ASCELIA PHARMA

Advancing Orphan Oncology

INTERIM REPORT Q1 2021

January – March 2021

US office opened in preparation of launch

SIGNIFICANT EVENTS IN Q1 2021

- Presentation of the clinical development plan for Oncoral
- Opening of US office in preparation for the planned launch of Mangoral
- Directed new share issue of SEK 200 million

SIGNIFICANT EVENTS AFTER THE PERIOD

- EGM approval of the directed new share issue
- Issuance and repurchase of C-shares for share saving program

"Opening of the US office in New Jersey marks an important step in our Mangoral launch plans"

KEY RATIOS GROUP

	Q1 (Jan-Mar)	
	2021	2020
OPERATING RESULT (SEKm)	**-33.7**	-20.7
EARNINGS PER SHARE (SEK)	**-1.00**	-0.71
CASH FLOW FROM OPERATIONS (SEKm)	**-22.9**	-18.4
LIQUID ASSETS INCL. MARKETABLE SECURITIES (SEKm)	**165.4**	169.3

CEO COMMENTS

The first quarter gave a strong start of the new year to Ascelia Pharma. We continued to make progress in the clinical development program and the commercial preparations for Mangoral, our diagnostic drug currently in Phase 3. We also moved closer to starting the Phase 2 clinical study of our oral chemotherapy Oncoral. Highlights of the first quarter include:

- Presentation of the clinical development plan for Oncoral
- Opening of US office in preparation for the planned launch of Mangoral
- Successful directed new share issue of SEK 200 million

Clinical development plan for Oncoral presented. With encouraging Phase 1 data, we have prepared the next steps of clinical development of Oncoral together with our distinguished Advisory Board. The planned Phase 2 study, which is expected to commence in H2 2021, will address metastatic gastric cancer, which is a serious disease with significant unmet medical need for novel safe and effective therapies. With Oncoral, we have the opportunity to develop a novel oral chemotherapy with the potential to offer both efficacy and safety benefits to cancer patients.

The Phase 2 study in around 100 patients will be a randomized controlled multicenter study of Oncoral added to Standard of Care, compared to Standard of Care alone. For subsequent development, there is also potential for label expansion to other solid tumor indications where irinotecan has proved efficacious.

US office opened. In early March, we opened a US office in Woodbridge, NJ, with an important proximity to the pharma and biotech community and competences in the area. This is a central part of preparing for Mangoral market launch on the important US market, where we plan to set up our own commercial operations and sales team. Building our own commercial operations will make it possible for us to engage more closely with key partners and the clinical community on the journey to make Mangoral available to physicians and patients in the US.

The addressable market for Mangoral is around $500-600 million annually in key markets, of which the US represents the largest individual market. With our own commercial activities in the US, we have the opportunity to build an attractive top line and retain the full value within the company.

The ongoing pivotal Phase 3 study SPARKLE is expected to be completed in H2 2021. We thereafter plan to submit the New Drug Application (NDA) to the FDA in H1 2022 and to launch in the US in Q4 2022 or H1 2023.

Directed share issue. To accelerate value creation, we completed a directed share issue in the quarter, raising SEK 200 million. The funds will be used to finance the upcoming Phase 2 study of Oncoral and further ramp up commercial preparations for Mangoral launch. Participants in the share issue included a number of new and existing shareholders, among others Fourth Swedish National Pension Fund (AP4), Healthinvest Partners and Handelsbanken Fonder.

Fully financed clinical programs. We continue to have a solid financial position, and at the end of the first quarter 2021, we had SEK 165 million in liquid assets. Added to this is the SEK 200 million share issue (SEK 187 million in net proceeds) where the proceeds were received in April following the Extraordinary General Meeting. Consequently, we now stand with a very strong liquidity position ensuring two fully financed clinical programs (Mangoral Phase 3 and Oncoral Phase 2) and the ability to ramp-up the preparations for Mangoral market launch.

Covid-19. We continue to carefully monitor the development of the pandemic. We take every precaution to ensure that patients, healthcare staff and our organization and those working on our trials are safe and well, and that our operations continue according to plan.

Looking ahead. Our focus is on the ongoing SPARKLE study, the preparations to make Mangoral available to patients in need, and to initiate the clinical Phase 2 for Oncoral. We work constantly to create stakeholder value, and the development in the first three months give us assurance that 2021 will be a busy and interesting year for Ascelia Pharma.

Magnus Corfitzen
CEO

ABOUT ASCELIA PHARMA

- Ascelia Pharma is a biotech company focused on orphan oncology treatments
- We develop and commercialize novel drugs that address unmet medical needs and have a clear development and market pathway
- Two drug candidates – Mangoral and Oncoral – currently in clinical development
- Global headquarter in Malmö, Sweden, and shares listed on Nasdaq Stockholm (ticker: ACE)

MANGORAL – Diagnostic drug for liver MRI in Phase 3

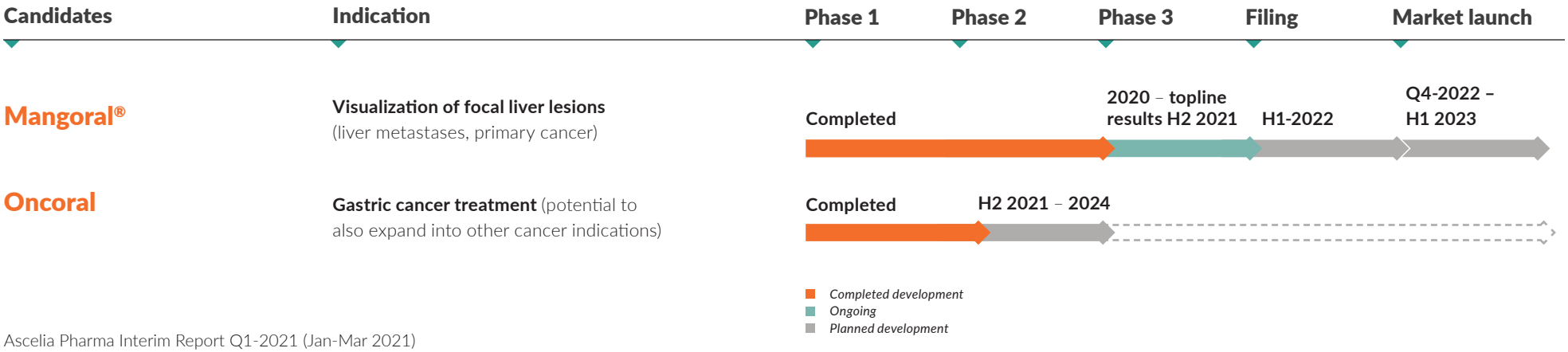
Mangoral is our novel non-gadolinium diagnostic drug (contrast agent) used in MRI-scans of the liver. Mangoral is developed to improve the visualization of focal liver lesions (liver metastases) in patients with impaired kidneys that are at risk of severe side-effects from the gadolinium contrast agents currently on the market. Mangoral characteristics:

- Manganese-based diagnostic drug with Orphan Drug Designation (FDA)
- No competing drugs
- $500-600 million annual addressable market
- Ongoing Phase 3 study - results expected H2-2021

ONCORAL – Tablet chemotherapy ready for Phase 2

Oncoral is our novel oral chemotherapy tablet developed initialy for the treatment of gastric cancer. Irinotecan chemotherapy has an established potent anti-tumor effect. Oncoral characteristics:

- Oral daily dosing of irinotecan chemotherapy
- Potential for better efficacy and safety by frequent low dosing
- Phase 2 in gastric cancer; potential to expand into other cancer forms



Exoected timelines for both ongoing and planned development could be delayed in a prolonged Corona situation

MANGORAL®

Liver MRI contrast contrast agent in the final clinical Phase

Detecting liver metastases early is essential for survival

Ascelia Pharma's lead drug candidate, Mangoral, is a contrast agent used in Magnetic Resonance Imaging (MRI) to improve the visualization of focal liver lesions (liver metastases). The liver is the second most common organ for metastasis after the lymph nodes. Detecting liver metastases at an early stage is crucial for determining the right treatment method and the patient's chances of survival. Studies show that the five-year survival rate can increase from 6% to 46% if liver metastases can be removed surgically. An accurate MR scan using contrast agents is therefore critical to evaluate the possibility for surgical resection, but also for monitoring of treatment effect and surveillance for recurrence of the disease.

How Mangoral works

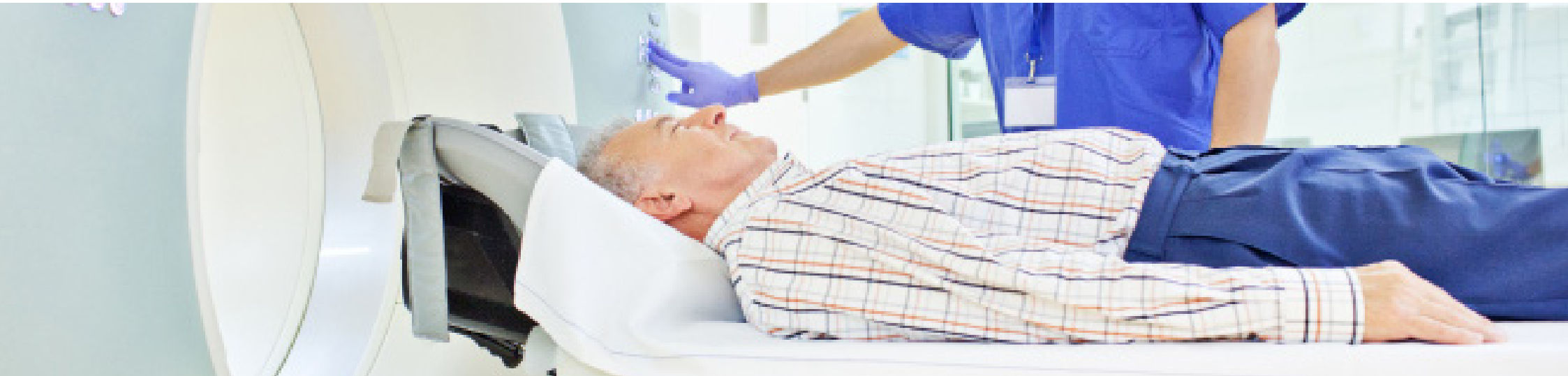
Mangoral is an orally administrated contrast agent used in MRI of the liver. It is based on the chemical element manganese, which is a natural trace element in the body. Mangoral also contains L-Alanine and Vitamin D3 to increase the absorption of manganese from the small intestine into the portal liver vein. From there the manganese is transported to the liver where it is taken up by and retained in the normal liver cells, also known as the hepatocytes. The high manganese uptake causes the liver parenchyma to appear bright on MR images. As liver metastases are not liver cells, they do not take up manganese and consequently metastases appear dark on MR images. With Mangoral, liver metastases are consequently easier to identify due to this contrast effect.

Latest development

In March 2021, a US legal entity was established and the office in Woodbridge, New Jersey, was opened. Opening of the US office is an important step in the launch preparations for Mangoral.

In December, a new US patent was granted for second-generation formulation of Mangoral. With the patent, the protection rights are further strengthened until year 2040 in the US.

In December, results were announced from a blinded-read study where Mangoral was compared against a gadolinium-based liver specific contrast agent. The results showed that Mangoral was as effective as the gadolinium agent for visualization of focal liver lesions. The results also showed that Mangoral-enhanced MRI provides improved diagnostic efficacy compared to MRI without a contrast agent.



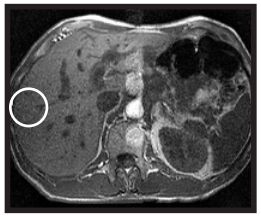
Patients referred for liver MRI scan

TODAY

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
NO imaging drug

No liver metastasis visible

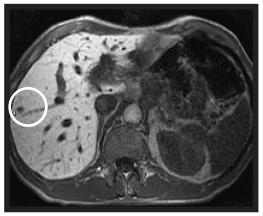


TOMORROW

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
MANGORAL® Imaging drug

Liver metastasis visible with Mangoral



Mangoral aims to be the standard of care liver MRI imaging drug for patients where gadolinium-based contrast agents may be medically inadvisable or cannot be administered

Addressable market of $500-600 million

The target group for Mangoral is patients with impaired kidney function who, due to the risk of serious, and potentially fatal, side effects cannot use today's heavy-metal gadolinium-based contrast agents. The conducted clinical trials show that Mangoral is a safe and effective contrast agent and offers a significantly better alternative than unenhanced MRI (i.e. MRI without contrast agent), which is the standard of care today for Mangoral's patient population. Consequently, Mangoral fills a significant unmet medical need to improve the diagnosis, and subsequently, the treatment of liver metastases.

The immediate addressable market for Mangoral is estimated at $500-600 million yearly and Mangoral is expected to be the only product on the market in its segment.

Mangoral has Orphan Drug Designation

Mangoral has received Orphan Drug Designation from the FDA. One major advantage of orphan drug status is, among other things, that orphan drugs can obtain market exclusivity for a number of years after market approval (seven years in the US and ten years in the EU/EEA). For orphan drugs in general, the time to approval is also usually shorter and the proportion of orphan drugs that are approved is higher than for ordinary drugs.

MANGORAL – ONGOING PHASE 3 STUDY (SPARKLE)

The ongoing pivotal Phase 3 study SPARKLE is a global multi-centre study in up to 200 patients. Topline results from the study are expected in H2-2021. The strong results in the Phase 1 and Phase 2, both in terms of safety and efficacy, studies provide a solid foundation for the ongoing Phase 3 program. This is underpinned by the high degree of similarity between the primary endpoints in Phase 2 and Phase 3, and since the Phase 3 study comparator for Mangoral is MRI with no contrast agent. In addition, the follow-up time is less than a week, compared to months or years for the typical Phase 3 oncology study.

Mangoral's clinical Phase 3 study (based on Phase 3 protocol meeting with FDA and EMA)

NUMBER OF PATIENTS	**Global ongoing study in up to 200 patients**
ENDPOINT	**Lesion visualisation** • Lesions border delineation (border sharpness of lesions) • Conspicuity (lesion contrast compared to liver background)
COMPARATOR	**Unenhanced MRI + Mangoral MRI vs. Unenhanced MRI**
EVALUATION	**Centralised evaluation by 3 radiologists**
RANDOMISATION	**No – each patient at his/her own control**
FOLLOW-UP	**Less than a week**

Strong support to Phase 3 endpoints from completed studies

The completed Phase 1 and Phase 2 studies have shown strong efficacy results regarding the endpoints that will be evaluated in the Phase 3 study. The completed studies, involving 178 persons in total[1], have showed a highly significant improvement compared to unenhanced MRI in:

- Delineation: p-value <0.0001
- Conspicuity: p-value <0.0001

Results from both variables underpin that Mangoral significantly improves MRI performance.

[1] The above mentioned results stem from of a blinded-read study, which comprised all imaging data including Phase 1 and Phase 2 data. The blinded-read results have been presented at major radiology conferences

MANGORAL ADDRESSABLE MARKET OF $500-600M

$500-600M annual addresable market in US, EU and Japan

- Large markets with mature clinical practices
- Clear regulatory and market access pathway
- No competing drugs

Market estimate based on:

- Patients with primary liver cancer or liver metastases and severe kidney impairment (~4%)
- Actual imaging procedures (real-world data)[1]
- Payer and expert input (+75 stakeholders)[2]

Upsides

- Other markets, e.g., China
- Annual growth of 4-5%

Value maximizing go-to-market

US	**Ascelia Pharma to drive commercialization**	
EU	**Ascelia Pharma global synergies**	**Commercial partner**
JAPAN		**Commercial partner**
Other		**Commercial partner**

Strong footprint in the US

1. **SPARKLE Phase 3 Study** at leading sites, incl. Yale, Stanford, Harvard, Massachusetts General etc.
2. **Hepatic Impairment Study** at Texas liver institute
3. **Ascelia Pharma Inc** Office in Woodbridge, NJ
4. **Manufacturing** at Cambrex (partner), NJ
5. **Imaging experts** RadMD, NY

Building an Ascelia Pharma US team

Sales team	**~20 full-time employees reach priority decision makers**
Clinics/ Hospitals	**Around 400 clinics and hospitals serve 75% of the kidney impairment patients[1]**

Sources:
1: Market research with Decision Resources Group, 2020
2: Market research and analyses with Revenue Reimbursement Solutions and Charles River Associates, 2020

ONCORAL

Oncoral is a novel daily irinotecan chemotherapy in development. Irinotecan chemotherapy has an established potent anti-tumor effect. Oncoral is a daily irinotecan tablet with the potential to offer better efficacy with improved safety following the daily dosing at home compared to intravenous high-dose infusions at the hospital.

Proven anti-cancer effect

The active pharmaceutical ingredient (API) in Oncoral is irinotecan, which has an established and proven effect in killing cancer cells. Irinotecan is so-called antineoplastic agent that after metabolic activation inhibits the enzyme topoisomerase 1, thereby inducing cancer cell death via the prevention of their DNA replication. Irinotecan is converted by carboxylesterases, primarily in the liver, to the active metabolite SN-38 which is 100–1,000 more potent than irinotecan in killing tumor cells.

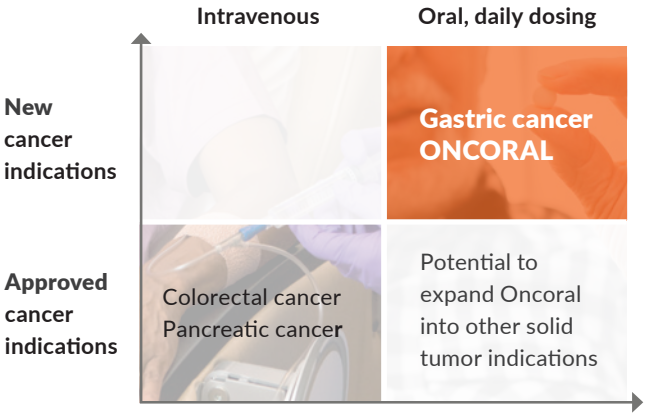
Potential to be the first oral irinotecan

Oncoral is a patented oral tablet formulation of irinotecan. Oncoral enables a secure and efficient release and absorption of irinotecan from the gastro-intestinal tract after oral administration with a high conversion rate of irinotecan to the active metabolite SN-38 which has a high anti-tumor activity. Oncoral has the potential to be combined with other chemotherapies and targeted cancer drugs and enable an all oral chemo combination.

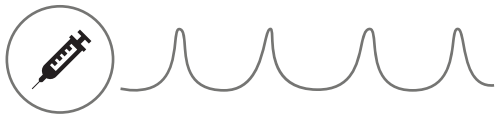
Latest development

In January 2021, the development plan for Oncoral was presented. The planned Phase 2 study is expected to commence in H2 2021. The study will address metastatic gastric cancer, which is a serious disease with large unmet medical need for novel safe and effective therapies.

Oncoral - a novel formulation of irinotecan



TODAY – Intravenous bolus infusions



Infrequent high-dose IV irinotecan

- Gastrointestinal and hematological side effects
- Side-effects: 30% severe or life-threatening (grade 3 or 4)

TOMORROW – Oncoral oral daily dosing

Potential – Frequent low-dose irinotecan

- Improved efficacy driven by pharmacokinetic/ dynamic profile
- Improved tolerability due to lower peak exposure with less severe side effects and manageable toxicity with flexible dosing

ONCORAL PHASE 2 – STUDY IN PREPARATION

The objectives of the planned Phase 2 study are several. First of all, to establish a clinical proof of concept in metastatic gastric cancer. Gastric cancer is chosen partly because of strategic reasons. There is a potential for Orphan Drug Designation in gastric cancer and also the clinical guidelines and clinical data support efficacy of irinotecan in gastric cancer.

Then there is potential for subsequent label expansion into other solid tumor indications. Another objective is to generate compelling Phase 2 data for further development and obtain solid data to design a Phase 3 study.

Phase 2 study design

TYPE OF STUDY	Randomized controlled, multicentre, multinational study: Oncoral + Standard of Care vs. Standard of Care
ENDPOINTS	**Primary:** Progression Free Survival **Secondary:** Response rate, PK, Safety and Overall Survival data in a follow up analysis
NUMBER OF PATIENTS	**Approximately 100 patients**
STUDY PERIOD	**H2-2021 - 2024**

FINANCIAL OVERVIEW: Q1-2021 (JAN–MAR 2021)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in Q1 (Jan-Mar 2021) amounted to SEK 0 (SEK 0). Ascelia Pharma does not expect to recognize revenue before products have been launched on the market. Other operating income totaled SEK 27 thousand (SEK 361 thousand).

Research and development costs (R&D)

R&D costs for the Group in Q1 were SEK 29.3 million (SEK 13.7 million). The cost increase of SEK 15.7 million underlines an overall higher activity level in Ascelia Pharma in the current quarter vis-à-vis corresponding quarter last year. This was driven by costs related to Mangoral's Phase 3 clinical study as well as manufacturing preparations and regulatory work.

Commercial preparation costs

During the first quarter, costs for the commercial preparations of amounted to SEK 0.9 million (SEK 1.8 million).

Administration costs

Administration costs for the Group in Q1 amounted to SEK 3.1 million (SEK 5.2 million). The cost decrease is partially explained by high recruitment costs during Q1 2020.

Operating results (EBIT)

The operating result in Q1 amounted to SEK -33.7 million (SEK -20.7 million). The increased loss reflects the overall higher level of R&D activities and manufacturing preparations in Q1-2021.

Net Profit/Loss for the period

The Group's net loss in Q1 amounted to SEK -28.8 million (SEK -16.7 million). In the current quarter, financial income was positively impacted by strengthening of EUR and USD against SEK, which translated into an increase in the value of bank deposits in EUR and USD (a significant part of bank deposit is held in EUR and USD to match upcoming cash outflow in these currencies). The net loss corresponds to a loss per share, before and after dilution, of SEK -1.00 (SEK -0.71).

Financials key ratios for the Group	Q1 (January-March)	
	2021	2020
Operating result (SEK 000')	-33,740	-20,656
Net result (SEK 000')	-28,815	-16,714
Earnings per share (SEK)	-1.00	-0.71
Weighted avg. number of shares	28,759,073	23,659,090
R&D costs/operating costs (%)	87%	65%
Cash flow used in operating activities (SEK 000')	-22,948	-18,355
Equity (SEK 000')	399,409	221,133
Liquid assets incl. marketable securities (SEK 000')	165,422	169,303

CASH FLOW

Cash flow from operating activities before changes in working capital in Q1 amounted to SEK -33.2 million (SEK -19.8 million). The increased outflow primarily reflects the higher level of R&D activities and manufacturing preparations in the current quarter. Changes in working capital in the current quarter totaled an inflow of SEK 10.2 million (inflow of SEK 1.1 million). The inflow in the current quarter primarily reflects the reduction in advance payments to major suppliers, as well as increase in accounts payable and accrued expenses.

Cash flow from investing activities in Q1 totaled to SEK 0 (SEK 0). Cash flow from financing activities amounted to an outflow of SEK -787 thousand (SEK -114 thousand), which reflects the issuance costs and amortization of loans (leasing of cars and office).

FINANCIAL POSITION

On the closing date, equity amounted to SEK 399.4 million, compared with SEK 236.1 million per 31 December 2020 and SEK 221.1 million per 31 March 2020. The increase since 31 December 2020 and 31 March 2020 reflects the completed new issue of shares, which outweighed the net losses incurred.

Liquid assets on the closing date amounted to SEK 165.4 million, compared to SEK 184.7 million per 31 December 2020 and SEK 169.3 million per 31 March 2020. Adding to this is the net proceeds from the capital raise (SEK 187 million), which was received in April 2021.

Other information

Incentive programs

Ascelia Pharma has one employee option program that include members of the management team and share-saving programs for employees. If the terms of the option programs are met at the time for utilization, the management team has the right to purchase shares at a pre-determined price. For the share-saving program, employees are entitled to receive matching and performance shares according to terms of the program.

The Group recognizes share-based remuneration, which personnel may receive. A personnel cost is recognized, together with a corresponding increase in equity, distributed over the vesting period. Social security costs are revalued at fair value. Further information about the incentive programs can be found in the Annual Report 2020 on pages 63-64.

In case all outstanding incentive programs are exercised in full, a total of 1.5 million shares will be issued (including hedge for future payment of social security charges). This corresponds to an aggregate dilution of approximately 5% of Ascelia Pharma's share capital after full dilution (calculated on the number of shares that will be added upon full exercise of all outstanding incentive programs.

Information about risks and uncertainties for the Group and the parent company

Ascelia Pharma's activities and markets are exposed to a number of risks and uncertainties which impact, or could impact, the company's business, financial position and result. The risks and uncertainties, which Ascelia Pharma considers to have the largest impact on its results are clinical drug development, regulatory conditions, commercialization and licensing, intellectual property rights and other forms of protection, financing conditions, macroeconomic conditions including impact from Covid-19 and foreign exchange exposure.

With respect to Covid-19, the outbreak influences many sectors and companies, including the healthcare industry and Ascelia Pharma. For most biotech companies in clinical development, the main operational impact is potential delays in clinical trials as sites reduce or stop of patient enrolment. Patients could also be hesitant to visit clinical sites for the tests. In addition to the operational impact, the funding environment is negatively influenced by Covid-19 pandemic, causing constraints to capital access.

The Group's overall strategy for risk management is to limit undesirable impact on its result and financial position, to the extent it is possible. The Group's risks and uncertainties are described in more detail in the Annual Report 2020 on pages 27-32.

Significant events after the end of the reporting period

On 9 April, the board of directors in Ascelia Pharma resolved to issue and immediately thereafter repurchase 397,641 series C shares. The shares were issued and repurchased in accordance with the share saving program LTI 2020, which was adopted by the annual general meeting on 6 May 2020.

On 13 April 2021, an extraordinary general meeting was held. The meeting approved the board of directors' resolution of 17 March 2021 to increase the company's share capital with SEK 5,000,000. Through the directed issue of shares, Ascelia Pharma received SEK 200 million before transaction costs (received in April 2021).

On 5 May 2021, the annual general meeting was held. All resolutions were adopted with the required majority of votes.

Auditor's review

This interim report has not been reviewed by the company's auditor.

This interim report has been prepared in both Swedish and English versions. In the event of any differences between the translations and the Swedish original, the Swedish version shall prevail.

Magnus Corfitzen
CEO

Malmö, 12 May 2021
Ascelia Pharma AB (publ)

Consolidated Income Statement

	Q1 (Jan-Mar)	
*SEK in thousands (unless otherwise stated)**	**2021**	**2020**
Net sales	–	–
Gross profit/loss	**–**	**–**
Administrative costs	-3,144	-5,234
Research and development costs	-29,344	-13,680
Commercial preparation costs	-935	-1,814
Other operating income	27	361
Other operating costs	-344	-289
Operating result	**-33,740**	**-20,656**
Finance income	4,442	3,877
Finance costs	-18	-23
Net financial items	**4,424**	**3,854**
Loss before tax	**-29,316**	**-16,802**
Tax	501	88
Loss for the period	**-28,815**	**-16,713**
Attributable to:		
Owners of the Parent Company	-28,815	-16,713
Non-controlling interest	–	–
Earnings per share		
Before and after dilution (SEK)	-1.00	-0.71

Consolidated Statement of Comprehensive Income

	Q1 (Jan-Mar)	
*SEK in thousands (unless otherwise stated)**	**2021**	**2020**
Profit/loss for the period	**-28,815**	**-16,713**
Other comprehensive income		
Currency translation of subsidiaries**	21	180
Other comprehensive income for the period	**21**	**180**
Total comprehensive income for the period	**-28,794**	**-16,533**

* Some figures are rounded, so amounts might not always appear to match when added up.

** Will be classified to profit and loss when specific conditions are met

Consolidated Balance Sheet

*SEK in thousands**	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Intangible assets	57,064	57,073	57,061
Tangible assets			
Equipment	272	321	301
Right-of-use assets	1,504	2,038	1,688
Total fixed assets	**58,840**	**59,432**	**59,050**
Current assets			
Advance payments to suppliers	5,689	4,315	8,279
Current receivables			
Income tax receivables	2,449	1,196	1,748
Receivables from shareholders	200,000	–	–
Other receivables	4,849	974	857
Prepaid expenses and accrued income	784	952	754
Marketable securities	–	66,488	–
Cash and bank balances	165,422	102,815	184,686
Total current assets	**379,193**	**176,740**	**196,324**
Total assets	**438,033**	**236,172**	**255,374**
EQUITY			
Share capital	29,179	23,489	28,697
Other paid-in capital	684,011	405,061	493,731
Loss brought forward (incl. net profit/loss for the period)	-313,781	-207,417	-286,372
Equity attributable to Parent Company shareholders	**399,409**	**221,133**	**236,056**
Total equity	**399,409**	**221,133**	**236,056**
LIABILITIES			
Long-term liabilities			
Leasing	753	1,361	956
Total long-term liabilities	**753**	**1,361**	**956**
Current liabilities			
Accounts payable	6,963	4,128	3,884
Tax payable	–	1	–
Other liabilities	6,390	638	672
Current lease liabilities	832	706	822
Accrued expenses and deferred income	23,686	8,205	12,984
Total current liabilities	**37,871**	**13,678**	**18,362**
Total liabilities	**38,624**	**15,039**	**19,318**
Total equity and liabilities	**438,033**	**236,172**	**255,374**

* Some figures are rounded, so amounts might not always appear to match when added up.

Consolidated Statements of Changes in Equity

	Q1 (Jan-Mar)		FY (Jan-Dec)
*SEK in thousands**	2021	2020	2020
Equity at start of the period	**236,056**	**237,062**	**237,062**
Comprehensive income			
Profit/loss for the period	-28,815	-16,713	-98,697
Other comprehensive income	21	180	-5
Total comprehensive income	**-28,794**	**-16,533**	**-98,702**
Transactions with shareholders			
New issue of C-shares	–	–	511
Repurchase of own shares C-shares	–	–	-511
New issue of common shares	203,853	–	98,653
Issurance expenses	-13,091	–	-5,286
Share based remuneration to employees	1,385	604	4,329
Total transactions with shareholders	**192,147**	**604**	**97,696**
Equity at end of the period	**399,409**	**221,133**	**236,056**

* Some figures are rounded, so amounts might not always appear to match when added up.

Consolidated Cash Flow Statement

	Q1 (Jan-Mar)	
SEK in thousands*	**2021**	**2020**
Operating activities		
Operating result	-33,740	-20,656
Expensed share based remuneration	530	605
Adjustment for items not included in cash flow	216	288
Interest received	–	–
Interest paid	-17	-23
Income tax paid/received	-170	–
Cash flow from operating activities before changes in working capital	**-33,181**	**-19,786**
Cash flow from changes in working capital		
Increase (-)/Decrease (+) of advance payments	2,590	298
Increase (-)/Decrease (+) of operating receivables	-975	1,407
Increase (+)/Decrease (-) of accounts payable	3,072	-981
Increase (+)/Decrease (-) of other liabilities	5,546	707
Change in working capital	10,233	1,431
Cash flow used in operating activities	**-22,948**	**-18,355**
Investing activities		
Investment in equipment	–	-332
Marketable securities/Other investments, net	–	6,000
Cash flow from investing activities	**–**	**5,668**
Financing activities		
Issuance proceeds	–	–
Issuance costs	-591	–
Amortisation of loan (leasing)	-196	-114
Cash flow from financing activities	**-787**	**-114**
Cash flow for the period	**-23,735**	**-12,801**
Cash flow for the period	-23,735	-12,801
Cash and cash equivalents at start of period	184,686	108,516
Exchange rate differences in cash and cash equivalents	4,471	7,100
Cash and cash equivalents at end of period	**165,422**	**102,815**

* Some figures are rounded, so amounts might not always appear to match when added up.

Parent Company – Income Statement

	Q1 (Jan-Mar)	
*SEK in thousands**	**2021**	**2020**
Net sales	811	140
Gross profit/loss	**811**	**140**
Administrative costs	-3,150	-5,211
Research and development costs	-27,739	-12,687
Commercial preparation costs	-944	-1,814
Other operating income	–	357
Other operating costs	-344	-273
Operating result	**-31,366**	**-19,488**
Finance income	4,442	3,877
Finance costs	–	-22
Result from other long-term receivables	559	464
Net financial costs	**5,001**	**4,319**
Loss before tax	-26,365	-15,169
Group contribution	–	–
Tax	–	–
Loss for the period	**-26,365**	**-15,169**

Parent Company – Statement of Comprehensive Income

	Q1 (Jan-Mar)	
*SEK in thousands**	**2021**	**2020**
Loss for the period	**-26,365**	**-15,169**
Other comprehensive income	–	–
Other comprehensive income for the period	**–**	**–**
Total comprehensive income for the period	**-26,365**	**-15,169**

* Some figures are rounded, so amounts might not always appear to match when added up.

Parent Company – Balance Sheet

*SEK in thousands**	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Tangible assets			
Equipment	272	321	301
Right-of-use assets	–	2,037	–
Financial assets			
Shares in affiliated companies	58,068	58,068	58,068
Other long-term receivables from group companies	10,009	7,005	9,449
Total fixed assets	**68,349**	**67,431**	**67,818**
Current assets			
Advance payments to suppliers	5,689	4,315	8,279
Current receivables			
Receivables from group companies	2,157	717	1,346
Income tax receivables	792	568	623
Receivables from shareholders	200,000	–	–
Other receivables	4,511	796	616
Prepaid expenses and accrued income	784	952	706
Marketable securities	–	66,488	–
Cash and bank balances	164,408	100,027	182,498
Total current assets	**378,341**	**173,863**	**194,068**
Total assets	**446,690**	**241,294**	**261,886**
EQUITY			
Restricted equity			
Share capital	29,179	23,489	28,697
Non-restricted equity			
Other paid-in capital	684,011	405,061	493,731
Loss brought forward	-276,477	-187,006	-183,792
Loss for the period	-26,365	-15,168	-94,070
Total equity	**410,348**	**226,376**	**244,566**
LIABILITIES			
Long-term liabilities			
Leasing	–	1,361	–
Total long-term liabilities	**–**	**1,361**	**–**
Current liabilities			
Accounts payable	6,420	4,053	3,733
Liabilities from group companies	–	23	–
Other liabilities	6,390	1,344	673
Accrued expenses and deferred income	23,532	8,137	12,914
Total current liabilities	**36,342**	**13,557**	**17,320**
Total equity and liabilities	**446,690**	**241,294**	**261,886**

* Some figures are rounded, so amounts might not always appear to match when added up.

Notes

General information

This interim report for the Group has been prepared according to IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act (ÅRL). The interim report for the parent company has been prepared according to the Swedish Annual Accounts Act chapter 9, Interim Reporting. For the Group and the parent company, the same accounting principles and basis for calculations have been applied as in the recent Annual Report.

Fair value of financial instruments

The recognized value for other receivables, cash and cash equivalents, trade payables and other liabilities constitutes a reasonable approximation of fair value.

Related parties Purchases from related parties

Oncoral Pharma ApS has an agreement with Solural Pharma ApS according to which, Solural Pharma ApS provides development and manufacturing of clinical study material. The owners of Solural Pharma ApS are the founders of Oncoral Pharma ApS and are, after the sale of Oncoral Pharma ApS to Ascelia Pharma AB in 2017, shareholders in Ascelia Pharma AB. Per 31 March 2021, the owners of Solural ApS collectively owned 2.4% of the shares in Ascelia Pharma AB. In addition to payment for services performed, Solural Pharma ApS has the right to receive a bonus of maximum SEK 10 million if commercialization occurs through a sale or a outlicensing and SEK 12 million if commercialization is carried out by Oncoral Pharma ApS or Ascelia Pharma AB itself.

Regardless the commercialization method, Oncoral Pharma ApS has the right to, at any time, finally settle Solural Pharma ApS right for remuneration by payment of SEK 10 million. In Q1 2021, services for a value of around SEK 1.1 million were acquired from Solural Pharma ApS.

Use of non-international financial reporting standards (IFRS) performance measures

Reference is made in this interim report to alternative performance measures that are not defined according to IFRS. Ascelia Pharma considers these performance measures to be an important complement since they enable a better evaluation of the company´s economic trends. The company believes that these alternative performance measures give a better understanding of the company´s financial development and that such key performance measures contain additional information to the investors to those performance measures already defined by IFRS. Furthermore, the key performance measures are widely used by the management in order to assess the financial development of the company. These financial key performance measures should not be viewed in isolation or be considered to substitute the key performance measures prepared by IFRS.

Furthermore, such key performance measures should not be compared to other key performance measures with similar names used by other companies. This is due to the fact that the above-mentioned key performance measures are not always defined identically by other companies. These alternative performance measures are described below.

Important estimations and judgements

Valuation of intangible assets

The recognized research and development project in progress is subject for management's impairment test. The most critical assumption, subject to evaluation by management, is whether the recognized intangible asset will generate future economic benefits that at a minimum correspond to the intangible asset's carrying amount. Management's assessment is that the expected future cash flows will be sufficient to cover the intangible asset's carrying amount and accordingly no impairment loss has been recognized.

Capitalization of development expenses

In Q1 2021, the criteria for classifying R&D costs as an asset according to IAS 38 has not been met (capitalization of development expenses is normally done in connection with final regulatory approval). Hence, all R&D costs related to the development of the product candidates have been expensed.

Share-based incentive programs

Employee option programs

Ascelia Pharma has implemented two employee option programs with individual terms and conditions. The parameter, which have the largest impact on the value of the options, is the publicly traded share price.

In Q1 2021, the first program reached its exercise period and all options related to this program, 481,573 in total, were exercised into common shares.

The total recognized costs for both option programs including social security charges in Q1 2021 were SEK 1.7 milion.

Share saving programs

Ascelia Pharma has implemented two long-term incentive programs for employees in the form of performance-based share saving programs. The parameter, which have the largest impact on the value of the programs, is the publicly traded share price.

The total recognized costs for the share saving programs including social security charges in Q1 2021 were SEK 0.9 million.

Notes

Definitions of alternative performance measures

Alternative performance measures	Definition	Aim
Operating results (TSEK)	Profit before financial items and tax.	The performance measure shows the company´s operational performance.
Research and development costs/Operating costs (%)	The research and development expenses in relation to total operating costs (consisting of the sum of administrative expenses, R&D, costs for commercial preparations and other operating expenses).	The performance measure is useful in order to understand how much of the operating costs that are related to research- and development expenses.

Reconciliation table for alternative performance measures for the Group

	Q1 (Jan-Mar)	
*SEK in thousands**	**2021**	**2020**
R&D costs	-29,344	-13,680
Administration costs	-3,144	-5,234
Commercial preparation costs	-935	-1,814
Other operating costs	-344	-289
Total operating costs	**-33,767**	**-21,017**
R&D costs/Operating costs (%)	**87%**	**65%**

Financial calendar

Half-year report H1-2021 (Jan-Jun):	19 August 2021
Interim report 9M-2021 (Jan-Sep):	4 November 2021
Full-year report 2021 (Jan-Dec):	10 February 2022

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