INTERIM REPORT Q1 2020

January – March 2020

First patient enrolled in Phase 3

SIGNIFICANT EVENTS IN JAN-MAR 2020

- First patient enrolled in Mangoral's Phase 3 study SPARKLE
- Additional clinical sites opened for patient enrolment
- Ascelia Pharma wins the award as the best Life Science company in Malmö, Sweden

SIGNIFICANT EVENTS AFTER THE PERIOD

- Patent for Oncoral approved in Japan
- First participant enrolled in the clinical hepatic impairment study with Mangoral

"During the quarter we enrolled the first patient into the Phase 3 clinical study for Mangoral"

KEY RATIOS GROUP

	Q1 (Jan-Mar)	
	2020	2019
OPERATING RESULT (SEKm)	**-20.7**	-11.7
EARNINGS PER SHARE (SEK)	**-0.71**	-0.68
CASH FLOW FROM OPERATIONS (SEKm)	**-18.4**	-3.0
LIQUID ASSETS INCL. MARKETABLE SECURITIES (SEKm)	**169.3**	219.1

CEO COMMENTS

First patient enrolled in Phase 3. The first quarter of 2020 was a transformative period for Ascelia Pharma as we enrolled the first patient in SPARKLE, our registration-enabling clinical study of Mangoral and are thereby now a fully-fledged Phase 3 company.

By early January 2020, we had five sites open for enrolment, and on February 19, we announced that the first patient was enrolled in the study. From the very start, we noticed a strong interest from leading hospitals and world-class radiologists to participate in the study, and this stands as a testimony to the large unmet medical need of these patients and the unique value proposition offered by Mangoral. Our target is to include up to 200 patients at approximately 35 hospitals in the US, Europe and South Korea. Assuming we do not face a prolonged Covid-19 scenario, the study results are expected in H1 2021, which underscores that SPARKLE is a relatively short study compared to typical major Phase 3 studies.

Operational progress despite Covid-19. Recently, we have made a number of important recruitments to our team to facilitate successful development and to ramp up our pre-commercial activities as we prepare to launch Mangoral in 2022. Despite the challenges caused by Covid-19, our operational activities continue with high intensity and progress. Importantly, we have taken steps to protect our employees, collaborators and our communities, whilst ensuring we can still meet our short- and long-term business objectives. Of course, we are taking all measurements not to risk the safety of the participants in our clinical trials or the integrity and quality of ongoing activities.

Preparing for Oncoral Phase 2 and patent approval. We continue the preparations for the Phase 2 clinical study for Oncoral, which is an oral tablet formulation of irinotecan intended for combination use as a chemotherapeutic treatment of unresectable and metastatic gastric cancer, where there is significant unmet need.

After the period, we announced that we have a patent application for Oncoral approved in Japan. This approval adds to the already obtained patents in the US and a selected number of countries in Europe and China. The patent secures the intellectual property protection rights for Oncoral until year 2035 plus potential patent extension. The Japanese market opportunity for Oncoral is significant with more than 115,000 Japanese being diagnosed in 2018.

Solid financial position and low cost base. As of the end of Q1 2020, we had SEK 169 million in short term liquidity, which will be used to fund our clinical development and pre-commercial activities. The solid liquidity position puts us of course in a privileged situation. Also, we have a low and flexible cost base, with only 11 employees, and to maximise our financial flexibility and operational progress during these challenging times, we are more than ever re-considering the necessity of all expenses to determine if they should be undertaken now or at a later point.

Looking ahead, our focus for 2020 is on the SPARKLE study and preparations for a commercial launch of Mangoral. The initiation of SPARKLE secures our position as a Phase 3 company and represents a significant milestone in our preparations for market launch in 2022. I look forward to updating you on our progress on these exciting projects as they advance through the development process, and ultimately to reach those patients who need better options for managing their cancer disease.

Magnus Corfitzen
CEO Ascelia Pharma AB (publ)

ASCELIA PHARMA

Developing novel drugs to improve the life expectancy or quality of life for people living with cancer

Ascelia Pharma in short

Ascelia Pharma is an oncology-dedicated orphan drug development company located in Malmö, Sweden. The company's strategy is to develop drugs, which target unmet medical needs, have an established mode of action and a relatively low development risk. Ascelia Pharma has two drug candidates – Mangoral and Oncoral – currently under development.

Mangoral is a novel contrast agent for MR-scans and is currently in ongoing Phase 3 clinical studies. Mangoral is developed to improve the visualisation of focal liver lesions (liver metastases) in patient with impaired kidneys that cannot tolerate current contrast agents on the market, which are all based on gadolinium.

Oncoral is a novel oral chemotherapy tablet ready for Phase 2 for the treatment of gastric cancer, which is a rapidly growing market.

Ascelia Pharma is listed on Nasdaq Stockholm (ticker: ACE). For more information, please visit www.ascelia.com

Strategy

Identify, acquire, develop and monetise drugs with:

- Unmet medical need
- Niche/orphan indication
- Known mode of action
- De-risked development plan
- Potential for global leadership

Candidates	Indication	Phase 1	Phase 2	Phase 3	Filing	Market launch
Mangoral® • Novel imaging drug with Orphan Drug Designation • No competing products • USD 350-500m market with substantial upside potential • De-risked Phase 3 clinical program	**Visualisation of Focal Liver Lesions** Liver metastases Primary liver cancer Benign lesions	Completed		2020 – Full study report H1-2021	2021	2022
Oncoral • Novel oral tablet chemotherapy for gastric cancer • Phase 1 study completed with promising results • Gastric cancer is an Orphan indication	**Treatment of Gastric Cancer** Treatment of other solid cancers (label expansion)	Completed	2021 – 2023			

Completed development
Ongoing
Planned development

Note: The expected timelines assume we do not face a prolonged Corona situation affecting these timelines

MANGORAL®

Liver MRI contrast contrast agent in the final clinical Phase

Detecting liver metastases early is essential for survival

Our 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.

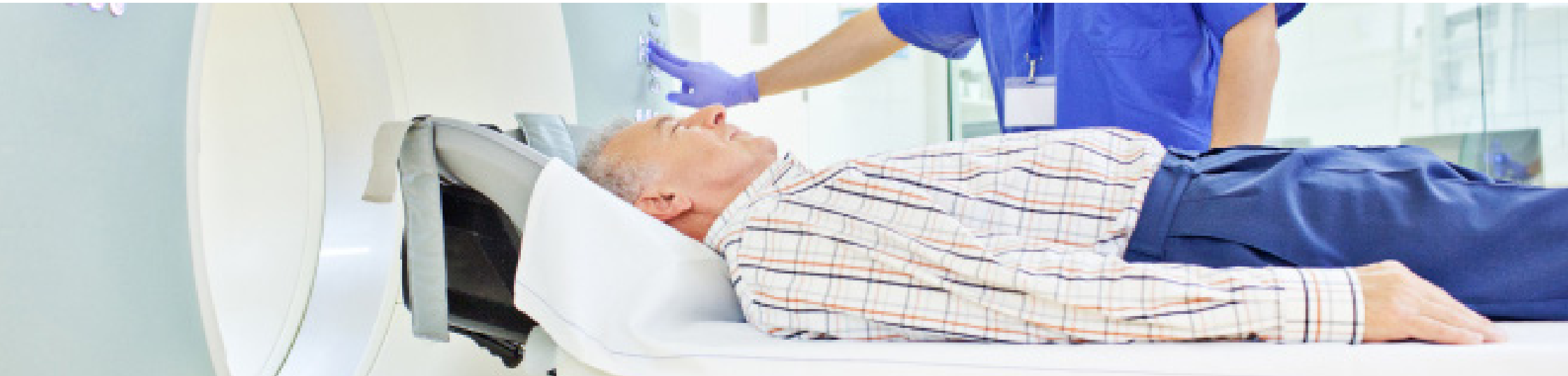
How Mangoral works

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 February 2020, the first patient was enrolled in the global pivotal Phase 3 clinical study named SPARKLE.

In beginning of May 2020, first participant was enrolled in the clinical study with Mangoral in volunteers with different degrees of hepatic impairment. Results from this hepatic study could potentially enable the use also in Mangoral's target population with impaired liver function.



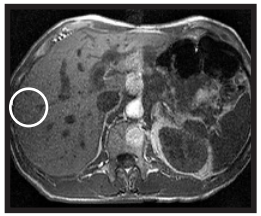
Patients referred for liver MRI scan

TODAY

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
NO imaging drug

No liver metastasis visible

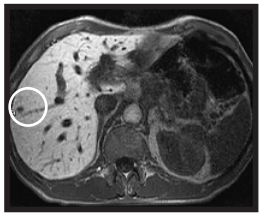


TOMORROW

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
MANGORAL® Imaging drug

Liver metastasis visible with Mangoral



Mangoral aims to be the new gold standard liver MRI imaging drug for patients with impaired kidney function

280,000
patients with impaired kidney function in major markets

Immediate addressable market of $350-500M

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 immeditate addressable market for Mangoral is estimated at USD 350–500 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 – PHASE 3 PIVOTAL STUDY

The ongoing pivotal Phase 3 study is a global multicentre study in up to 200 patients. Results from the study are expected in H1-2021. The strong results in the Phase 1 and Phase 2 studies support our belief that the likelihood of success in Phase 3 is significantly larger than the average oncology drug in Phase 3. This is due to the known mode of action of Mangoral and a high degree of similarity between Phase 2 endpoints and Phase 3 primary endpoints for Mangoral, and since the Phase 3 study comparator for Mangoral is MRI with no contrast agent. In addition, the follow-up time is only a few days, compared to months or years for the typical Phase 3 oncology study.

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

NUMBER OF PATIENTS	**Global 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	**72 hours**

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

ONCORAL

Chemotherapy treatment in tablet form, ready for Phase 2

A novel tablet formulation for treatment of gastric cancer

Oncoral is a novel tablet formulation of the topoisomerase I inhibitor irinotecan, a chemotherapeutic drug with a well-established role and strong anti-tumor activity for treatment of cancer. Oncoral is intended for the treatment of advanced gastric cancer in combination with other anti-cancer treatments. Gastric cancer is a serious disease with a large unmet medical need and is the third leading cause of cancer death worldwide. The market for gastric cancer is growing rapidly with an estimated yearly growth rate towards year 2022 of 14% (source GlobalData) and the market is expected to surpass USD 4 billion by 2022.

Convenient for patients and health-economic benefits

Oncoral enables patients to take their chemotherapy at home, which improves the quality of life for cancer patients. The daily dosing of Oncoral could also mitigate the side-effects associated with intravenous treatment where the doses of the cytotoxic irinotecan are very high.

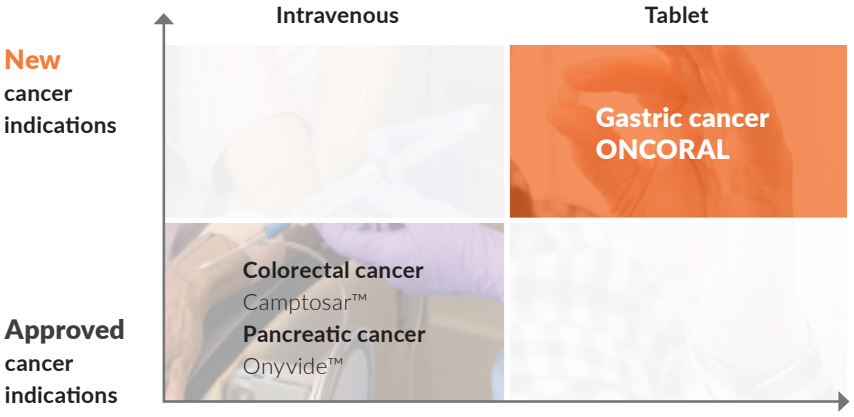
For clinicians and payors, Oncoral can offer reduced hospital stays and bills as well as less risk of adverse effects associated with intravenous chemotherapy and hospital-acquired infections.

Latest development

Preparations for the Phase 2 clinical study for Oncoral is progressing. The current Phase II preparations involve developing the positioning of Oncoral for the treatment patients with gastric cancer as well as the clinical development strategy and study design.

In April 2020, the patent application for Oncoral was approved in Japan. The approval in Japan adds to the already obtained patents in the US and a selected number of countries in Europe and China. The patent secures the intellectual property protection rights for Oncoral until year 2035 plus potential patent extension.

Oncoral - a novel formulation of irinotecan



- Significant unmet medical need in gastric cancer
- Gastric cancer is an orphan indication
- Irinotecan approved in Japan in gastric cancer
- Strong interest from oncologists

Global gastric cancer market (USDbn)

(Source GlobalData)

Preparing for Phase 2 studies

The clinical development strategy for Oncoral is to obtain Phase 2 data and then to partner for the further development to market. The plan is to design and conduct a Phase II study on Oncoral in combination with capecitabine and a selected targeted anti-cancer agent, in irinotecan naive, HER2 negative patients with unresectable or metastatic gastric cancer.

Preliminary plans for the Phase 2 study involve a dose-escalation part with Oncoral, capecitabine and the selected targeted agent in order to determine safety and tolerability and define doses for the extension part of the Phase 2 study. The extension part of the study aims at establishing proof of clinical concept based on relevant safety and efficacy parameters.

Planning for Phase 2 is ongoing with preparatory work including clinical strategy, study design and protocol. Recruitment of patients is expected to beginning of 2021 (completion of Oncoral's Phase 2 study will require additional financing).

Advantages of oral tablet chemotherapy vs. intravenous

Patients

- Tablets can be swallowed at home instead of intravenous administrationat the hospital
- Sense of control over treatment and less interference with daily activities
- No risk of medical complications and pain from medical intravenous lines
- Less travel to hospital/clinic
- Enables fine tuning of individual dosing

Clinicians

- Better utilisation of hospital stay for patient-centered care
- Intravenous facilities can be prioritised for targeted therapies instead
- Less risk of adverse effects from intravenous chemotherapy (e.g. hospital-acquired infection or leakage of infused cytostatic from vasculature to surrounding tissue)

Payers

- All-oral chemotherapeutic regimens reduces the need to spend hospital resources on more expensive intravenous administration
- Less risk of hospital-acquired infections (which leads to a need for additional treatment), leading to reduced costs
- Less need for handling of side effects mainly associated with intravenous administration of chemotherapy, leading to overall reduced costs

FINANCIAL OVERVIEW: Q1-2020 (JAN–MAR 2020)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in Q1 (Jan-Mar 2020) amounted to SEK 0 (SEK 0). Ascelia Pharma does not expect to recognise revenue before products have been launched on the market (sales launch expected in 2022). Other operating income totalled SEK 361 thousand (SEK 60 thousand).

Research and development costs (R&D)

R&D costs for the Group in Q1 were SEK 13.7 million (SEK 6.3 million). The cost increase of SEK 7.4 million underlines an overall higher activity level in Ascelia Pharma in the current quarter vis-à-vis corresponding quarter last year. This was especially pertinent for Mangoral's Phase 3 clinical studies including opening of study sites, manufacturing preparations and regulatory work.

Commercial preparation costs

During the first quarter, costs for the commercial preparations of Mangoral amounted to SEK 1.8 million (SEK 0). The costs increase compared with Q1-2019 reflects preparations towards launching of Mangoral to the market (expected in 2022)

Administration costs

Administration costs for the Group in Q1 amounted to SEK 5.2 million (SEK 5.4 million), which corresponds to a y/y decrease of 3%. Higher running costs in the current quarter as a listed company (IR, media, travel) was outweighted by IPO preparations costs in Q1-2019 (the IPO of Ascelia Pharma was in March 2019)

Operating results (EBIT)

The operating result in Q1 amounted to SEK -20.7 million (SEK -11.7 million). The increased loss reflects the overall higher level of R&D activities and commercial preparations in Q1-2020.

Net Profit/Loss for the period

The Group's net loss in Q1 amounted to SEK -16.7 million (SEK -11.6 million). In the current quarter, financial income was positively impacted by strenghtening of EUR and USD against SEK, which translated into an increase in the value of bank deposits in EUR and USD (a sigficant 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 -0.71 (SEK -0.68).

Financials key ratios for the Group	January-March	
	2020	2019
Operating result (SEK 000')	-20,656	-11,710
Net result (SEK 000')	-16,713	-11,605
Earnings per share (SEK)	-0.71	-0.68
Weighted avg. number of shares	23,659,090	16,943,970
R&D costs/operating costs (%)	65%	53%
Cash flow used in operating activities (SEK 000')	-18,355	-2,958
Equity (SEK 000')	221,133	269,783
Liquid assets incl. marketable securities (SEK 000')	169,303	219,146

CASH FLOW

Cash flow from operating activities before changes in working capital in Q1 amounted to SEK -19.8 million (SEK -10.1 million). The increased outflow primarily reflects the higher level of R&D activities in the current period. Changes in working capital in the current period totalled an inflow of SEK 1.4 million (inflow of SEK 7.2 million).

Cash flow from investing activities amounted to an inflow of SEK 5.7 million and primarily reflects divestment of marketable securities (SEK 0). Cash flow from financing activities totalled SEK -0.1 million (SEK 0) and reflects amortisation of loans (leasing of cars and office).

FINANCIAL POSITION

On the closing date, equity stood at SEK 221.1 million, compared with SEK 237.1 million per 31 December 2019 and SEK 269.8 per 31 March 2019. The decrease since 31 December 2019 and 31 March 2019 reflects the net losses incurred.

Liquid assets including marketable securities on the closing date amounted to SEK 169.3 million, compared with SEK 184.2 million per 31 December 2019 and SEK 219.1 per 31 March 2019. The decrease since 31 December 2019 and 31 March 2019 reflects the net losses incurred.

Other information

Incentive programs

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

The Group recognises share-based remuneration, which personnel may receive. A personnel cost is recognised, together with a corresponding increase in equity, distributed over the vesting period. Social security costs are revalued at fair value. Further information about the employee option programmes can be found in the Annual Report 2019 on pages 55-56.

In case all outstanding incentive programmes are exercised in full, a total of 1.8 million shares will be issued (including hedge for future payment of social security charges). This corresponds to an aggregate dilution of approximately 7.0% 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 programmes.

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 potient enrolment. Patients could also be hesitant to visit clinical sites for the tests. In addition to the operational impact, the funding enviroment 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 2019 on pages 27-29.

Significant events after the end of the reporting period

Patent for Oncoral was approved in Japan in April 2020. The approval in Japan adds to the already obtained patents in the US and a selected number of countries in Europe and China. The patent secures the intellectual property protection rights for Oncoral until year 2035 plus potential patent extension.

In beginning of May 2020, first participant was enrolled in the clinical study with Mangoral in volunteers with different degrees of hepatic impairment. Results from this hepatic study could potentially enable the use also in Mangoral's target population with impaired liver function.

Auditor's review

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

Magnus Corfitzen, CEO
Malmö, 13 May 2020
Ascelia Pharma AB (publ)

Consolidated Income Statement

	Q1 January-March	
SEK in thousands (unless otherwise stated)*	2020	2019
Net sales	–	–
Gross profit/loss	**–**	**–**
Administrative expenses	-5,234	-5,423
Research and development expenses	-13,680	-6,291
Commercial preparations	-1,814	–
Other operating income	361	60
Other operating expenses	-289	-55
Operating result	**-20,656**	**-11,710**
Financial income	3,877	–
Financial expenses	-23	-1
Net financial items	**3,854**	**-1**
Loss before tax	**-16,802**	**-11,710**
Tax	88	106
Loss for the period	**-16,713**	**-11,605**
Attributable to:		
Owners of the Parent Company	-16,713	-11,605
Non-controlling interest	–	–
Earnings per share		
Before and after dilution (SEK)	-0.71	-0.68

Consolidated Statement of Comprehensive Income

	Q1 January-March	
SEK in thousands*	2020	2019
Loss for the period	**-16,713**	**-11,605**
Other comprehensive income		
Currency translation of subsidiaries**	180	15
Other comprehensive income for the period	**180**	**15**
Total comprehensive income for the period	**-16,533**	**-11,589**

* 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 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Intangible assets	57,073	57,065	57,065
Tangible assets			
Equipment	321	–	–
Right-of-use assets	2,037	–	212
Total fixed assets	**59,432**	**57,065**	**57,277**
Income tax receivables	1,196	617	763
Other receivables	973	999	686
Prepaid expenses and accrued income	5,267	1,331	7,300
Marketable securities	66,488	–	75,711
Cash and bank balances	102,815	219,146	108,516
Total current assets	**176,740**	**222,093**	**192,949**
Total assets	**236,172**	**279,158**	**250,226**
EQUITY			
Share capital	23,489	22,607	23,489
Other paid-in capital	405,061	385,693	405,061
Loss brought forward (incl. net profit/loss for the period)	-207,417	-138,517	-191,488
Equity attributable to Parent Company shareholders	**221,133**	**269,783**	**237,062**
Total equity	**221,133**	**269,783**	**237,062**
LIABILITIES			
Leasing	1,361	–	96
Total long-term liabilities	**1,361**	**–**	**96**
Accounts payable	4,128	2,842	5,236
Tax payable	1	–	–
Other liabilities	1,344	1,726	1,138
Accrued expenses and deferred income	8,205	4,807	6,695
Total current liabilities	**13,679**	**9,375**	**13,069**
Total liabilities	**15,039**	**9,375**	**13,164**
Total equity and liabilities	**236,172**	**279,158**	**250,226**

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

Consolidated Statements of Changes in Equity

SEK in thousands*	Jan-Mar 2020	Jan-Mar 2019	Jul-Dec 2019
Equity at start of the period	**237,062**	**111,730**	**276,075**
Comprehensive income			
Profit/loss for the period	-16,713	-22,608	-39,905
Other comprehensive income	180	-8	55
Total comprehensive income	**-16,533**	**-22,615**	**-39,850**
Transactions with shareholders			
New share issue with cash contribution	–	200,000	–
Share issue costs	–	-20,007	–
Share based remuneration to employees	604	675	837
Total transactions with shareholders	**604**	**180,668**	**837**
Equity at end of the period	**221,133**	**269,783**	**237,062**

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

Consolidated Cash Flow Statement

	Q1 January-March	
SEK in thousands*	2020	2019
Operating activities		
Operating result	-20,656	-11,710
Expensed share based remuneration	605	1,378
Adjustment for items not included in cash flow	288	199
Interest paid	-23	–
Income tax paid/received	–	–
Cash flow from operating activities before changes in working capital	**-19,786**	**-10,133**
Cash flow from changes in working capital		
Increase (-)/Decrease (+) of operating receivables	1,408	2,556
Increase (+)/Decrease (-) of accounts payable	-981	2,233
Increase (+)/Decrease (-) of other liabilities	1,005	2,386
Change in working capital	1,432	7,175
Cash flow used in operating activities	**-18,355**	**-2,958**
Investing activities		
Investment in equipment	-332	–
Marketable securities/Other investments, net	6,000	–
Cash flow from investing activities	**5,668**	**–**
Financing activities		
Issuance proceeds	–	200,000
Issuance costs	–	-20,007
Amortisation of loan (leasing)	-114	–
Cash flow from financing activities	**-114**	**179,993**
Cash flow for the period	**-12,801**	**177,035**
Cash flow for the period	-12,801	177,035
Cash and cash equivalents at start of period	108,516	42,111
Exchange rate differences in cash and cash equivalents	7,100	–
Cash and cash equivalents at end of period	**102,815**	**219,146**

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

Parent Company – Income Statement

	Q1 January-March	
SEK in thousands*	2020	2019
Net sales	140	53
Gross profit/loss	**140**	**53**
Administrative costs	-5,211	-5,391
Research and development costs	-12,687	-5,829
Commercial preparations	-1,814	–
Other operating income	357	60
Other operating costs	-273	-55
Operating result	**-19,488**	**-11,161**
Resultat from other long-term receivables	464	–
Finance income	3,877	89
Finance costs	-23	-21
Net financial items	**4,319**	**68**
Loss after financial items	-15,169	-11,093
Group contribution	–	–
Tax	–	–
Loss for the period	**-15,169**	**-11,093**

Parent Company – Statement of Comprehensive Income

	Q1 January-March	
SEK in thousands*	2020	2019
Loss for the period	**-15,169**	**-11,093**
Other comprehensive income	–	–
Other comprehensive income for the period	**–**	**–**
Total comprehensive income for the period	**-15,169**	**-11,093**

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

Parent Company – Balance Sheet

SEK in thousands*	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Tangible assets			
Equipment	321	–	–
Right-of-use assets	2,037	–	212
Financial assets			
Shares in affiliated companies	58,068	58,068	58,068
Other long-term receivables	7,005	1,955	3,352
Total fixed assets	**67,431**	**60,023**	**61,632**
Current receivables			
Receivables from affiliated companies	717	–	–
Income tax receivables	568	–	–
Other receivables	795	1,077	1,374
Prepaid expenses and accrued income	5,267	1,478	7,658
Marketable securities	66,488	–	75,711
Cash and bank balances	100,027	218,839	107,434
Total current assets	**173,863**	**221,394**	**192,176**
Total assets	**241,294**	**281,416**	**253,809**
EQUITY			
Restricted equity			
Share capital	23,489	22,607	23,489
Non-restricted equity			
Share premium reserve	405,061	385,693	405,061
Loss brought forward	-187,006	-114,856	-148,534
Loss for the period	-15,169	-21,118	-39,077
Total equity	**226,375**	**272,326**	**240,939**
LIABILITIES			
Long-term liabilities			
Leasing	1,361	–	96
Total long-term liabilities	**1,361**	**–**	**96**
Current liabilities			
Accounts payable	4,053	2,573	5,104
Liabilities from affiliated companies	23	–	–
Other liabilities	1,344	1,726	1,163
Accrued expenses and deferred income	8,138	4,792	6,508
Total current liabilities	**13,559**	**9,090**	**12,774**
Total equity and liabilities	**241,294**	**281,416**	**253,809**

* 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 recognised 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. The owners of Solural ApS collectively own 4.1% 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 commercialisation occurs through a sale or a outlicensing and SEK 12 million if commercialisation is carried out by Oncoral Pharma ApS or Ascelia Pharma AB itself.

Regardless the commercialisation 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 Q1-2020, services for a value of around SEK 0.3 million were acquired from Solural Pharma ApS.

In Q1-2020, consulting services for a total value of around SEK 0.5 million was acquired from BGM Associates where Ascelia Pharma's board member Hans Maier is Managing Director.

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 recognised 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 recognised 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 recognised.

Capitalisation of development expenses

In Q1-2020, the criteria for classifying R&D costs as an asset according to IAS 38 has not been met (capitalisation 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.

New accounting standards

The new standards IFRS 15 on Revenue, IFRS 9 Financial instruments and IFRS 16 Leases were implemented in the financial year 2018/2019. As the Group currently does not have revenue from contracts with customers, IFRS 15 does not presently impact the Group. Furthermore, IFRS 9 does not have any significant effect on the financial statements given the Group's current very limited exposure to credit risk as well as the absence of financial derivatives. Regarding IFRS 16, the financial impact is limited to an office lease (3-year contract) and two car leases.

Share-based incentive programs

Employee option program

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 Q1-2020, only an insignificant amount was recognised.

Share saving program

At the Annual General Meeting on 14 November 2019, a resolution was passed to implement a long-term incentive programme for employees in the form of a performance-based share saving programme. The parameter, which have the largest impact on the value of the programme, is the publicly traded share price. The total recognised costs for the share saving program in Q1-2020 were SEK 0.5 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 January-March	
	2020	2019
R&D costs (SEK 000')	-13,680	-6,291
Administration costs (SEK 000')	-5,234	-5,423
Commercial preparations	-1,814	–
Other operating costs (SEK 000')	-289	-55
Total operating costs (SEK 000')	**-21,017**	**-11,769**
R&D costs/Operating costs (%)	**65%**	**53%**

Financial calendar

Interim report Q1 (Jan-Mar 2020): 13 May 2020
Half-year report (Jan-Jun 2020): 20 August 2020
Interim report 9M (Jan-Sep 2020): 5 November 2020
Full-year report 2020: 16 February 2021

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