ASCELIA PHARMA

Advancing
Orphan Oncology

INTERIM REPORT Q1

January – March 2023

Orviglance phase 3 study, SPARKLE, Last Patient Last Visit (LPLV) has been completed

SIGNIFICANT EVENTS IN Q1 2023

- ASCELIA PHARMA ACHIEVES LAST PATIENT LAST VISIT (LPLV) IN THE ORVIGLANCE PHASE 3 SPARKLE STUDY WHICH NOW INCLUDES 85 COMPLETED PATIENTS
- INVESTOR UPDATE: BRINGING ORVIGLANCE TO MARKET – NEXT STEPS TOWARDS LAUNCH
- THIRD US PATENT STRENGTHENS PATENT PROTECTION FOR ASCELIA PHARMA'S ONCORAL (DAILY TABLET IRINOTECAN)
- ASCELIA PHARMA RESOLVES ON CONVERSION OF SERIES C SHARES INTO ORDINARY SHARES FOR DELIVERY TO PARTICIPANTS IN INCENTIVE PROGRAM
- ASCELIA PHARMA MOURNS THE PASSING OF BOARD MEMBER RENÉ SPOGÁRD

"All patients are now enrolled in SPARKLE and we expect Headline Results in the middle of 2023"

KEY RATIOS GROUP	Q1 (Jan-Mar)	
	2023	2022
Operating result (SEKM)	**-36.7**	-32.6
Earnings per share (SEK)	**-1.07**	-0.84
Cash flow from operations (SEKM)	**-37.5**	-31.4
Liquid assets incl. Marketable securities (SEKM)	**111.4**	232.6

CEO STATEMENT

Following an intense and challenging 2022, we continued to make steady progress in the first quarter 2023, where the completion of patient enrollment for the phase 3 study with Orviglance, SPARKLE, puts us on course for a successful 2023.

In February 2023, we reached the patient enrollment target of 80 patients in SPARKLE. This was a very important milestone in the history of Ascelia Pharma and a major step on our journey to bring Orviglance to patients worldwide.

In early March, we achieved Last Patient Last Visit (LPLV) with 85 patients enrolled. We look forward to sharing the study data as soon as the evaluation of all magnetic resonance imaging (MRI) images as well as the statistical analysis are complete. The evaluation of all MRI images by independent radiologists, as required by regulatory standards, progress according to plan. The headline results from this pivotal study are expected in mid-2023. On behalf of the entire Ascelia Pharma team, I would like to thank patients, investigators, and other collaborators who have been involved in the SPARKLE study.

The SPARKLE study is the ninth clinical study with Orviglance. The previous eight studies have all been completed. If this study also proves successful, we plan to file for regulatory approval for Orviglance. Results from the already completed studies demonstrate a high level of consistency of Orviglance safety and efficacy and we are optimistic of a positive outcome of SPARKLE.

Orviglance data and market overview presented. We continue to interact with our investors and other stakeholders to share key milestones, progress, insights and strategies. In March, we hosted a digital investor update, where we presented more details about the expected mid-2023 SPARKLE Phase 3 readout, as well as the launch strategy for Orviglance.

Orviglance addresses a well-defined unmet medical need. Our in-depth market research and launch preparations point to an attractive commercial potential as we see global market opportunities of USD 800 million with 100,000 procedures in the target patient population in the US alone. We continue our activities towards obtaining regulatory approval of Orviglance and making it available for patients in need of liver imaging and for whom the use of gadolinium-based products may be medically inadvisable. This is a key part of our mission, by offering better treatment options, to improve the life of people living with rare cancer conditions.

”Completing Last Patient Last Visit (LPLV) is a major milestone for Ascelia Pharma, and we look forward to the next steps: to bring Orviglance through the regulatory process and make it available to patients for whom the use of gadolinium-based products may be medically inadvisable.”

A third US patent increases the value of Oncoral, further strengthening our intellectual property rights. In March, we announced the decision of the US Patent and Trademark Office (USPTO) to allow the issuance of a third patent covering the composition of Oncoral, our new oral chemotherapy treatment, which is under development.

Ascelia Pharma mourns the passing of board member René Spogárd. In March, we received the tragic news that René Spogárd, a member of the Board of Directors, had passed away. We are deeply saddened by René’s unexpected passing. He leaves a legacy of business acumen and creative thinking. René has played an important role in Ascelia Pharma since becoming a director six years ago, and we will always be appreciative of his significant contributions and support during this time.

Financial position. Our development requires access to liquidity. We have a solid balance sheet and end the first quarter with SEK 111.4 million in cash and cash equivalents, which will take us into Q4 2023 with our planned activities, and could in an orderly manner be extended into Q2 2024. The cash and cash equivalents will primarily be used to complete the ongoing Phase 3 program, to prepare for the New Drug Application (NDA) for Orviglance, and for launch preparations.

Outlook. As we have now successfully completed patient enrollment in our Phase 3 program with Orviglance, we look forward to a successful 2023 with Headline results in the middle of the year, as well as preparations for the NDA and launch. I look forward to updating you on our achievements as Ascelia Pharma evolves.

Magnus Corfitzen
CEO

ADVANCING ORPHAN ONCOLOGY

OUR VALUES

FOCUS
We are devoted to improving the lives of patients and creating values for our stakeholders.

COURAGE
We work tirelessly and follow our convictions even when it means changing status quo.

INTEGRITY
We build powerful relationship with mutual respect and adhere to the high ethical standards of our industry.

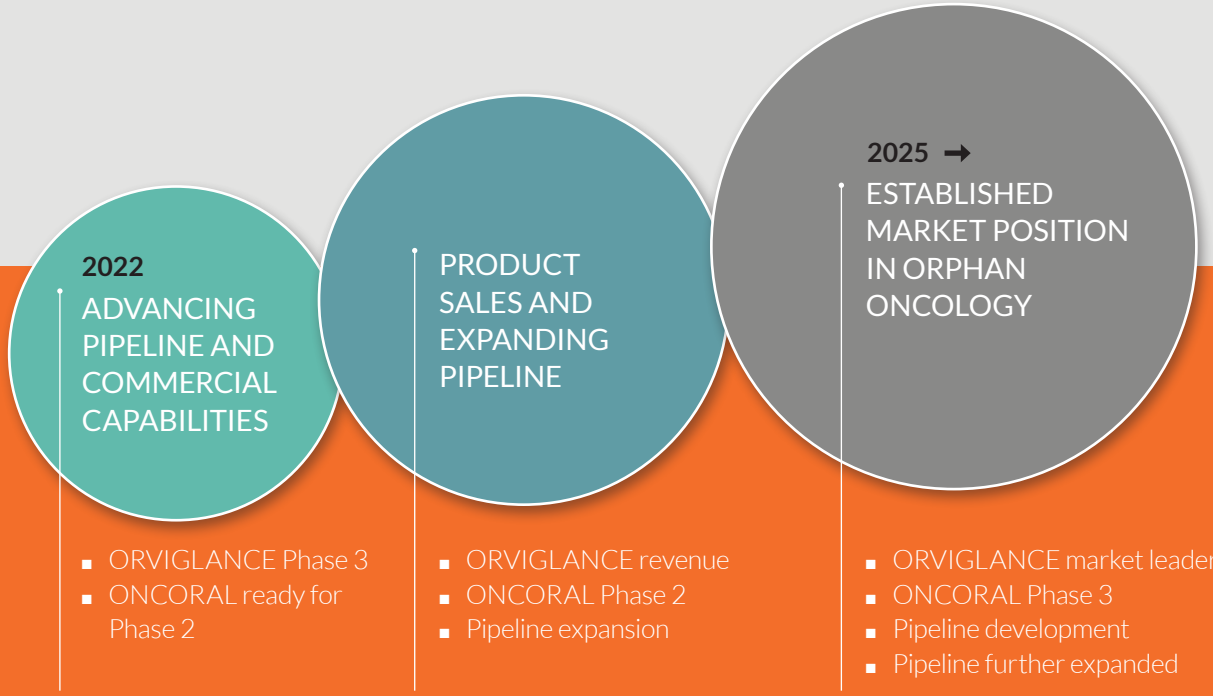
OUR VISION

To be a leader in identifying, developing and commercializing novel drugs that address unmet needs of people with rare cancer conditions.

OUR BASE

Our headquarter is in Malmö, Sweden, and our US base is in New Jersey.
The shares in the company are listed on NASDAQ Stockholm (ticker: ACE).

Building the company and building value



OUR PIPELINE

ORVIGLANCE

Diagnostic drug for liver magnetic resonance imaging (MRI) in ongoing Phase 3

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

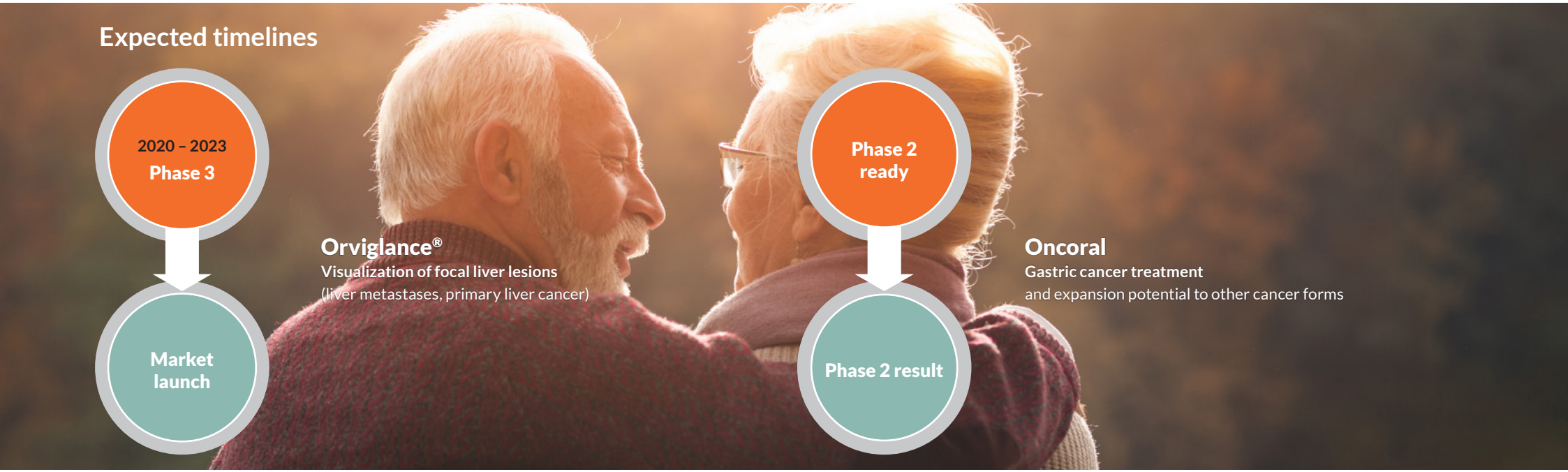
- Manganese-based diagnostic drug with Orphan Drug Designation (FDA)
- The only late-stage gadolinium-free agent
- $800 million annual global addressable market of which $500-600 million is related in US, Europe & Japan

ONCORAL

Tablet chemotherapy ready for Phase 2

Oncoral is our novel oral irinotecan chemotherapy tablet developed initially for the treatment of gastric cancer. Irinotecan 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
- Ready for Phase 2 in gastric cancer; potential to expand into other cancer forms



ORVIGLANCE

Liver MRI contrast agent in the final clinical Phase

Detecting liver metastases early is essential for survival

Ascelia Pharma's lead drug candidate, Orviglance, is a contrast agent used in Magnetic Resonance Imaging (MRI) to improve the visualization of focal liver lesions (liver metastases and primary tumors). 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 percent to 46 percent 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 Orviglance works

Orviglance is an orally administrated contrast agent developed for use with MRI of the liver. It is based on the chemical element manganese, which is a natural trace element in the body. Orviglance also contains L-Alanine and Vitamin D3 to enhance the function of manganese as a contrast agent. After having been absorbed from the small intestine, the manganese is transported to the liver where it is taken up by and retained in the normal liver cells. The high manganese uptake causes the normal liver tissue to appear bright on MR images. Metastases and tumor cells do not take up manganese to the same extent as normal liver tissue and therefore appear dark on MR images. With Orviglance, liver metastases are consequently easier to identify due to this contrast effect.

Latest development

The phase 3 study, SPARKLE has completed enrollment with 85 patients. The evaluation of the primary endpoint is independently carried out by three blinded radiologists (readers), who will assess both changes of visualization of liver lesions with and without Orviglance (the primary endpoint), as well as other secondary efficacy endpoints. The evaluation of the images collected from the study is on-going, with approximately two-thirds completed by March 2023. The Headline results, i.e., results of the primary analysis and safety analysis is expected mid-year 2023.

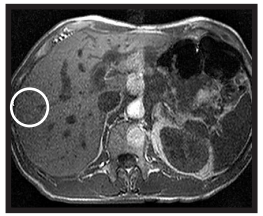
Patients referred for liver MRI scan

TODAY

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
All gadolinium contrast agents have regulatory Black Box warnings

MRI scan without contrast agent: No liver metastasis visible

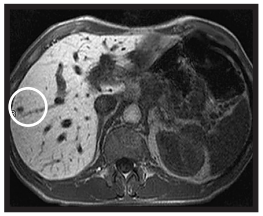


TOMORROW

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
ORVIGLANCE imaging drug

MRI scan with Orviglance: Liver metastasis becomes visible



Orviglance aims to be the standard liver MRI contrast agent in patients with severely impaired kidney function

Global addressable market of $800 million

The target group for Orviglance is patients with severely impaired kidney function. This patient group is at risk of serious, and potentially fatal, side effects from using the currently available contrast agents. These contrast agents, which all are based on the heavy-metal gadolinium, carry Black Box warnings for patients with severely reduced kidney function.

The clinical trials completed to date show that Orviglance has a potential to improve the diagnostic performance of MRI and offers a significantly better alternative than unenhanced MRI (i.e., MRI without contrast agent).

Consequently, Orviglance fills a significant unmet medical need to improve the diagnosis, and subsequently, the treatment of liver metastases and primary liver cancer.

The immediate addressable market for Orviglance is estimated at $800 million yearly and Orviglance is expected to be the only gadolinium-free product on the market for this patient segment.

Orviglance has Orphan Drug Designation

Orviglance has received Orphan Drug Designation from the FDA. One major advantage of orphan drug status is, among other things, that orphan drugs can obtain longer market exclusivity after market approval.

PHASE 3 STUDY (SPARKLE)

The pivotal Phase 3 study (SPARKLE) is a global multicentre study, which has been completed with 85 enrolled patients with suspected or known focal liver lesions and severely impaired kidney function. The primary objective is to demonstrate an improved visualization of liver lesions compared to MRI without contrast, unenhanced MRI.

The primary endpoint of the SPARKLE study is similar to what was studied in the phase 1 and 2 studies. The strong results in the Phase 1 and Phase 2 studies, both in terms of safety and efficacy, provide a solid foundation for the ongoing Phase 3 program.

Orviglance clinical Phase 3 study

NUMBER OF PATIENTS	**Global study with 85 patients**
PRIMARY ENDPOINT	**Lesion visualization** ■ Lesions border delineation (border sharpness of lesions) ■ Conspicuity (lesion contrast compared to liver background)
COMPARATOR	**Unenhanced MRI + Orviglance MRI vs. Unenhanced MRI**
EVALUATION	**Centralised evaluation by 3 radiologists**
RANDOMIZATION	**None – each patient is 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 show that Orviglance significantly improves MRI performance.

[1] The above mentioned results stem from of a blinded-read study, which comprised all imaging data from six phase 1 and 2 studies completed before start of the phase 3 program. The blinded-read results have been presented at major radiology conferences

GLOBAL ANNUAL ADDRESSABLE MARKET OF $800 MILLION ($500-600 MILLION US, EU & JAPAN)

$800 M global annual addressable market

Market estimate based on:

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

Go-to-market model

US	Ascelia Pharma led commercialization	
Rest of World	Ascelia Pharma strategy with global synergies	Partner led commercial operations

Strong footprint in the US

1. **SPARKLE Phase 3 Study** at leading US sites
2. **Hepatic Impairment Study** at Texas liver institute
3. **Ascelia Pharma Inc.** Office in New Jersey
4. **Manufacturing** at Cambrex (partner), NJ
5. **Imaging experts** RadMD, NY

Building an Ascelia Pharma US team

US team	**Around 40 FTEs at launch**
Clinics/ Hospitals	**Around 400 clinics and hospitals serve 75 percent of the target patient population[1]**

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

ONCORAL CHEMOTHERAPY AS TABLET

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.

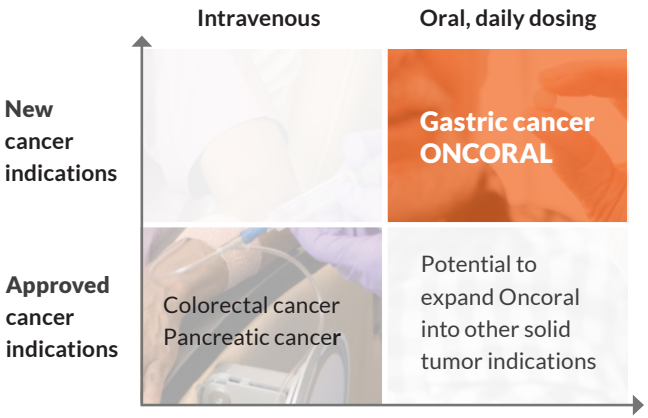
Anti-cancer effect is proven. The active pharmaceutical ingredient (API) in Oncoral is irinotecan, which has an established and proven effect in killing cancer cells. Irinotecan is a so-called anti-neoplastic agent that after metabolic activation inhibits the enzyme topoisomerase 1, thereby inducing 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 version ofirinotecan. Oncoral is a new patented oral tablet formulation of irinotecan, which enables a reliable release and efficient absorption of irinotecan from the gastro intestinal tract after oral administration. With oral administration, iriontecan can be given with low daily doses. This is very different from the current standard of giving a high intravenous doses every third week.

All-oral chemo combination. Oncoral has the potential to be combined with other chemotherapies and targeted cancer drugs and enable an all oral combination chemotherapy option with improved clinical outcomes.

Latest development. A new patent covering the tablet composition of Oncoral, providing protection until 2035 plus potential extension in the US, received a positive Notice of Allowance from the United States Patent and Trademark Office (USPTO) in March 2023.

Oncoral – a novel formulation of irinotecan



TODAY – Intravenous bolus infusions

Infrequent high-dose IV irinotecan

- Gastrointestinal and hematological side effects
- Dose limiting toxicity: 30 percent severe or life-threatening (grade 3 or 4)

TOMORROW – Oncoral oral daily dosing

Potential – Frequent low-dose irinotecan

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

PHASE 2 STUDY DESIGN AND COLLABORATION

Phase 2 study design

PATIENTS	■ Around 100 patients ■ Metastatic gastric cancer
COMPARATOR	Oncoral + Lonsurf® vs. Lonsurf®
ENDPOINTS	**Primary:** Progression Free Survival **Secondary:** Response rate, Pharmacokinetics, Safety and Overall Survival data in a follow up analysis

Clinical collaboration with Taiho Oncology Inc.

- Clinical Phase 2 collaboration with Taiho Oncology Inc. (part of Otsuka Group)
- Taiho Oncology Inc. will supply Lonsurf® and provide scientific expertise
- Ascelia Pharma retains full development and commercialization rights

TAIHO ONCOLOGY

LONSURF® is approved for treatment of metastatic gastric cancer and metastatic colorectal cancer

FINANCIAL OVERVIEW Q1 (JAN–MAR 2023)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in Q1 (Jan-Mar 2023) 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 totalled SEK 311 thousand (SEK 135 thousand). The income refers to exchange rate gains.

Research and development costs (R&D)

R&D costs for the Group in Q1 were SEK 29.6 million (SEK 24.4 million). The cost increase of SEK 5.2 million reflects the increased patient recruitment compared to the same quarter last year.

Commercial preparation costs

During Q1, costs related to commercial preparations for Orviglance amounted to SEK 2.9 million (SEK 4.2 million). This reflects further investments in market launch preparations.

Administration costs

Administration costs for the Group in Q1 amounted to SEK 4.3 million (SEK 4.1 million).

Operating results (EBIT)

The operating result in Q1 amounted to SEK -36.7 million (SEK -32.6 million). The increased loss primarily reflects the higher level R&D costs.

Net Profit/Loss for the period

The Group's net loss in Q1 amounted to SEK -37,2 million (SEK -29.1 million). In the current quarter, net financial cost of SEK -560 thousand was recognized due to weakening of USD against SEK, which translated into a decrease in the value of bank deposits (a significant part of bank deposit is held in USD to match upcoming cash outflow in this currency). The net loss corresponds to a loss per share, before and after dilution, of SEK -1.07 (SEK -0.84).

CASH FLOW

Cash flow from operating activities before changes in working capital in Q1 amounted to SEK -35.7 million (SEK -31.8 million). The increased outflow reflects the higher level of R&D activities in current quarter. Changes in working capital in the current quarter totalled an outflow of SEK -1.9 million (inflow of SEK 482 thousand). The outflow in the current quarter reflects the significant decrease in accounts payable. Cash flow from investing activities in Q1 totalled to SEK 0 (outflow of SEK -64 thousand). Cash flow from financing activities amounted to an outflow of SEK -0.2 million (outflow of SEK -0.3 million), which reflects amortization of lease liabilities.

FINANCIAL POSITION

On the closing date, equity amounted to SEK 144.7 million, compared with SEK 180.9 million per 31 December 2022 and SEK 280.4 million per 31 March 2022. The decrease since 31 December 2022 reflects the net loss incurred. Liquid assets on the closing date amounted to SEK 111.4 million, compared to SEK 149.6 million per 31 December 2022. The decrease since 31 December 2022 reflects the net loss incurred.

Financials key ratios for the Group	Q1 (January-March)	
	2023	2022
Operating result (SEK 000')	-36,707	-32,570
Net result (SEK 000')	-37,219	-29,075
Earnings per share (SEK)	-1.07	-0.84
Weighted avg. number of shares	34,871,177	34,576,448
R&D costs/operating costs (%)	80%	74%
Cash flow used in operating activities (SEK 000')	-37,530	-31,366
Equity (SEK 000')	144,687	280,394
Liquid assets incl. marketable securities (SEK 000')	111,371	232,603

OTHER INFORMATION

Incentive programs

In January 2023, the last option program was expired and the options were not exercised. Ascelia Pharma has outstanding share saving programs. The board of directors of Ascelia Pharma has during Q1 2023, in accordance with the provisions of LTI 2019, resolved to convert 54,500 series C shares for allotment of 54,500 ordinary shares to the participants in LTI 2019. 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 2022 on pages 70–72.

In case all outstanding incentive programs per 31 March 2023 are exercised in full, a total of 1.1 million common shares will be issued (including hedge for future payment of social security charges). This corresponds to an aggregate maximum dilution of approximately 3.4 percent of Ascelia Pharma's share capital after full dilution (calculated on the number of common shares that will be added upon full exercise of all incentive programs).

After the end of the accounting period, the Annual General Meeting resolved on implementing a new share-saving program for employees (LTI 2023). The maximum number of shares that may be issued under LTI 2023 is 1,672,296. The maximum dilution for the outstanding incentive programs per 31 March 2023 plus LTI 2023 amounts to in total 7.7 percent.

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 pandemics, geopolitical effects, inflation and foreign exchange exposure.

Other information

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 2022 on pages 36–40.

Impact of the Ukraine crisis

Ascelia Pharma decided in March 2022 to suspend all clinical activities, including patient recruitment, in Russia. Moving forward, we don't see any direct impact on the company.

Significant events after the end of the reporting period

No (other) significant events to report.

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, 11 May 2023
Ascelia Pharma AB (publ)

Consolidated Income Statement

	Q1 (Jan-Mar)	
*SEK in thousands (unless otherwise stated)**	**2023**	**2022**
Net sales	–	–
Gross profit/loss	**–**	**–**
Administrative costs	-4,285	-4,123
Research and development costs	-29,620	-24,353
Commercial preparation costs	-2,896	-4,229
Other operating income	311	135
Other operating costs	-217	–
Operating result	**-36,707**	**-32,570**
Finance income	307	2,557
Finance costs	-867	-15
Net financial items	**-560**	**2,542**
Loss before tax	**-37,267**	**-30,028**
Tax	49	953
Loss for the period	**-37,219**	**-29,075**
Attributable to:		
Owners of the Parent Company	-37,219	-29,075
Non-controlling interest	–	–
Earnings per share		
Before and after dilution (SEK)	-1.07	-0.84

Consolidated Statement of Comprehensive Income

	Q1 (Jan-Mar)	
*SEK in thousands (unless otherwise stated)**	**2023**	**2022**
Profit/loss for the period	**-37,219**	**-29,075**
Other comprehensive income		
Currency translation of subsidiaries**	65	168
Other comprehensive income for the period	**65**	**168**
Total comprehensive income for the period	**-37,154**	**-28,907**

* 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 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	57,076	57,065	57,074
Tangible assets - Equipment	145	219	163
Right-of-use assets	1,769	1,078	462
Total non-current assets	**58,990**	**58,362**	**57,700**
Current assets			
Advance payments to suppliers	3,458	7,382	5,359
Current receivables			
Income tax receivables	3,066	5,599	2,785
Receivables from shareholders	–	–	–
Other receivables	1,728	1,171	1,745
Prepaid expenses and accrued income	1,669	2,384	1,426
Cash and bank balances	111,371	232,603	149,555
Total current assets	**121,291**	**249,139**	**160,869**
Total assets	**180,281**	**307,501**	**218,569**
EQUITY			
Share capital	34,871	34,871	34,871
Other paid-in capital	678,747	678,759	678,747
Reserve of exchange differences on translation	65	422	718
Loss brought forward (incl. net profit/loss for the period)	-568,997	-433,658	-533,478
Equity attributable to Parent Company shareholders	**144,687**	**280,394**	**180,859**
Total equity	**144,687**	**280,394**	**180,859**
LIABILITIES			
Long-term liabilities			
Leasing	855	268	193
Total long-term liabilities	**855**	**268**	**193**
Current liabilities			
Accounts payable	8,102	4,894	15,881
Tax payable	–	–	–
Other liabilities	1,733	2,815	1,688
Current lease liabilities	953	871	291
Accrued expenses and deferred income	23,950	18,259	19,657
Total current liabilities	**34,739**	**26,839**	**37,518**
Total liabilities	**35,594**	**27,107**	**37,711**
Total equity and liabilities	**180,281**	**307,501**	**218,569**

* 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**	2023	2022	2022
Equity at start of the period	**180,859**	**307,834**	**307,834**
Comprehensive income			
Profit/loss for the period	-37,219	-29,075	-131,223
Other comprehensive income	65	168	718
Total comprehensive income	**-37,154**	**-28,907**	**-130,505**
Transactions with shareholders			
New issue of C-shares	–	295	295
Repurchase of own shares C-shares	–	-295	-295
New issue of common shares	–	–	–
Common shares: Conversion from C-shares	-55	–	–
C-shares: Resolution of C-shares	55	–	–
Issuance expenses	–	-72	-84
Redemption of warrants	–	–	–
Share based remuneration to employees	981	1,539	3,612
Total transactions with shareholders	**981**	**1,467**	**3,529**
Equity at end of the period	**144,687**	**280,394**	**180,859**

* 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**	**2023**	**2022**
Operating activities		
Operating result	-37,707	-32,570
Expensed share based remuneration	972	634
Adjustment for items not included in cash flow	294	332
Interest received	34	–
Interest paid	-35	-15
Income tax paid/received	-208	-229
Cash flow from operating activities before changes in working capital	**-35,650**	**-31,848**
Cash flow from changes in working capital		
Increase (-)/Decrease (+) of advance payments	1,901	-1,214
Increase (-)/Decrease (+) of operating receivables	-350	-1,168
Increase (+)/Decrease (-) of accounts payable	-7,777	-1,258
Increase (+)/Decrease (-) of other liabilities	4,345	4,122
Change in working capital	-1,880	482
Cash flow used in operating activities	**-37,530**	**-31,366**
Investing activities		
Divestment of right-of-use assets	–	-64
Cash flow from investing activities	**–**	**-64**
Financing activities		
Issuance proceeds	–	–
Issuance costs	–	-72
Amortisation of loan (leasing)	-229	-271
Cash flow from financing activities	**-229**	**-343**
Cash flow for the period	**-37,759**	**-31,773**
Cash flow for the period	-37,759	-31,773
Cash and cash equivalents at start of period	149,555	261,599
Exchange rate differences in cash and cash equivalents	-425	2,777
Cash and cash equivalents at end of period	**111,371**	**232,603**

* 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**	**2023**	**2022**
Net sales	188	672
Gross profit/loss	**188**	**672**
Administrative costs	-4,205	-4,094
Research and development costs	-29,471	-20,713
Commercial preparation costs	-2,902	-4,236
Other operating income	14	57
Other operating costs	-14	–
Operating result	**-36,390**	**-28,314**
Finance income	140	2,440
Finance costs	-571	–
Result from other long-term receivables	725	701
Net financial costs	**294**	**3,141**
Loss before tax	-36,096	-25,173
Group contribution	–	–
Tax	–	–
Loss for the period	**-36,096**	**-25,173**

Parent Company – Statement of Comprehensive Income

	Q1 (Jan-Mar)	
*SEK in thousands**	**2023**	**2022**
Loss for the period	**-36,096**	**-25,173**
Other comprehensive income	–	–
Other comprehensive income for the period	**–**	**–**
Total comprehensive income for the period	**-36,096**	**-25,173**

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

Parent Company – Balance Sheet

*SEK in thousands**	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Tangible assets			
Equipment	145	219	163
Financial assets			
Shares in affiliated companies	58,068	58,068	58,068
Other long-term receivables from group companies	39,211	37,320	38,486
Total non-current assets	**97,424**	**95,607**	**96,717**
Current assets			
Advance payments to suppliers	3,458	5,267	5,359
Current receivables			
Receivables from group companies	8,989	7,696	8,395
Income tax receivables	964	962	756
Receivables from shareholders	–	–	–
Other receivables	1,707	1,089	1,627
Prepaid expenses and accrued income	1,592	2,284	1,349
Cash and bank balances	99,580	221,457	137,879
Total current assets	**116,290**	**238,755**	**155,365**
Total assets	**213,714**	**334,362**	**252,082**
EQUITY			
Restricted equity			
Share capital	34,871	34,871	34,871
Non-restricted equity			
Other paid-in capital	678,747	678,759	678,747
Loss brought forward	-497,656	-379,340	-377,266
Loss for the period	-36,096	-25,173	-121,371
Total equity	**179,867**	**309,117**	**214,982**
LIABILITIES			
Current liabilities			
Accounts payable	8,434	4,432	16,022
Other liabilities	1,733	2,814	1,688
Accrued expenses and deferred income	23,680	17,999	19,390
Total current liabilities	**33,847**	**25,245**	**37,101**
Total equity and liabilities	**213,714**	**334,362**	**252,082**

* 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 mars 2023, the owners of Solural ApS collectively owned 1.82 percent 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 2023, no services 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 2023, 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 2021, one program reached its exercise period and all options related to this program, 481,573 in total, were exercised into common shares.

In January 2023, the last option program was expired and the options were not exercised.

Share saving programs

Ascelia Pharma has implemented four 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 2023 were SEK 1.0 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**	**2023**	**2022**
R&D costs	-29,620	-24,353
Administration costs	-4,285	-4,123
Commercial preparation costs	-2,896	-4,229
Other operating costs	-217	–
Total operating costs	**-37,018**	**-32,705**
R&D costs/Operating costs (%)	**80%**	**74%**

Financial calendar

Annual General Meeting 2022:	4 May 2023
Interim report Q1 2023 (Jan-Mar):	11 May 2023
Half-year report H1 2023 (Jan-Jun):	18 August 2023
Interim report 9M 2023 (Jan-Sep):	8 November 2023
Full-year report 2023 (Jan-Dec):	9 February 2024

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