ASCELIA PHARMA

INTERIM REPORT

January – March 2019

Significantly oversubscribed IPO

IMPORTANT EVENTS IN THE PERIOD

- IPO of SEK 200 million
- More than 6,000 new shareholders in the IPO – both institutional and private
- Fully financed Phase III program for Mangoral

IMPORTANT EVENTS AFTER THE PERIOD

- Encouraging results from Oncoral's Phase I combination study with oral capecitabine
- IPO overallotment utilised raising SEK 22 million
- Supportive feedback from EMA on the Phase III program for Mangoral

"The successful IPO gives us a fully financed Phase III program for Mangoral."

FINANCIAL SUMMARY Q3 (JAN-MAR 2019)

MSEK -11.7
Operating result of SEK -11.7M (SEK -4.4M).

SEK -0.68
Earnings per share of SEK -0.68 (SEK -0.39).

MSEK -3.0
Cash flow from operations of SEK -3.0M (SEK -2.9M).

MSEK 219.1
Cash and cash equivalents of SEK 219.1M (SEK 3.8M).

CEO COMMENTS

The third quarter of the fiscal year was a transformative period for Ascelia Pharma. Not only did we continue the development of our innovative and proprietary products to help patients with selected types of cancer, we also made a successful and substantially oversubscribed listing on Nasdaq Stockholm. The IPO secured full financing for the upcoming Phase III study of our lead candidate Mangoral®. The IPO also added about 6,000 new shareholders, both institutional and private investors. I am very pleased and proud of the interest that many reputable investors have shown in our company, including Alto Invest, Handelsbanken Fonder and the Fourth Swedish National Pension Fund (AP4), as well as a number of existing shareholders, including Sunstone Capital and Øresund-Healthcare Capital.

There is a great opportunity for new choices in cancer diagnostics and therapy. Both Mangoral and our other clinical stage product candidate Oncoral, which concluded Phase I development last year with promising results, will help address these significant unmet medical needs. We now have the means to continue this exciting progress.

The IPO will finance the registration enabling pivotal Phase III study for Mangoral and commencing commercialization plans, thus enabling us to help those patients who cannot undergo an MRI with a contrast agent today. With Mangoral, the likelihood of finding liver metastases increases significantly. This is crucial for determining the right treatment method and subsequently the patient's chance of survival. The market for Mangoral is estimated to be USD 350-500 million yearly and within this patient segment Mangoral is expected to be the only product on the market.

I believe we are well prepared to start this important, pivotal study of Mangoral as a contrast agent in patients with focal liver lesions (liver metastases) and severely impaired kidney function (renal impairment). We have successfully concluded discussions with the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA) regarding the study design and will now complete the preparatory work to start the trial. We expect to enrol the first patient during the second half of 2019.

A successful Mangoral study could enable approval of the only non-gadolinium liver MRI drug for use in patients who are at risk of serious side effects from the gadolinium-based contrast media available on the market today. We are confident that we have a robust trial design with the potential to repeat and confirm the excellent data observed in our Phase II studies and support approval. In the second half of 2020, we expect to have enrolled the last patient in the study. Final study results are expected at the end of 2020 or beginning of 2021.

Promising Phase I results for Oncoral supports our preparations for a Phase II clinical study. Oncoral is our novel oral chemotherapy tablet of irinotecan for the treatment of gastric cancer. Late last year, we presented encouraging results of the investigator sponsored Oncoral phase I study at the annual European Society for Medical Oncology (ESMO) congress in Germany. The data demonstrated that Oncoral was well tolerated; side effects were generally mild to moderate, manageable and similar in type to those observed with intravenous irinotecan.

Encouraging results in combination use from the Phase I extension study in early April this year demonstrating reassuring tolerability of Oncoral administered in combination with oral capecitabine. Cancer therapy is very often given as a combination of several drugs in parallel. Oncoral in combination with oral capecitabine could become a more convenient and patient friendly treatment option compared to the intravenous formulations of these compounds. This could enable an attractive all-oral chemo combination. The encouraging tolerability profile justifies further clinical studies to assess the efficacy of this treatment regimen.

We have exciting times ahead of us. I look forward to updating you about our progress with Mangoral and Oncoral, as they make their way through the clinical development process, and ultimately reach those patients who need support taking on their cancer.

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 ready for Phase III clinical studies. Mangoral is developed to improve the visualization 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 II 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	Administration	Phase I	Phase II	Phase III	Rights
Mangoral® • Novel imaging drug with Orphan Drug Designation • No competing products • $350-500m market with substantial upside potential • De-risked Phase III clinical program starting in H2-19	**Visualisation of Focal Liver Lesions** Liver metastases Primary liver cancer Benign lesions	Oral	Completed		2019 - 2020	**Wholly-owned**
Oncoral • Novel Chemo therapy formulation for gastric cancer • Gastric cancer is an Orphan indication • Phase I clinical study completed • Recent acquisition of comparable product >$1 billion	**Treatment of Gastric Cancer** Treatment of other solid cancers (label expansion)	Oral	Completed	2020 - 2022		**Wholly-owned**

Completed development
Ongoing and planned development

MANGORAL®

Liver MRI contrast contrast agent ready for 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

On the back of the completed successful Phase I and Phase II studies, concrete plans and design of the Phase III study have been conducted in recent months. The Phase III study design is based on recent discussions with the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA).

Recruitment of patients of patients for the study is expected to commence in the second half of 2019. Final results from the study are expected to be presented at the end of 2020 or early 2021.

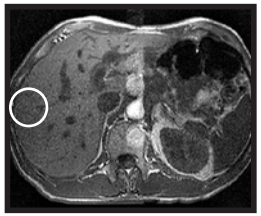
Patients referred for liver MRI scan

TODAY

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
NO imaging drug

No liver metastasis visible

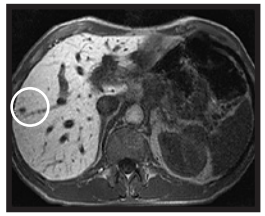


TOMORROW

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

Addressable market of $350-500 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 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.

De-risked Phase III study

The Phase III study will be a multicentre study in up to 200 patients. The study is expected to start in H2-2019 with final results to be presented at the end of 2020 or beginning of 2021.

The strong results in the Phase I and Phase II studies support our belief that the likelihood of success in Phase III is significantly larger than the average oncology drug in Phase III. This is due to the known mode of action of Mangoral and a high degree of similarity between Phase II and III primary endpoints for Mangoral and since the planned Phase III 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 III oncology study.

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.

ONCORAL

Chemotherapy treatment in tablet form, ready for Phase II

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.

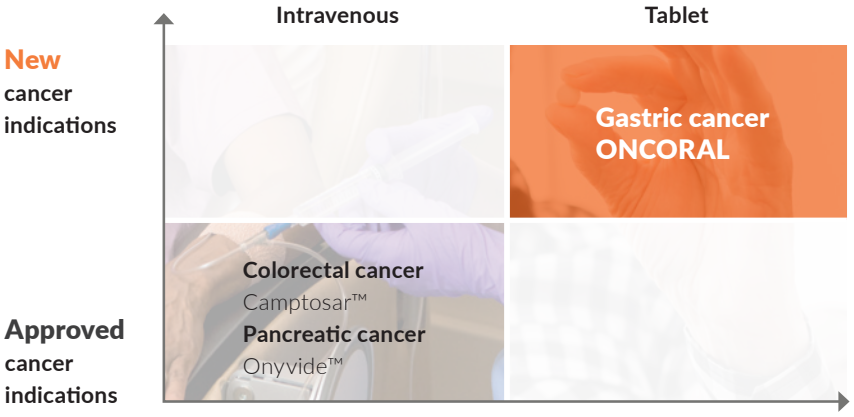
For clinicians and payors, Oncoral can offer reduced hospital stays and bills as well as less risk of adverse effects associated with intravenous chemotherapy and hospital-acquired infections.

Latest development

In 2018, the first part of the investigator-sponsored Phase I study was completed with Oncoral as a single agent. The results were promising and demonstrated that Oncoral was well tolerated; side effects were generally mild to moderate, manageable and similar to those observed with intravenous irinotecan.

In April 2019, the extension Phase I study where Oncoral was combined with another oral chemotherapy (capecitabine) was published, which also showed encouraging results. The study data demonstrated reassuring tolerability of Oncoral administered in combination with oral capecitabine. The encouraging tolerability profile justifies further clinical studies to assess the efficacy of this treatment regimen

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

(Source GlobalData)

Preparing for Phase II studies

The clinical development strategy for Oncoral is to obtain Phase II 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 II 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 II study. The extension part of the study aims at establishing proof of clinical concept based on relevant safety and efficacy parameters.

Planning for Phase II is ongoing with the preparatory work in 2019 including study design and protocol. Recruitment of patients is expected to start in 2020.

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 – Q3 (JAN-MAR 2019)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in Q3 amounted to SEK 0 (SEK 0). Ascelia Pharma does not expect to recognise revenue before products have been launched on the market. Other operating income totalled SEK 60 thousand (SEK 234 thousand). The decline in other operating income of SEK 174 thousand is explained by Q3 last year benefitting from investment grants from innovation agencies for Oncoral's phase I study.

Research and development costs (R&D)

R&D costs for the Group in Q3 were SEK 6.3 million (SEK 2.1 million). The cost increase of SEK 4.2 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 where detailed preparations have been made for the phase III clinical study including establishing the clinical study protocol, work to select clinical study sites and manufacturing preparations.

Administration costs

Administration costs for the Group in Q3 amounted to SEK 5.4 million (SEK 2.6 million). The cost increase of SEK 2.8 million mainly reflects IPO preparation costs in the current quarter.

Operating results (EBIT)

Operating results in Q3 amounted to SEK -11.7 million (SEK -4.4 million). The cost increase mainly reflects the overall higher level of R&D activities in the current quarter and IPO preparation costs.

Net Profit/Loss for the period

The Group's net loss in Q3 amounted to SEK -11.6 million (SEK -4.4 million). The increased net loss mirrors the development in EBIT and corresponds to a loss per share, before and after dilution, of SEK 0.68 (SEK 0.39).

Financials key ratios for the Group	Q3 (Jan-Mar)		Full-year
	2018/2019	2017/2018*	2017/2018
Operating result (SEK 000')	-11,710	-4,409	-24,713
Net result (SEK 000')	-11,605	-4,412	-24,392
Earnings per share (SEK)	-0.68	-0.39	-2.12
Weighted avg. number of shares	16,943,970	11,249,314	11,518,832
R&D costs/operating costs (%)	53%	44%	36%
Cash flow from operations (SEK 000')	-2,958	-2,897	-20,958
Equity (SEK 000')	269,783	63,364	111,730
Liquid assets (SEK 000')	219,146	3,847	55,063

* Figures for the comparison period have been restated (see page 16 for further details).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK -10.1 million (SEK -5.3 million). The increased outflow reflects the overall higher cost level in the current quarter. Changes in working capital in the current quarter totalled an inflow of SEK 7.1 million (SEK 2.4 million). The positive working capital development in the current quarter primarily reflects an increase in trade payables including manufacturing expenses as well as decrease in operating receivables where pre-paid issuance costs have been classified as issuance costs. In total, cash flow from operating activities after changes in working capital amounted to SEK -3.0 million (SEK -2.9 million).

Cash flow from investing activities amounted to SEK 0 (SEK 0).

Cash flow from financing activities totalled SEK 180 million (SEK 0), which reflects the proceeds raised in the IPO (net of issuance expenses).

FINANCIAL POSITION

On the closing date, equity stood at SEK 269.8 million, compared with SEK 111.7 million per 30 June 2018 and SEK 63.4 million per 31 March 2018. The increase since 30 June 2018 reflects the issuance of new shares in connection with the IPO in March 2019 where 8 million shares were raised taking the total amount of shares per 31 March 2019 to 22.6 million.

Cash and cash equivalents on the closing date amounted to SEK 219.1 million compared with SEK 55.1 million as of 30 June 2018 and SEK 3.8 million per 31 March 2018. The increase since 30 June 2018 reflects the issuance of new shares in connection with the IPO in March 2019.

FINANCIAL OVERVIEW – 9M (JULY 2018-MARCH 2019)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in 9M amounted to SEK 0 (SEK 0). Ascelia Pharma does not expect to recognise revenue before products have been launched on the market. Other operating income totalled SEK 105 thousand (SEK 937 thousand). The decline in other operating income of SEK 832 thousand is explained by 9M last year benefitting from investment grants from innovation agencies for Oncoral's phase I study.

Research and development costs (R&D)

R&D costs for the Group in 9M were SEK 12.7 million (SEK 6.2 million). The cost increase of SEK 6.4 million underlines an overall higher activity level in Ascelia Pharma in the current period vis-à-vis corresponding period last year. This was especially pertinent for Mangoral where detailed preparations have been made for the phase III clinical study including establishing the clinical study protocol, work to select clinical study sites and manufacturing preparations.

Administration costs

Administration costs for the Group in 9M amounted to SEK 10.2 million (SEK 11.2 million) illustrating a cost decrease of SEK 1 million in the current period year-over-year.

Operating results (EBIT)

Operating results in 9M amounted to SEK -22.9 million (SEK -16.5 million). The cost increase mainly reflects the overall higher level of R&D activities in the current period.

Net Profit/Loss for the period

The Group's net loss in 9M amounted to SEK -22.6 million (SEK -16.5 million). The increased net loss mirrors the development in EBIT and corresponds to a loss per share, before and after dilution, of SEK 1.48 (SEK 1.47).

Financials key ratios for the Group	9M (Jul-Mar)		Full-year
	2018/2019	2017/2018*	2017/2018
Operating result (SEK 000')	-22,899	-16,532	-24,713
Net result (SEK 000')	-22,608	-16,514	-24,392
Earnings per share (SEK)	-1.48	-1.47	-2.12
Weighted avg. number of shares	15,230,198	11,249,314	11,518,832
R&D costs/operating costs (%)	55%	36%	36%
Cash flow from operations (SEK 000')	-15,910	-17,780	-20,958
Equity (SEK 000')	269,783	63,364	111,730
Liquid assets (SEK 000')	219,146	3,847	55,063

* Figures for the comparison period have been restated (see page 16 for further details).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK -21.5 million (SEK -14.6 million). The increased outflow reflects the overall higher R&D cost level in the current period. Changes in working capital in the current period totalled an inflow of SEK 5.6 million (outflow of SEK 3.2 million). The positive working capital development in the current period primarily reflects an increase in trade payables including manufacturing expenses as well as decrease in operating receivables where pre-paid issuance costs have been classified as issuance costs. In total, cash flow from operating activities after changes in working capital amounted to SEK -15.9 million (SEK -17.8 million). Cash flow from investing activities amounted to SEK 0 (SEK 0).

Cash flow from financing activities totalled SEK 180 million (SEK 0), which reflects the proceeds raised in the IPO (net of issuance expenses).

FINANCIAL POSITION

On the closing date, equity stood at SEK 269.8 million, compared with SEK 111.7 million per 30 June 2018 and SEK 63.4 million per 31 March 2018. The increase since 30 June 2018 reflects the issuance of new shares in connection with the IPO in March 2019 where 8 million shares were raised taking the total amount of shares per 31 March 2019 to 22.6 million.

Cash and cash equivalents on the closing date amounted to SEK 219.1 million compared with SEK 55.1 million as of 30 June 2018 and SEK 3.8 million per 31 March 2018. The increase since 30 June 2018 reflects the issuance of new shares in connection with the IPO in March 2019.

Consolidated Income Statement

	Q3		9M		FY
	Jan-Mar		Jul-Mar		Jul-Jun
SEK in thousand (unless otherwise stated)	2019	2018*	2018/2019	2017/2018*	2017/2018
Net sales	–	–	–	–	–
Gross profit/loss	**–**	**–**	**–**	**–**	**–**
Other operating income	60	234	105	937	1,062
Administrative costs	-5,423	-2,599	-10,222	-11,203	-16,366
Research and development costs	-6,291	-2,033	-12,660	-6,233	-9,367
Other operating costs	-55	-11	-123	-33	-42
Operating result	**-11,710**	**-4,409**	**-22,899**	**-16,532**	**-24,713**
Financial income	–	6	–	39	10
Financial costs	-1	-9	-27	-21	-39
Net financial items	**-1**	**-3**	**-27**	**18**	**-30**
Loss before tax	**-11,710**	**-4,412**	**-22,926**	**-16,514**	**-24,743**
Tax	106	–	318	–	351
Loss for the period	**-11,605**	**-4,412**	**-22,608**	**-16,514**	**-24,392**
Attributable to:					
Owners of the Parent Company	-11,605	-4,412	-22,608	-16,514	-24,392
Non-controlling interest	–	–	–	–	–
Earnings per share					
Before and after dilution (SEK)	-0.68	-0.39	-1.48	-1.47	-2.12

Consolidated Statement of Comprehensive Income

	Q3		9M		FY
	Jan-Mar		Jul-Mar		Jul-Jun
	2019	2018*	2018/2019	2017/2018*	2017/2018
Loss for the period	**-11,605**	**-4,412**	**-22,608**	**-16,514**	**-24,392**
Other comprehensive income					
Currency translation of subsidiaries**	15	19	-8	32	54
Other comprehensive income for the period	**15**	**19**	**-8**	**32**	**54**
Total comprehensive income for the period	**-11,589**	**-4,393**	**-22,615**	**-16,482**	**-24,338**

* Figures for the comparison periods have been restated (see page 16 for further details).

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

Consolidated Balance Sheet

SEK in thousand	31 Mar 2019	31 Mar 2018*	30 Jun 2018
ASSETS			
Intangible assets	57,065	57,064	57,066
Tangible assets	–	–	–
Financial investments	–	1	1
Long-term receivables	–	47	–
Total non-current assets	**57,065**	**57,112**	**57,067**
Income tax receivables	617	–	507
Prepaid expenses and accrued income	1,331	5,695	2,955
Other receivables	999	834	557
Cash and cash equivalents	219,146	3,847	55,063
Total current assets	**222,093**	**10,376**	**59,082**
Total assets	**279,158**	**67,488**	**116,149**
EQUITY			
Share capital	22,607	11,249	14,607
Other paid-in capital	385,693	162,665	213,700
Loss brought forward	-138,517	-110,550	-116,577
Equity attributable to Parent Company shareholders	**269,783**	**63,364**	**111,730**
Total equity	**269,783**	**63,364**	**111,730**
LIABILITIES			
Trade payables	2,842	2,006	634
Other liabilities	1,726	716	880
Accrued expenses and deferred income	4,807	1,402	2,905
Total current liabilities	**9,375**	**4,124**	**4,419**
Total liabilities	**9,375**	**4,124**	**4,419**
Total equity and liabilities	**279,158**	**67,488**	**116,149**

* Figures for the comparison period have been restated (see page 16 for further details).

Consolidated Statements of Changes in Equity

	9M (Jul-Mar)		FY
SEK in thousand	31 Mar 2019	31 Mar 2018*	30 Jun 2018
Equity at start of the period	111,730	77,601	77,601
Comprehensive income			
Profit/loss for the period	-22,608	-16,514	-24,240
Other comprehensive income	-8	32	54
Total comprehensive income	**-22,615**	**-16,482**	**-24,186**
Transactions with shareholders			
New share issue with cash contribution	200,000	–	60,436
Issuance expenses	-20,007	–	-6,044
Share based remuneration to employees	675	2,244	3,922
Total transactions with shareholders	**180,668**	**2,244**	**58,314**
Equity at end of the period	**269,783**	**63,364**	**111,730**

* Figures for the comparison period have been restated (see page 16 for further details).

Consolidated Cash Flow Statement

	Q3		9M		FY
	Jan-Mar		Jul-Mar		Jul-Jun
SEK in thousand	2019	2018*	2018/2019	2017/2018*	2017/2018
Operating activities					
Loss before tax	-11,710	-4,412	-22,926	-16,515	-24,743
Expensed share based remuneration	1,378	-1,016	2,059	2,244	4,454
Adjustment for items not included in cash flow	199	145	-648	-327	692
Income tax paid	–	–	–	–	–
Cash flow from operating activities before changes in working capital	**-10,133**	**-5,283**	**-21,515**	**-14,597**	**-19,597**
Cash flow from changes in working capital					
Increase (-)/Decrease (+) of operating receivables	2,556	311	368	-4,287	-1,225
Increase (+)/Decrease (-) of trade payables	2,233	1,287	2,304	1,328	-46
Increase (+)/Decrease (-) of other liabilities	2,386	788	2,933	-224	-90
Change in working capital	7,175	2,386	5,605	-3,183	-1,360
Cash flow used in operating activities	**-2,958**	**-2,897**	**-15,910**	**-17,780**	**-20,958**
Investing activities					
Cash flow from investing activities	**–**	**–**	**–**	**–**	**–**
Financing activities					
Issuance proceeds	200,000	–	200,000	20,000	80,436
Issuance costs	-20,007	–	-20,007	–	-6,044
Cash flow from financing activities	**179,993**	**–**	**179,993**	**20,000**	**74,393**
Cash flow for the period	177,035	-2,897	164,083	2,220	53,435
Cash and cash equivalents at start of period	42,111	6,744	55,063	1,627	1,627
Cash and cash equivalents at end of period	**219,146**	**3,847**	**219,146**	**3,847**	**55,063**

* Figures for the comparison periods have been restated (see page 16 for further details).

Parent Company – Income Statement

	Q3		9M		FY
	Jan-Mar		Jul-Mar		Jul-Jun
SEK in thousand	2019	2018*	2018/2019	2017/2018*	2017/2018
Net sales	53	–	111	–	–
Gross profit/loss	**53**	**–**	**111**	**–**	**–**
Administrative costs	-5,391	-2,597	-10,079	-11,165	-16,311
Research and development costs	-5,829	-1,058	-11,223	-4,576	-7,448
Other operating income	60	50	105	514	640
Other operating costs	-55	-11	-123	-33	-42
Operating result	**-11,161**	**-3,616**	**-21,208**	**-15,260**	**-23,162**
Loss from financial items					
Other interest income and similar profit	89	6	167	39	60
Interest costs and similar Profit/loss items	-21	-11	-76	-22	-39
Loss after financial items	**-11,093**	**-3,621**	**-21,118**	**-15,243**	**-23,140**
Loss before tax	**-11,093**	**-3,621**	**-21,118**	**15,243**	**23,140**
Tax	–	–	–	–	–
Loss for the period	**-11,093**	**-3,621**	**-21,118**	**-15,243**	**-23,140**

Parent Company – Statement of Comprehensive Income

	Q3		9M		FY
	Jan-Mar		Jul-Mar		Jul-Jun
SEK in thousand	2019	2018*	2018/2019	2017/2018*	2017/2018
Loss for the period	**-11,093**	**-3,621**	**-21,118**	**-15,243**	**-23,140**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	**-11,093**	**-3,621**	**-21,118**	**-15,243**	**-23,140**

* Figures for the comparison periods have been restated (see page 16 for further details).

Parent Company – Balance Sheet

SEK in thousand	31 Mar 2019	31 Mar 2018*	30 Jun 2018
ASSETS			
Total non-current assets			
Tangible assets	–	–	–
Financial assets			
Participations in Group companies	58,068	58,068	58,068
Other securities held as non-current assets	–	1	1
Other long-term receivables	1,955	599	1,958
Total financial assets	60,023	58,668	60,027
Total fixed assets	**60,023**	**58,668**	**60,027**
Current assets			
Current receivables			
Other receivables	1,077	439	237
Prepaid expenses and accrued income	1,478	5,695	2,985
Total current receivables	2,555	6,134	3,222
Cash and bank balances	218,839	3,663	53,792
Total current assets	**221,394**	**9,797**	**57,014**
Total assets	**281,416**	**68,465**	**117,040**
EQUITY			
Restricted equity			
Share capital	22,607	11,249	14,607
Non-restricted equity			
Share premium reserve	385,693	162,665	213,700
Loss brought forward	-114,856	-96,313	-92,391
Loss for the period	-21,118	-12,999	-23,140
Total equity	**272,326**	**64,602**	**112,775**
LIABILITIES			
Total non-current liabilities	**–**	**–**	**–**
Current liabilities			
Trade payables	2,573	1,744	486
Other liabilities	1,726	716	880
Accrued expenses and deferred income	4,792	1,403	2,899
Total current liabilities	**9,090**	**3,863**	**4,265**
Total equity and liabilities	**281,416**	**68,465**	**117,040**

* Figures for the comparison period have been restated (see page 16 for further details).

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 purchases accounting services from Capnova A/S. Capnova A/S was previously a shareholder in Oncoral Pharma ApS. After the sale of the company to Ascelia Pharma AB, Capnova A/S holds shares in Ascelia Pharma AB amounting to less than 1% of the total shares. In 9M 2018/2019, , services for a value of DKK 12,000 were acquired from Capnova A/S.

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, 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 10,000 thousand if commercialization occurs through a sale or a outlicensing and SEK 12,000 thousand if commercialization 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 10,000 thousand. In 9M 2018/2019, , services for a value of DKK 709,625 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.

Capitalisation of development expenses

For 9M and Q3 2018/2019, 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 and IFRS 9 Financial instruments has been implemented in this financial year starting on 1 July 2018. 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 investments and derivatives. The new IFRS 16 on leases will be implemented in 2019-2020. The initial assessment is that this will not have any significant effect since Ascelia Pharma has few and short leasing contracts and only with limited amounts.

Employee option program

Ascelia Pharma has implemented two employee option programs with individual terms and conditions. The parameters, which have the largest impact on the value of the options are likelihood for an IPO or sale of the company and the value of the company. Given the completed IPO in March 2019 with shares being traded on Nasdaq Stockholm, the Management in Ascelia Pharma has adjusted the likelihood for completion of IPO to 100% and valued the shares according to the publicly traded share price. This evaluation impacts provisions for social charges, which amounted to SEK 1.4 million for 9M 2018/2019 and SEK 1.0 million for Q3 2018/2019.

Restatement of comparison figures

For the comparison periods, the financial figures have been restated to reflect the recognition of costs related to the employee option programme, which was resolved at the Annual General Meeting on 31 October 2017. The impact on administration costs and R&D costs are cost increases of SEK 1.3 million and SEK 1.0 million, respectively, for the period 1 July 2017 to 31 March 2018 (identical impact on Group and Parent company). The cost recognition for FY 2018/2019 on employee options programs was in total SEK 4.5 million (these costs were reflected in the full-year accounts, ie. no re-statement).

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, research and development as well as other operating expenses).	The performance measure is useful in order to obtain an idea of how much of the operating costs are related to research- and development expenses.

Reconciliation table for alternative performance measures for the Group

	Q3 (Jan-Mar)		9M (Jul-Mar)		FY (Jul-Jun)
	2018/2019	2017/2018*	2018/2019	2017/2018*	2017/2018
R&D costs (SEK 000')	-6,291	-2,033	-12,660	-6,233	-9,367
Administration costs (SEK 000')	-5,423	-2,599	-10,222	-11,203	-16,366
Other operating costs (SEK 000')	-55	-11	-123	-33	-42
Total operating costs (SEK 000')	**-11,769**	**-4,643**	**-23,005**	**-17,469**	**-25,775**
R&D costs/Operating costs (%)	**53%**	**44%**	**55%**	**36%**	**36%**

* Figures for the comparison periods have been restated (see page 16 for further details).

Financial calendar

Full-year report 2018/2019:	22 August 2019
Interim report Q1 2019/2020:	8 November 2019
Annual General Meeting:	14 November 2019

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