects using the intradermal capsaicin model. It is carried out in collaboration with MAC Clinical Research, UK, as a single site study.

LETTER FROM THE CEO

Pending current and future Covid-19 restrictions, first results are expected before the summer.

This first clinical trial in our new IPTN2021 program is very important and our expectations are high as it is targeting the orphan drug indication trigeminal neuralgia, a rare but devastating disease for those affected by it. The treatment options available today for trigeminal neuralgia involves medications and surgery, however the current medication is often found ineffective and with serious adverse events. Therefore, the need for new more effective treatment options is vast, which Initiator will address in the IPTN2021 program.

The drug substance used in this program, IP2015, is also used in the IPED2015 program, and we are now thrilled about the possibility to also assess the substance in relevant pain indications. If positive outcome, we intend to follow up this trial with a Phase II trial including trigeminal neuralgia patients.

Prominent article in Nature shows strong support for the role of dopamine in sexual function

All of our clinical programs, including IPTN2021, belong to the drug class monoamine reuptake inhibitors and are based on compounds modulating monoamine neurotransmitters e.g., dopamine, noradrenaline, and serotonin. Therefore it was very encouraging, and a clear validation of our medical approach, when findings from a recent study made by Professor Mark Andermanns and his team at Harvard Medical School in Boston, demonstrated the importance of dopaminergic neurons in the brain for sexual function. The study results, which were published in the prominent peer-reviewed scientific journal Nature in November, strongly supports our belief that dopamine, together with other monoamine neurotransmitters such as noradrenaline and serotonin, plays a pivotal role in many important physiological functions including sexual function. The importance of dopamine will hopefully be established even further when presenting data from our ongoing Phase 2b study with IPED2015, a drug substance which increases dopamine levels in the brain, in 120 otherwise healthy organic ED patients.

Strengthening of the organization

As recently announced, Initiator Pharma has recruited Christina Guldberg for the position of Senior Director, Clinical Development and Outcomes Research (Rare Diseases). Christina Guldberg will be an important addition to our clinical development team with three programs in clinical development. Her experience and expertise in drug and clinical development and relevant market access perspective are unique. Such competencies are essential in our efforts to strengthen Initiator Pharma's rare disease profile (e.g., the IPTN2021 neuropathic pain program targeting trigeminal neuralgia). Overall, Christina Guldberg will also be supporting all our programs and their development, clinical endpoints, and positioning to prepare for future reviews by the regulatory authorities, as well as discussions with patient organizations and payers.

During the fourth quarter we also carried out an uplisting of our shares from Spotlight Stock Market to Nasdaq First North Growth Market, an important corporate action that will make the Initiator Pharma share accessible for the many international investors who use the Nasdaq platforms. We see the list change as a natural progression for our ambition to create a global awareness of our programs and the significant

unmet needs they address. We are looking forward to reach and deliver on several significant milestones within the foreseeable future – deliverables that will be transformational for Initiator Pharma, benefitting the company and our shareholders. We are welcoming you all, existing and new shareholders, to take part in our exciting journey.

Copenhagen, February 18, 2022

Claus Elsborg Olesen
CEO

ABOUT INITIATOR PHARMA

Initiator Pharma *is a Danish clinical stage life science company developing innovative drugs that target key unmet medical needs within the central and peripheral nervous system. Initiator Pharma's pipeline consists of three clinical programs - the drug candidates IP2018 and IPED2015 for treatment of erectile dysfunction of psychogenic and organic origin, respectively, and the orphan drug candidate IPTN2021 developed for Trigeminal Neuralgia, a severe neuropathic pain condition.*

Vision

Initiator Pharma´s vision is to become a leading life science company developing novel therapeutics within the field of mono-amine reuptake transporters targeting CNS-disorders with significant unmet medical needs.

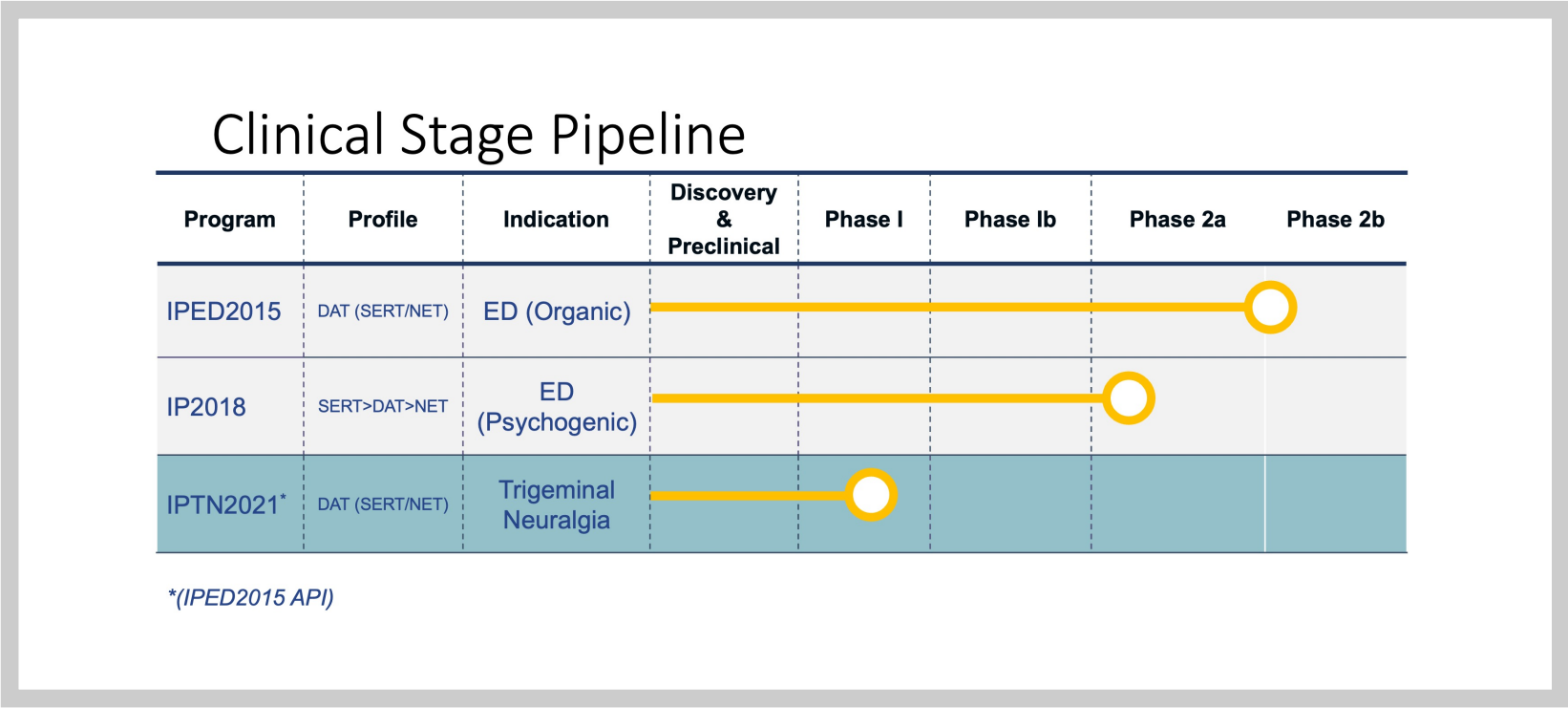
Business model

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 clinical 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. In 2018 the project portfolio was expanded through an option agreement to inlicense IP2018, which we exercised in March 2020. On April 13th we announced that we had further expanded our development pipeline with IPTN2021, aiming to develop the IP2015 molecule for neurpathic pain, and specifically Trigeminal Neuralgia:



ERECTILE DYSFUNCTION

IPED2015: IPED2015, our most advanced development program, is a novel drug candidate for the treatment of patients suffering from organic 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 ED in patients suffering from ED due to metabolic syndrome and diabetes. The Active Pharmaceutical ingredient in the IPED2015 program is IP2015.

The ambition with IPED2015 is to improve the quality of life for a large number of patients (and their partners) who do not respond or cannot be treated with currently marketed drugs (PDE5 inhibitors) for sexual dysfunction. It is estimated that this represents 150 million men worldwide [1]. At the beginning of June 2019, Initiator announced that the Company had successfully completed a Phase 1 study regarding safety and tolerability with IPED2015, and in March 2020, Initiator achieved successful Phase 2a results for IPED2015. The Phase 2a study was designed as an exploratory study and included twelve patients who had severe erectile dysfunction with scores below 12 on the IIEF-5 scale, which meant that it was not possible to treat the condition with currently available treatment. Results from the study support the goal of further developing an oral formulation of IPED2015 for the treatment of moderate and severe erectile dysfunction in patients who do not respond to current therapies.

Clinical development plans in organic Erectile Dysfunction

On 25 November 2020 Initiator announced a financing agreement with MAC Clinical Research Ltd covering the continued development of IPED2015. Within the agreement, MAC Clinical Research (MAC) will take on the cost, up to 23 MSEK, for conducting a clinical Phase 2b intercourse study for IPED2015 in patients suffering from organic erectile dysfunction, i.e. patients that is not responding to the currently marketed drugs in the PDE5i class. Upon the full completion of the study, MAC has the right to convert the accrued debt into Initiator shares at a share price of SEK 7.5.

The study is a randomized, double-blind, parallel-group, repeat single oral dose study of IPED2015 or placebo in otherwise healthy organic Erectile Dysfunction patients. The study will enroll 120 patients divided into 3 parallel arms receiving a higher and a lower dose of IPED2015 and placebo respectively, with treatment duration of 4 weeks with frequent assessments of erectile dysfunction, safety and pharmacokinetics. The Clinical Trial Application for the Phase 2b study was approved on June 28th, and on September 24th we announced the dosing of the first patient in the study.

Erectile Dysfunction (ED) 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 unmeet medical need. This is exactly our primary target group and will clearly distinguish us form the PDE5i drugs, where patent expiry results in increasing price pressure from generics. In 2015 the ED 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.

TRIGEMINAL NEURALGIA

IPTN2021: Trigeminal neuralgia is a chronic pain condition that affects the trigeminal nerve. The trigeminal nerve carries sensation from the face to the brain. In patients with trigeminal neuralgia, even mild stimulation of the face, such as brushing your teeth or putting on makeup, may trigger a jolt of excruciating pain. The disease is seriously invalidating. It is reported that worldwide 150,000 people are diagnosed with trigeminal neuralgia (TN) every year. Trigeminal neuralgia affects women more often than men, and it's more likely to occur in people who are older than 50. The causes of the disease include pressure on the nerve, aging, brain disease or is idiopathic. The treatment involves medications and surgery. Clinical guidelines recommend carbamazepine (the only drug FDA-approved for TN) and oxcarbazepine as first-line therapies, however the current medication is often found ineffective and with serious adverse events [2]. With our IPTN2021 program aim to address this significant unmet medical need [3] .

The IPTN2021 development plan aims for orphan drug registration for trigeminal neuralgia and the future ambition is to seek a fast track designation at the FDA and EMA to obtain regulatory support from the authorities and significantly reduce the lead time to product registration.

In the IPTN2021 program the Active Pharmaceutical Ingredient is IP2015. In preclinical studies, IP2015 is effective and markedly inhibits neuralgic pain.

Clinical development plans in Neuropathic Pain

We aim in a Proof-of-Principle study to examine the effect of IP2015 in subjects exposed to the sensory nerve stimulant capsaicin. On January 20th this year we announced that we had started dosing in a Phase 1 proof of principal study in which IP2015 will be evaluated for analgesic effects in healthy subjects challenged with capsaicin as a pain inducing agent. This is a well established pain model of neuropathic pain for early evaluation of analgesic effect, and if positive is

Trigeminal Neuralgia Market

The neuropathic Pain Market to according to Garner a Valuation of US$ 9,862.3 Million by 2027, at CAGR of 6.4 percent by the end of 2027 [4]. On average annual healthcare cost for painful neuropathic disorder is US$ 17,355 per patient and with a solid efficacy and safety data on IPTN2021 Initiator Pharma expect to able to obtain premium pricing siginificantly strengthening the commercial opportunity with the potential to reach high hundreds of MUSD in sales.

[1] *Alberson M, Orabi H, Lue T. Evaluation and treatment of erectile dysfunction in the aging male: a mini-review. Gerontology. 2012;58:3-14.*

[2] *Joanna M. Zakrzewska, Eastman Dental Hospital, London, United Kingdom Mark E. Linskey, University of California Irvine, Irvine, California Am Fam Physician. 2016 Jul 15;94(2):133-135.*

[3] *Jones, M.R., Urits, I., Ehrhardt, K.P., Cefalu, J.N., Kendrick, J.B., Park, D.J., Cornett, E.M., Kaye, A.D. and Viswanath, O., 2019. A comprehensive review of trigeminal neuralgia. Current pain and headache reports, 23(10), pp.1-7.*

[4] *Coherent Market Insights "Neuropathic Pain Market Analysis" (2020), https://www.coherentmarketinsights.com/market-insight/neuropathic-pain-market-3656.*

PSYCHOGENIC ERECTILE DYSFUNCTION

IP2018: IP2018 is a monoamine reuptake inhibitor for the treatment of psychogenic Erectile Dysfunction (mainly caused by anxiety and depression) mainly targeting the serotonin instead of the dopamine system. IP2018 is different from our frontrunner IPED2015 for organic erectile dysfunction (mainly caused by diabetes and age), primarily targeting the dopamine system.

- Due to the unique profile, IP2018 will, if successful, treat patients suffering major depressive disorder where the majority also suffer from comorbid sexual dysfunction or treatment-emergent sexual dysfunction.
- IP2018 has demonstrated an excellent safety profile in a single dose study and the proof of mechanism PET study, confirming the safety and the mechanism of action of our extensive package of preclinical data.
- IP2018 is efficacious in animal models of depression (forced swim and tail suspension tests) and erectile function (intracavernosal pressure to mean arterial pressure ratio) as well as in several mouse anxiety models.
- IP2018 is targeting a clear unmet medical need as up to 68% of patients with major depressive disorder suffer from sexual dysfunction, for which only 5% to 30% is resolved with antidepressant treatment

IP2018 raises the serotonin levels in the brain, and in its preclinical trials, Initiator Pharma has shown that IP2018 has an effect on both depression and erectile function, which is a clear differentiation from other antidepressants on the market today. In the planned clinical phase 2a trial, Initiator Pharma intends to primarily confirm the effect of IP2018 on the erectile function of patients and thereafter, if the outcome is positive, follow up with further clinical safety trials on multiple dosage parameters. The company intends to position IP2018 as a daily treatment for patients suffering from depression and sexual dysfunction and/or as a supplement to treat erectile dysfunction in patients with medically induced sexual dysfunction.

Clinical development plans in psychogenic Erectile Dysfunction

In June 2020 we announced that we had obtained approval from the Medicines and Healthcare products Regulatory Agency, MHRA, and the Ethical committee (EC) UK, for a Phase 2a clinical trial with its candidate drug IP2018. The Phase 2a trial is a randomized, double-blind, placebo-controlled, 3-way crossover trial studying the efficacy and safety of IP2018 in young, depressed, erectile dysfunction (ED) patients. The primary objective of this study is to investigate the effects of IP2018 on penile rigidity and tumescence using visual sexual stimulation test. The study will be conducted in 24 patients at the MAC Phase I unit in Manchester, UK.

On December 17th we announced that the patient recruitment rate in the ongoing Phase 2a study with the drug substance IP2018 has increased significantly since Initiator Pharma in July 2021 obtained approval from the regulatory authorities to modify certain inclusion criteria. However, recruitment rate is still impacted by the Covid-19 pandemic, especially the patient segment targeted in this trial seems to be significantly impacted.

The company has a commitment from Innovation Fund Denmark to fund the trial with up to 3.8 MDKK through the Innobooster grant.

PSYCHOGENIC ERECTILE DYSFUNCTION

Depression Market

The main treatments for depression are drugs that selectively inhibit the uptake of serotonin (SSRIs) or serotonin and norepinephrine (SNRIs) or the breakdown of serotonin, norepinephrine and dopamine by inhibiting monoamine oxidase. Antidepressants such as SSRIs and SNRIs have a negative effect on male sexual function. Although the incidence of sexual dysfunction is lower with certain atypical antidepressants, such as bupropion, mirtazapine and vortioxetine, compared to SSRIs, it is nevertheless important to treat sexual dysfunction induced by antidepressant drugs (treatment-induced sexual dysfunction). In one study, it was observed that 41.7 percent of men discontinued psychiatric medication due to perceived sexual side effects [5]. Between 14 and 35 percent of young men have experience with erectile dysfunction, which may be due to performance anxiety, depression, schizophrenia, or other mental disorders. [6]. About 13 percent of all Americans take antidepressant drugs, which means over 23 million prescriptions per year [7].
The global Anxiety Disorder and Depression Treatment Market is forecasted to grow at a rate of 2.4 percent from USD 15.85 billion in 2019 to USD 19.21 billion in 2027 [8]. The largest players, which account for more than 60 percent of antidepressants sold, are Pfizer, Eli Lilly, GlaxoSmithKline, AstraZeneca and H Lundbeck A/S. All are facing major patent expirations in the next few years, and generics and biosimilars are expected to hit revenues hard. All drugs currently on the market have been associated with erectile dysfunction to varying degrees, and this underlines the need to develop a better alternative.

Patent protection

Intellectual Assets of Initiator Pharma includes patents conferring proprietary chemistry protection for IPED2015 and IP2018 in the USA; and in the USA, Israel, Japan, the United Kingdom, Germany, France, and Switzerland, respectively.

The IPED2015 patents expire in 2031, while the IP2018 patents expire in 2025 (2026 in the US due to patent term adjustment). Subject to Market Authorization prior to expiry of the patents, extensions by up to five years are available in key territories.

In addition to the composition of matter patent outlined above, patent protection for the use of IP2018 for the treatment of erectile dysfunction in depressive patients (psychogenic ED) is pending in Europe, USA, China, Japan, South Korea and a number of other relevant markets. The patent family is projected to expire in 2040.

[5] *Rosenberg, K. P., Bleiberg, K. L., Koscis, J., & Gross, C. (2003). A survey of sexual side effects among severely mentally ill patients taking psychotropic medications: impact on compliance. Journal of Sex &Marital Therapy, 29(4), 289-296.*

[6] *Quilter M, Hodges L, von Hurst P, Borman B, Coad J. Male sexual function in New Zealand: a population-based cross-sectional survey of the prevalence of erectile dysfunction in men aged 40-70 years. J Sex Med. (2017) 14:928–36. doi: 10.1016/j.jsxm.2017.05.011*

[7] *Pratt, L. A., Brody, D. J., & Gu, Q. (2017). Antidepressant Use among Persons Aged 12 and Over: United States, 2011-2014. NCHS Data Brief. Number 283. National Center for Health Statistics.*

[8] *Reports and Data. "Anxiety Disorder and Depression Treatment Market By Therapies" (2020), https://www.reportsanddata.com/report-detail/anxiety-disorder-and-depression-treatment-market.*

FINANCIAL REVIEW

Revenue

Initiator Pharma generated total revenues of TDKK 0 for the fourth quarter of 2021 (0) and TDKK 0 for the full year (0).

Result

The company recognized an operating loss of TDKK 7,280 for the fourth quarter of 2021 (-2,069). The increase in operating costs during the fourth quarter reflects the preparations for the start-up of the two new clinical programs, as well as the fundraising process during the quarter. For the full year the operating loss was TDKK 23,072 (-10,531).

External R&D costs in the fourth quarter amounted to TDKK 7 475, compared to TDKK 412 in the same period in 2020. For the full year external R&D costs amounted to TDKK 11,807 (5,194).

Net financial expenses in the fourth quarter amounted to TDKK 634, compared to net financial income of TDKK 357 in the same period in 2020. For the full year the net financial expenses were TDKK 1 172, compared to net financial income of TDKK 291 in the same period in 2020. The increase in net financial expenses for the fourth quarter 2021 is related foreign exchange movements in the period.

Financial position

The equity as of December 31, was TDKK 34,994 (14,409). Cash and cash equivalents amounted to TDKK 34,346 (13,504) as of December 31, and total assets were TDKK 53,701 (15,603). The increase in equity, cash and total assets is related the the completed share issues, described in further detail under the section "The share, share capital and ownership structure below".

Cash flow

In the fourth quarter the total operating cash flow was TDKK -7 317 (-2,489), incl a negative change in working capital of TDKK 946 (-2,470). Cash flow from investment activities was TDKK 0 (0). Cash flow from financing activities was 269 (7,820).

For the full year the operating cash flow was TDKK -34,097 (-8,064), incl a negative change in working capital of TDKK 11,407 (+463). Cash flow from investment activities was TDKK 0 (0) and cash flow from financing activities was TDKK 54,938 (14,007). The cash flow from financing activities during the full year includes:

- Directed issue that was successfully completed during Q2, raising TDKK 22,034 net of issuing costs (see below for further details)
- Preferential rights issue that was successfully completed during Q3, raising TDKK 19,614 net of issuing costs (see below for further details)
- Increased lending of TDKK 13,290 under the convertible credit agreement with MAC covering part financing of the ongoing Phase 2b study.

The share, share capital and ownership structure

At December 31, 2021, the number of shares outstanding totalled to 43,772,462 shares and on a fully diluted basis to 48 165 325, incl both incentive warrants and potential dilution by the convertible credit agreement with MAC.

On January 14th 2021 an extra-ordinary general meeting approved a credit agreement with MAC, the CRO conducting the Phase 2b clinical trial in organic erectile disfunction with IP2015, whereby approx SEKM 20 of the cost of conducting the trial can be

FINANCIAL REVIEW

converted into shares at a share price of SEK 7.50. The maximum number of shares that can be issued under this credit agreement is 3,058,667, representing 7.0% of the number of issued shares at year-end.

On May 11th 2021 an extra-ordinary general meeting approved a capitalization of a total of SEK 60 million to finance the expansion of Initiator Pharma's clinical pipeline with its proprietary clinical program – IPTN2021 – targeting an orphan drug indication in severe neuropathic pain, Trigeminal Neuralgia. The capitalization consisted of a directed share issue of approximately SEK 30.0 million and a fully guaranteed preferential rights issue of approximately SEK 29.4 million. The directed issue was directed to long-term investors led by Linc AB and Adrigo Asset Management AB. The terms for both issues included a subscription price of SEK 3.70 per new share, which corresponded to a discount of approximately 15 percent based on a VWAP counted five days back from the Board of Directors' decision on April 13th.

On July 29th we announced that the rights issue was subscribed to a total of approx 227 percent, raising SEK 29.4 million gross and SEK 26.4 millon net of transaction costs.
The AGM held on May 28th approved a long-term incentive program to key personell. Under the approved program the board of directors is authorised to allocate up to 220.000 Investment Shares to individuals under the program, with each Investment Share carrying the right to subscribe for one share at par value at the AGM next year (Matching Share) and between 0 - 5 shares at part value at the end of 2023, depending on the development in the share price in Intitiator Pharma between May 28th 2021 and December 31, 2023 (Performance Shares). The Investment Shares need to be purchased in the market before September 30, 2021. On October 1st we announced that the board had decided to allocate a total of 152.000 shares under the program, and that 150.000 shares had been purchased under the program.

On December 31, 2021 the warrant program approved by the AGM in 2019 expired. The warrant program had an exercise price of SEK 8.40 compared to a share price of 8.14 on December 31. None of the warrants were exercised and hence 434,197 warrants expired, reducing the number of granted incentive warrants to 1,334,196, representing 3.0% of the number of issued shares.

As of December 31, 2021 the company had around 4,200 shareholders. The 10 largest shareholders in the company on December 31 owned approx 38.6% of all outstanding shares and votes.

On October 8th the company announced that the company had received conditional approval to change listing of its shares on to Nasdaq First North Growth Market in Stockholm, and the final approval was announced on October 22nd. Trading of Initiator Pharma´s shares on Nasdaq First North Growth Market in Stockholm commenced on October 25th.

FINANCIAL REVIEW

Top 10 shareholders as of December 31, 2021		
Owners	Number of shares	Shares %
LINC AB	5 780 781	13,21%
Försäkringsaktiebolaget, Avanza Pension	2 813 170	6,43%
Adrigo Small and Midcap L/S	1 786 679	4,08%
BNY Mellon SA/NV	1 159 224	2,65%
Thorén, Mats	1 070 222	2,44%
Nordnet Pensionsforsäkring	1 049 930	2,40%
Ålandsbanken i Ägares ställe	1 005 609	2,30%
UBS Switzerland	815 163	1,86%
DanPet AB	709 594	1,62%
Claus Olesen Holding AB	692 738	1,58%
Ten largest shareholders	16 883 110	38,57%
Other shareholders	26 889 352	61,43%
Total	**43 772 462**	**100,00%**

Dividend

No dividend is proposed for 2021.

Personnel

As of December 31, the number of employees was 1 (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 drug development 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 prospectus published in July 2021 and in the information memorandum published in October 2021 in connection with the change of listing to Nasdaq First North Growth Market.

Impact of COVID-19

As of February 2021 the clinical development programs of the company have been impacted by Covid-19. The company currently has three ongoing clinical trials

- a Phase 2a clinical trial in psychogenic erectile dysfunction (with IP2018)
- a Phase 2b clinical trial in organic erectile dysfunction (with IP2015)
- a Phase 1 proof of principal clinical trial in Neuropathic pain (with IP2015)

All the ongoing clinical trials are being conducted in England. The board and management will continue to carefully monitor the Covid-19 pandemic and its potential for impacting our operations and development plans.

Financial calendar

Annual report 2021	Week of April 25th
Interim Q1 2022 report	6 May 2022
Annual General Meeting 2022	20 May 2022
Interim report 1st half 2022	19 August 2022
Interim Q3 2022 report	4 November 2022
Year-end report 2022 (Q4)	17 February 2023

Audit review

This Interim Report has not been subject to review by the company´s auditor.

General information

Initiator Pharma A/S is a Danish registered company, and is reporting its financial situation in Danish kroner (DKK).

Aarhus, February 18, 2022

Magnus Persson
Chairman

Annette Colin
Board member

Henrik Moltke
Board member

Claus Olesen
Board member and CEO

Peter Holm
Board member

FINANCIAL STATEMENTS

Statement of income

TDKK	4Q:2021	4Q:2020	2021	2020
Gross loss	-6 777	-1 953	-21 626	-9 299
Staff costs	-503	-110	-1 435	-1 206
Depreciation and write-downs	-	-6	-11	-26
Operating profit/loss	**-7 280**	**-2 069**	**-23 072**	**-10 531**
Other financial items	-634	357	-1 172	291
Profit/loss before tax	**-7 914**	**-1 712**	**-24 244**	**-10 240**
Tax	3 180	1 543	3 180	1 543
Net loss for the period	**-13 875**	**-169**	**-21 064**	**-8 697**

FINANCIAL STATEMENTS

Statement of financial position

TDKK	2021	2020
ASSETS		
Patents, acquired rights	-	11
Intangible assets	**-**	**11**
Property, plant and equipment	**-**	**-**
Fixed assets	**-**	**11**
Other receivables	945	487
Income tax receivables	3 180	1 543
Prepayments	15 230	58
Current receivables	**19 355**	**2 088**
Cash and cash equivalents	**34 346**	**13 504**
Current assets	**53 701**	**15 592**
Assets	**53 701**	**15 603**
EQUITY AND LIABILITIES		
Contributed capital	4 596	2 909
Retained earnings	30 398	11 500
Equity	**34 994**	**14 409**
Convertible credit agreement	13 290	-
Long-term liabilities	**13 290**	**-**
Trade payables	4 800	666
Other payables	617	528
Current liabilities other than provisions	**5 417**	**1 194**
Liabilities other than provisions	**5 417**	**1 194**
Equity and liabilities	**53 701**	**15 603**

FINANCIAL STATEMENTS

Statement of changes in shareholder equity

TDKK	Contributed capital	Retained earnings	Total
January 1, 2020	**2 477**	**7 431**	**9 908**
Share issue	432	12 353	12 785
Other equity postings	-	414	414
Profit/loss for the period	-	-8 697	-8 697
December 31, 2020	**2 909**	**11 501**	**14 410**
January 1, 2021	**2 909**	**11 501**	**14 410**
Share issue	1 687	39 961	41 648
Profit/loss for the period	-	-21 064	-21 064
December 31, 2021	**4 596**	**30 398**	**34 994**

FINANCIAL STATEMENTS

Statement of cash flow

TDKK	4Q:2021	4Q:2020	2021
Profit/loss before tax	-7 914	-1 712	-24 244
Adjustments for non-cash transactions	-	6	11
Profit/loss before tax, adj for non-cash transactions	**-7 914**	**-1 706**	**-24 233**
Tax paid/received	1 543	1 687	1 543
Cash flow before change in working capital	**-6 371**	**-19**	**-22 690**
Changes in working capital	-946	-2 470	-11 407
Cash flow from operating activities	**-7 317**	**-2 489**	**-34 097**
Investing activities	-	-	-
Cash flow from investing activities	**-**	**-**	**-**
Financing activities			
New share issue	-	7 820	41 648
Issue of warrants	-	-	-
Credit agreement with MAC	269	-	13 290
Cash flow from financing activities	**269**	**7 820**	**54 938**
Cash flow for the reporting period	**-7 048**	**5 331**	**20 841**
Cash and cash equivalents at the beginning of period	41 394	8 174	13 504
Cash and cash equivalents at the end of period	**34 346**	**13 504**	**34 346**

BUSINESS TERMS

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©)

IP2018
IP2018, currently in a on-going Phase 2a trial for psychogenic erectile dysfunction.

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

Financial Glossary

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

Operating profit/loss, 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

Q4
2021

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