PRESS RELEASE

04 February 2024 20:54:00 CET

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Ascelia Pharma Secures Financing of up to SEK 35 Million

Ascelia Pharma AB (publ) (ticker:ACE) ("Ascelia Pharma" or the "Company"), a biotech focused on improving the life of people living with rare cancer conditions, today announced that the board of directors has resolved on a directed issue of convertibles to Formue Nord Fokus A/S ("Formue") raising gross proceeds of SEK 15 million (the "Convertibles"). Further, the Company has also entered into an agreement with Formue for a loan facility of up to SEK 20 million (the "Loan Facility" and together with the Convertibles, the "Financing"). The transaction ensures financial and strategic flexibility, with the full Financing extending the cash runway into the second quarter of 2025.

Reasons and Motives for the Financing
Ascelia Pharma has two assets in clinical development with the potential to improve lives for people living with rare cancer conditions. Headline results from the Phase 3 study with the first-in-class, orphan liver imaging drug candidate, Orviglance®, are expected by May 2024.

The Financing consists of a first tranche of SEK 20 million, of which SEK 15 million is Convertibles and SEK 5 million is a loan under the Loan Facility, and a second tranche of the remaining SEK 15 million of the Loan Facility, available provided that the total Financing does not exceed 10 percent of the Company's market capitalization at the time of the second tranche. The Convertibles entail a potential maximum dilution of the current number of ordinary shares of approximately 4.05 percent. The Financing shall be repaid at the latest on 20 May 2025 but Ascelia Pharma has the option to repay the Financing at any time and with no additional costs.

With the currently available cash and the full SEK 35 million Financing, Ascelia Pharma has a cash runway into the second quarter of 2025, covering both the ongoing re-evaluation of images from the Phase 3 study with Orviglance, and completion of time critical activities for the New Drug Application (NDA) for the US Food and Drug Administration (FDA).

"*We have high confidence in the potential of Orviglance and are on track to share headline results from the Orviglance Phase 3 study, SPARKLE by May 2024. To capitalize on this upcoming major milestone, a strengthened financial position is an important and value-adding step to maintain financial and strategic flexibility. We are also very pleased to be able to secure a financing solution with limited dilution for our current shareholders*", says Magnus Corfitzen, CEO of Ascelia Pharma.

Terms of Convertibles
The board of directors has today, pursuant to the authorization granted by the annual general meeting on 4 May 2023, resolved on a directed issue of convertibles. The aggregate nominal value of the Convertibles amounts to SEK 15 million. Formue has the right to request conversion of the Convertibles into ordinary shares at a conversion price of SEK 10.53 per share, which corresponds to 125 per cent of the average closing price for the Company's shares during the last ten trading days. Conversion can be requested as from the date of registration of the Convertibles with the Swedish Companies Registration Office up to and including 20 May 2025 and any request for conversion has to be for an amount of at least SEK 2 million.

The Convertibles accrue interest at an annual rate of STIBOR 3M plus 10.00 percent. The interest is due for payment at the end of each calendar quarter. Unless previously converted, the Convertibles shall be repaid at the latest on 20 May 2025. The Company has the right to repay the Convertibles prematurely at any time without additional costs but if the Company requests to repay early, Formue has the right to instead request conversion of the requested repayment amount.

Terms of Loan Facility
The Loan Facility entered into with Formue amounts to a total of up to SEK 20 million, divided into two tranches of SEK 5 million and up to SEK 15 million respectively. The first tranche is disbursed in connection with the signing of the Loan Facility and the second tranche can be drawn by the Company between 1 April 2024 and 30 June 2024. The Company's right to draw the second tranche is conditional upon that the total amount outstanding under the Convertibles and the Loan Facility (after disbursement of the second tranche) does not exceed 10 percent of the Company's market capitalization at the time of the draw down request. To the extent a second tranche of SEK 15 million would lead to that the foregoing condition is not met but a second tranche of SEK 10 million would satisfy the condition, the Company has the right to draw the second tranche in an amount of SEK 10 million. The loans drawn under the Loan Facility are subject to the same interest conditions as the Convertibles and the loans mature on 20 May 2025. The Company has the right to repay the Loan Facility prematurely at any time without additional costs. To the extent the aggregate amount outstanding under the Convertibles and the Loan Facility at the end of any calendar quarter would exceed 15 per cent of the Company's market capitalization, the Company is obliged to repay an aggregate amount of SEK 2.5 million under the Convertibles and the Loan Facility, whereby repayment shall firstly be made towards loans under the Loan Facility. Further, to the extent the Company would execute new issues of shares while the Convertibles and loans under the Loan Facility are outstanding, the Company shall, with certain exemptions, use the net-proceeds from such new issues to repay the outstanding amounts under the Convertibles and the Loan Facility.

In connection with the Financing, the Company will pay an arrangement fee to Formue of 5 per cent of the total Financing which will be deducted from the first tranche under the Loan Facility.

Reasons for Deviation from the Shareholders' Preferential Rights etc.
The issue of the Convertibles constitutes and integrated part of the Financing. The purpose of the Financing and the reason for the deviation from the shareholders' preferential rights in relation to the issue of the Convertibles is the need for ongoing working capital as well as enabling both the completion of the ongoing re-evaluation of images from the Orviglance Phase 3 study, and time critical activities for preparing the New Drug Application (NDA) application for the US Food and Drug Administration (FDA). The Company has weighed the advantages and disadvantages of a rights issue and concluded that a rights issue (i) would be significantly more

time-consuming, which may risk that the Company misses out on potential growth opportunities, (ii) would lead to significantly higher costs for the Company, mainly attributable to the procurement of an underwriting consortium and legal costs, (iii) would expose the Company to higher market volatility, especially given the current market conditions, and (iv) would most likely had to be carried out at a lower issue price and resulted in a higher dilution, which would have been to the detriment of all shareholders. Furthermore, the Convertibles contribute to improving the Company's capital structure and risk level by providing the Company with financing with increased flexibility compared to a customary new issue of shares.
In this respect, the board of directors has particularly considered the importance of being able to carry out the capital raising in a way that ensures that the Company obtains sufficient working capital at a proportionate cost.

In view of the above and after careful consideration, it is the board of directors' assessment that the Financing is the most favorable financing alternative for the Company, and in the interest of both the shareholders and the Company, and therefore also justifies a deviation from the main rule of the shareholders' preferential rights.

The conversion price as well as the other terms for the Financing has been established through a negotiation at arm's length between the Company and Formue. In connection herewith, the board of directors has taken into account general market conditions to raise capital, whereby the terms and conditions for the Financing in an overall assessment are deemed to be in accordance with market conditions.

Share Capital, Shares, and Dilution
Provided that all Convertibles are converted into shares, the share capital will increase with SEK 1,424,501 from SEK 34,871,177 to SEK 36,295,678 through the issue of 1,424,501 ordinary shares, resulting in that the total number of shares increases from 34,871,177 to 36,295,678, whereof 35,182,247 are ordinary shares and 1,113,431 are class C-shares. The Convertibles thus entails a potential maximum dilution of the ordinary shares of approximately 4.05 percent.

Advisors
ABG Sundal Collier acts as financial advisor and Setterwalls Advokatbyrå AB acts as legal advisor to the Company in connection with the Financing.

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This press release is not a prospectus for the purposes of Regulation (EG) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. The Company has not authorized any offer to the public of securities in any member state of the EEA and no prospectus has been or will be prepared in connection with the Convertibles. In any EEA Member State, this communication is only addressed to and is only directed at "qualified investors" in that Member State within the meaning of the Prospectus Regulation.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, assessments, or current expectations about and targets for the Company's future results of operations, financial condition, development, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by the fact that they contain words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Even if the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements, which are a result of many factors. Such risks, uncertainties, contingencies and

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This information is information that Ascelia 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 2024-02-04 20:54 CET.

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About Us

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. The company has two drug candidates – Orviglance (previously referred to as Mangoral) and Oncoral – in clinical development. Ascelia Pharma has global headquarters in Malmö, Sweden, and is listed on Nasdaq Stockholm (ticker: ACE). For more information, please visit http://www.ascelia.com.

About Orviglance (previously referred to as Mangoral)
Orviglance (manganese chloride tetrahydrate) is a novel oral contrast agent for MR-imaging developed to improve the detection and visualization of focal liver lesions (including liver metastases and primary tumors) in patients with reduced kidney function. These patients are at risk of serious side effects from the currently available class of gadolinium-based contrast agents. Orviglance, has been granted an Orphan Drug Designation by the US Food and Drug Administration (FDA). A clinical program of nine studies, including the pivotal global Phase 3 study SPARKLE, has been completed. Results from the Phase 3 study are not yet available.

About Oncoral
Oncoral is a novel irinotecan chemotherapy tablet developed initially for the treatment of gastric cancer. Irinotecan chemotherapy has an established potent anti-tumor effect. Oncoral is a daily tablet with the potential to offer better patient outcomes with improved safety following the daily dosing at home compared to intravenous high-dose infusions at the hospital. Following successful Phase 1 results, Oncoral is now prepared for Phase 2 clinical development.

Attachments

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