

The Board of Directors proposes a directed share issue and fully guaranteed rights issue of a total of approximately SEK 61 million to finance its clinical programs into the beginning of 2024

Initiator Pharma A/S ("Initiator Pharma" or the "Company") today announces that the Board of Directors has decided to convene an Extraordinary General Meeting ("EGM") to resolve a proposal enabling a capitalization of a total of approximately SEK 61 million allowing the company to advance all its clinical programs into the beginning of 2024. The proposal from the Board of Directors to the EGM is to resolve on a directed share issue of approximately SEK 20 million and a fully guaranteed rights issue with pre-emptive subscription rights for existing shareholders of approximately SEK 41 million. The directed share issue is directed to long-term investors led by Linc AB and Adrigo Asset Management AB with a lock-up of 90 days. The new share issue is fully guaranteed by Linc AB and Adrigo Asset Management AB. The proposed terms for both the directed share issue and the rights issue include a subscription price of SEK 7.50 per new share. Provided that the EGM decides to approve the proposal, the directed issue will be executed directly after the EGM, and the rights issue will be executed as soon as the prospectus has been reviewed and approved by the Danish FSA, indicatively in mid-June 2022. Founders and management, representing approximately 10 percent of the Company's shares, have declared that they will vote for the suggested financing at the EGM. The rights issue will be fully guaranteed by the investors in the directed share issue. The public is also given the opportunity to subscribe for new shares in the preferential rights issue. The notice for the EGM is intended to be published within the coming days.

Background and motive

The proceeds will secure long-term financing of Initiator Pharma until the early part of 2024, allowing the company to advance all its clinical programs according to set plans and priorities. It furthermore supports the company's business strategy of identifying attractive but undervalued clinical-stage assets and advancing these through cost-efficient clinical trials to deliver key-value inflection points in indications with significant unmet medical needs in areas of expertise within the management team.

CEO Claus Elsborg Olesen comments

"I am excited by the continued support and confidence in Initiator Pharma shown by our two anchor investors, Linc and Adrigo. This financing will be an important capital injection to further progress all our ongoing programs and secure company financing to the early part of 2024. I am truly grateful for the continued trust shown by Linc and Adrigo, now further shown by their significant increase in ownership in Initiator Pharma as a result of this financing. Having two truly experienced and skilled anchor investors in our company is of immense value to us as management team and to all shareholders in the short as well as the long term." says Initiator Pharma's CEO, Claus Elsborg Olesen.

Karl Tobieson, CEO Linc AB, comments

*"We are excited to continue our support to the Initiator team as a long-term investor. The team has convinced us about its true expertise in clinical development, and the company is on the trajectory to deliver multiple clinical data points in the next 18 months. Furthermore, the company has a long-term vision by having an opportunistic eye for new valuable clinical-stage **assets**. With the support from Linc Initiator now has the financial stability to focus and dedicate its resources on the ongoing studies and business development activities"* says Karl Tobieson, CEO Linc AB.

The proposed directed issue of shares

The proposed directed issue of shares, amounting to approximately SEK 20 million, is agreed in writing between the Company and the below mentioned investors with a lock-up of 90 days. The proposed subscription price in the directed share issue is SEK 7.50 per share.

Party	Number of shares	Amount (SEK)
Linc AB	1,333,333	9,999,997.50
Adrigo Asset Management AB	1,333,333	9,999,997.50
Total	2,666,666	19,999,995.00

The reason for the deviation from the shareholders' pre-emptive subscription rights is to seek to secure the financing in a time- and cost-efficient manner. By completing a directed issue, and at the same time securing a fully guaranteed subsequent rights issue, as outlined below, it is the assessment of the board of directors, that the subscription price accurately reflects current market conditions and demands and that the combined transactions are in the collective interest of all shareholders and the Company.

Provided that the EGM approves the Board of Directors' decision, the directed issue of shares will bring an increase in the number of shares in the Company by 2,666,666 shares, from 43,772,462 share to 46,439,128 shares. The share capital will increase by DKK 279,999.93, from DKK 4,596,108.51 to DKK 4,876,108.44. The directed issue of shares will result in a dilution of approximately 5.7 percent for the existing shareholders based on the number of shares in the Company after the directed issue of shares.

The proposed rights issue in brief

Provided that the EGM decides to approve an authorisation for the Board of Directors to carry out a rights issue, the rights issue will consist of a maximum of 5,463,426 new shares. The rights issue, which is secured in writing to 100 percent through pre-subscription commitment agreements and guarantee agreements, will provide the Company with approximately SEK 41 million before deduction of transaction related costs.

Founders and management, representing approximately 10 percent of shares, have declared that they will vote for the suggested financing at the EGM.

The proposed subscription price in the preferential rights issue is SEK 7.50 per share.

Initiator Pharma has received subscription commitments and guarantee commitments corresponding to 100 percent of the rights issue from Linc and Adrigo. The subscription commitments correspond to approximately SEK 8.55 million (20.86 percent of the total issue proceeds). Guarantee commitments in the rights issue correspond to approximately SEK 32.45 million (79.14 percent of the total issue proceeds). Subscription commitments and guarantee commitments have not been secured through advance transaction, bank guarantee or similar. Cash premium compensation of 14 percent is paid for the guarantee commitments.

The suggested terms in the rights issue, include that Initiator Pharma's shareholders have the right to subscribe for two (2) new shares per seventeen (17) existing shares. The public is also given the right to subscribe in the preferential rights issue.

The record date for participation in the preferential rights issue, as well as trading dates and the dates for the subscription period and other important dates will be communicated as soon as the Company has a more detailed overview of when the subscription period can take place.

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About Initiator Pharma

Initiator Pharma A/S 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.

Initiator Pharma is listed on Nasdaq First North Growth Market (ticker: INIT). Redeye AB, with email address certifiedadviser@redeye.se and phone number +46 8 121 576 90, is the company's Certified Adviser. For more information, please visit www.initiatorpharma.com.

This information is information that Initiator Pharma is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-04-13 08:40 CEST.

Attachments

The Board of Directors proposes a directed share issue and fully guaranteed rights issue of a total of approximately SEK 61 million to finance its clinical programs into the beginning of 2024