

Board of Directors decides on execution of rights issue

The Board of Directors of Initiator Pharma A/S (“Initiator” or the “Company”) has today, 31 May 2022, with authorization from the recently held Extraordinary General Meeting, resolved to carry out a fully secured share issue of approx. SEK 41 million with preferential rights for existing shareholders, in accordance with the previously published press release on 13 April 2022 (the “Rights Issue”). Through this press release, Initiator also announces the indicative timetable for the Rights Issue.

Rights Issue

The Extraordinary General Meeting on 18 May 2022 resolved to authorize the Board of Directors to increase the share capital, at one or more times, with up to nominal DKK 573,659.73 with pre-emptive subscription rights for the Company’s existing shareholders. The Board of Directors has now decided on the execution of the Rights Issue.

Those who on the record date, 10 June 2022, are registered as shareholders in Initiator have preferential rights to subscribe for new shares in the Rights Issue. For each existing share, one (1) subscription right is received. Seventeen (17) subscription rights entitle the holder to subscribe for two (2) new shares. The subscription price in the Rights Issue is SEK 7.50 per share, which is the same price as in the recently executed directed share issue.

The Rights Issue, which has already been secured in writing to 100 percent through pre-subscription commitments and underwriting agreements from the Company’s two largest shareholders, Linc AB and Adrigo Asset Management AB, is expected to provide the Company with approx. SEK 41 million before deduction of transaction related costs.

The Rights Issue is expected to increase Initiator’s share capital by a maximum of DKK 573,659.73, from the current DKK 4,876,108.44 to no more than DKK 5,449,768.17. The number of shares in the Company is expected to increase by no more than 5,463,426 shares, from 46,439,128 shares to 51,902,554 shares. The Rights Issue will result in a dilution effect of approx. 10.5 percent for the shareholders not participating in the Rights Issue, calculated based on the total number of shares in the Company after the Rights Issue.

The last day of trading in Initiator’s shares including the right to receive subscription rights in the Rights Issue is 8 June 2022. The first day of trading in Initiator’s shares excluding the right to receive subscription rights is 9 June 2022. Subscription of shares takes place during the period from 16 June 2022 up to and including 30 June 2022. Trading in BTA (paid subscribed shares) is ongoing from 16 June 2022 until the Rights Issue has been registered with Erhvervsstyrelsen. This registration is expected to take place around 18 July 2022. BTAs will only be issued for shareholders with their shares registered with Euroclear Sweden. Shareholders who have their shares registered with VP Securities A/S only will not receive BTAs and will thus not be able to trade the new shares until after registration of the capital increase with Erhvervsstyrelsen.

Complete terms and conditions of the Rights Issue as well as further information about the Company will be presented in the prospectus, which is expected to be published on the Company's website no later than in connection with the commencement of the subscription period.

Motive and use of proceeds

The Rights Issue will secure long-term financing until early 2024, allowing Initiator to advance all its clinical programs according to set plans and priorities. The proceeds will also support Initiator'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.

With the net proceeds from the Rights Issue, the Company has the opportunity to finance the following activities:

- Phase 1 MAD study as well as a bioavailability study of optimized drug product formulation for IP2015.
- Preparations for Phase 2 for IPTN2021 in neuropathic pain (Trigeminal neuralgia).
- Preparations for Phase 2b for IP2018 in psychogenic erectile dysfunction, including costs for drug product optimization.
- Operating expenses through H1 2024.
- Preparations for Phase 2b/3 for the option deal asset in the pain field pending the ongoing evaluation, including commercial evaluations and work-up of a regulatory and clinical development plan.

Pre-subscription- and underwriting commitments

Initiator has received pre-subscription- and underwriting commitments totalling approx. SEK 41 million, which corresponds to 100 percent of the Rights Issue. Pre-subscription commitments from Linc AB and Adrigo Asset Management AB amount to approx. 21 percent of the Rights Issue. Underwriting commitments from Linc AB and Adrigo Asset Management AB amount to approx. 79 percent of the Rights Issue. For issued underwriting commitments, a cash premium payment of 14 percent will be paid.

Indicative timetable for the Rights Issue

- Last day of trading in shares, including the right to receive subscription rights: 8 June 2022.
- First day of trading excluding the right to subscription rights: 9 June 2022.
- Record date for participation in the Rights Issue: 10 June 2022.
- Subscription period: 16-30 June 2022.
- Trading in subscription rights: 16-27 June 2022.
- Trading in BTA: 16 June 2022 until the Rights Issue has been registered with Erhvervsstyrelsen, expected around 18 July 2022.
- Announcement of the outcome in the Rights Issue: around the 7 July 2022.

Prospectus, teaser and subscription form

Prospectus, teaser and subscription form regarding the rights issue will be made available via the Company's (www.initiatorpharma.com), Sedermera Corporate Finance AB's (www.sedermera.se) and Nordic Issuing AB's (www.nordic-issuing.se) website by the time of the commencement of the subscription period, at the latest.

Advisors

In connection with the rights issue, Initiator Pharma has assigned Sedermera Corporate Finance AB as financial advisor and Nordic Issuing AB as issuing agent. Shark Communication AB has provided the Company with advice regarding communication. Mazanti-Andersen has acted as Danish legal counsel to the Company.

For more information about the rights issue, please contact

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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.

Attachments

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