9M INTERIM REPORT 2020

January – September 2020

Raised market estimate for Mangoral and first commercial scale production

SIGNIFICANT EVENTS IN Q3 2020

- First commercial scale manufacturing of Mangoral
- Proceeds from directed share issue received in the beginning of July

SIGNIFICANT EVENTS AFTER THE PERIOD

- In October, the estimate of the addressable market for Mangoral was upgraded to $500-600 million annually (previously $350-500 million)
- In November, confirmation was received from EMA that Mangoral is eligible for the centralized regulatory procedure in the EU

"We have raised the estimate of the addressable market for Mangoral and prepare for launch"

KEY RATIOS GROUP

	Q3 (Jul-Sep)		9M (Jan-Sep)	
	2020	2019	**2020**	2019
OPERATING RESULT (SEKm)	**-16.3**	-13.9	**-65.5**	-40.1
EARNINGS PER SHARE (SEK)	**-0.51**	-0.54	**-2.47**	-1.83
CASH FLOW FROM OPERATIONS (SEKm)	**-18.9**	-20.1	**-58.0**	-37.5
LIQUID ASSETS INCL. MARKETABLE SECURITIES (SEKm)	**220.7**	205.3	**220.7**	205.3

CEO COMMENTS

In recent months, we have continued to advance both the clinical development program and commercial preparations of our lead candidate drug Mangoral, currently in the pivotal Phase 3 study SPARKLE. We expect a very interesting period ahead of us with this novel contrast agent where there is a large unmet medical need. For patients with severely reduced kidney function, no safe and effective liver contrast agent is currently advised.

First commercial scale manufacturing of Mangoral. As an important step towards market launch, we reached a key achievement with the first commercial scale manufacturing of Mangoral in September. All quality and manufacturability requirements were met and reproduced for this full-scale manufacture. High-quality manufacturing is key to patient safety and an important requirement for regulatory approval and commercialization of new drugs. This first and reproduceable commercial scale manufacturing is an important step towards a product approval and launch, which we expect in Q4-2022 or H1-2023.

Upgraded estimate of addressable market for Mangoral to $500-600 million annually. At our Capital Markets Day in October, we raised our estimate of the addressable market for Mangoral to $500-600 million annually in key markets (previously $350-500 million). The upgraded estimate is primarily driven by procedure volume that we have identified by analyzing new real-world data from actual medical procedures as well as further insights from payers and reimbursement experts in key markets.

At the Capital Markets Day, we also described our strategy for building own commercial operations in the US. This is driven by the size, maturity and market access opportunity in the US and enables us to build an attractive top-line and retain profits with the launch of Mangoral. Preparations for commercialization progress according to plan. In 2020, we have confirmed our market priorities and advanced our product strategies and prepared our blueprint for commercialization.

Solid financial position. We continue to have with strong liquidity, which was further strengthened by the directed share issuance we completed earlier this summer. At the end of the quarter, we had SEK 221 million in liquid assets. This cash position will take us into 2022 and consequently beyond the clinical milestone with topline Phase 3 data from SPARKLE, which we expect to have in the second half of 2021.

Preparing for Oncoral Phase 2. In parallel with the work on Mangoral, we continue the preparations for the Phase 2 clinical study for Oncoral. Oncoral 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.

Covid-19. We are carefully monitoring the development of the pandemic. We take every precaution to ensure both that everyone in our organization and those working on our trials are safe and well, and that our clinical programs continue according to plans.

Looking ahead. Our focus is on the SPARKLE study, the preparations for the commercial launch of Mangoral and a detailed plan for Oncoral Phase 2 development.

I look forward to updating you on our progress with our exciting projects so that they ultimately can 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 a biotech company focused on orphan oncology treatments. We develop and commercialize novel drugs that address unmet medical needs and have a clear development and market pathway. Two drug candidates – Mangoral and Oncoral – are in clinical development. Global headquarters is in Malmö, Sweden.

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 are at risk of serious side effects from the currently available class of gadolinium-based contrast agents.

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

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

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

Candidates	Indication	Phase 1	Phase 2	Phase 3	Filing	Market launch
Mangoral® • Novel imaging drug with Orphan Drug Designation • No competing products • $500-600m 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 – H2-2021	H1-2022	Q4 2022 – H1-2023
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

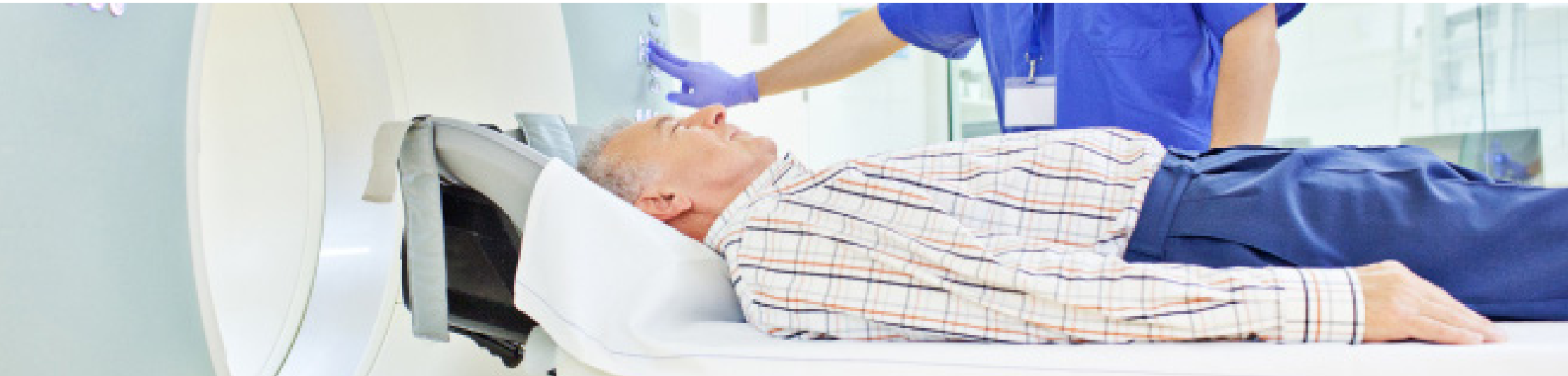
Mangoral is an orally administrated contrast agent used in MRI of the liver. It is based on the chemical element manganese, which is a natural trace element in the body. Mangoral also contains L-Alanine and Vitamin D3 to increase the absorption of manganese from the small intestine into the portal liver 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 November 2020, the European Medicines Agency (EMA) confirmed that a Marketing Authorization Application (MAA) for Mangoral is eligible to be submitted in the European Union (EU) under the Agency's centralized procedure.

In October 2020, the estimate of the addressable market in the US, EU and Japan for Mangoral was increased to $500-600 million (previously $350-500 million). Ascelia Pharma sees a strong case for building own commercial operations in the US.

In September 2020, a key achievement was reached with the first commercial scale manufacturing.



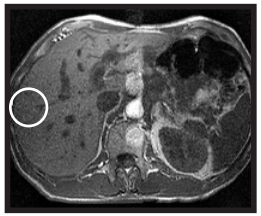
Patients referred for liver MRI scan

TODAY

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
NO imaging drug

No liver metastasis visible

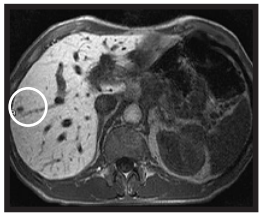


TOMORROW

NORMAL KIDNEY
Gadolinium imaging drug

POOR KIDNEY FUNCTION
MANGORAL® Imaging drug

Liver metastasis visible with Mangoral



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

Addressable market of $500-600 million

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

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

Mangoral has Orphan Drug Designation

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

MANGORAL – PHASE 3 PIVOTAL STUDY (SPARKLE)

The ongoing pivotal Phase 3 study SPARKLE is a global multi-centre study in up to 200 patients. Topline results from the study are expected in H2-2021. The strong results in the Phase 1 and Phase 2 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's clinical Phase 3 study (based on Phase 3 protocol meeting with FDA and EMA)

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

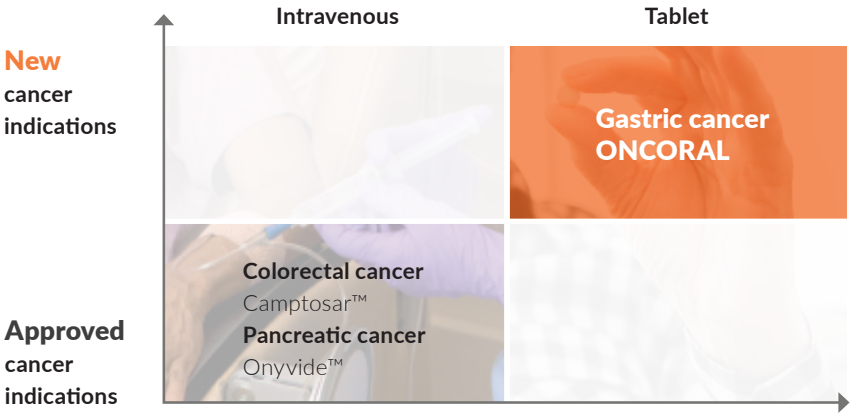
Oncoral enables patients to take their chemotherapy at home, which improves the quality of life for cancer patients. The daily dosing of Oncoral could also mitigate the side-effects associated with intravenous treatment where the doses of the cytotoxic irinotecan are very high.

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

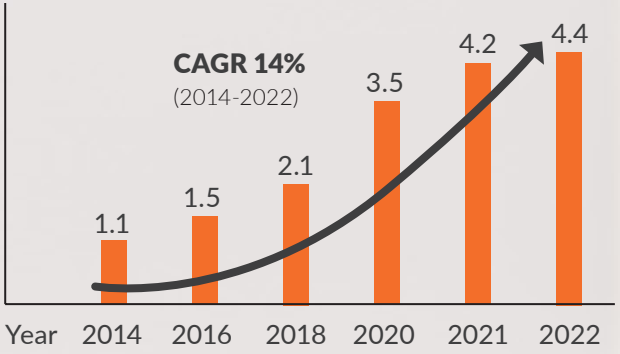
Preparations for the Phase 2 clinical study for Oncoral is progressing. The Phase 2 preparations involve developing the positioning of Oncoral for the treatment patients with gastric cancer as well as the clinical development strategy and study design.

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 proof of concept data and then to partner for the further development to market. The plan is to finalize the design and conduct a Phase 2 study on Oncoral in combination with another established oral compound, in irinotecan naive, HER2 negative patients with unresectable or metastatic gastric cancer.

Planning for Phase 2 is ongoing with preparatory work including clinical strategy, study design and protocol. Study start is expected in 2021 (completion of Oncoral's Phase 2 study will , however, 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: Q3-2020 (JUL–SEP 2020)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in Q3 (Jul-Sep 2020) 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 363 thousand (SEK 162 thousand).

Research and development costs (R&D)

R&D costs for the Group in Q3 were SEK 11.3 million (SEK 9.6 million). The cost increase of SEK 1.7 million underlines an overall higher activity level in Ascelia Pharma in the current quarter vis-à-vis corresponding quarter last year. This was driven by costs related to Mangoral's Phase 3 clinical study as well as manufacturing preparations and regulatory work.

Commercial preparation costs

During the third quarter, costs for the commercial preparations of Mangoral amounted to SEK 1.2 million (SEK 0). The costs increase compared with Q3-2019 reflects preparations towards launching of Mangoral to the market.

Administration costs

Administration costs for the Group in Q3 amounted to SEK 3.7 million (SEK 3.2 million), which corresponds to a y/y increase of 15%. The higher costs are explained by enlarged organisation and new office premises.

Operating results (EBIT)

The operating result in Q3 amounted to SEK -16.3 million (SEK -13.9 million). The increased loss reflects the overall higher level of R&D activities and commercial preparations in Q3-2020.

Net Profit/Loss for the period

The Group's net loss in Q3 amounted to SEK -14.7 million (SEK -12.8 million). In the current quarter, net finance income benefitted from an unrealised gains on the fixed income placement of excess liquidity. The net loss corresponds to a loss per share, before and after dilution, of SEK -0.51 (SEK -0.54).

Financials key ratios for the Group	Q3 (July-September)	
	2020	2019
Operating result (SEK 000')	-16,293	-13,881
Net result (SEK 000')	-14,690	-12,771
Earnings per share (SEK)	-0.51	-0.54
Weighted avg. number of shares	28,645,610	23,488,908
R&D costs/operating costs (%)	68%	68%
Cash flow used in operating activities (SEK 000')	-18,885	-20,128
Equity (SEK 000')	270,614	263,576
Liquid assets incl. marketable securities (SEK 000')	220,739	205,276

CASH FLOW

Cash flow from operating activities before changes in working capital in Q3 amounted to SEK -14.4 million (SEK -12.8 million). The increased outflow primarily reflects the higher level of R&D activities and commercial preparations in the current quarter. Changes in working capital in the current quarter totalled an outflow of SEK 4.5 million (outflow of SEK 7.3 million). The outflow in the current quarter primarily reflects the increase in prepaid expenses and reduction in accrued expenses.

Cash flow from investing activities in Q3 was SEK 0 (SEK 0). Cash flow from financing activities totalled SEK 93.2 million and reflects the net proceeds from the new share issuance, which was received in the beginning of July 2020.

FINANCIAL POSITION

On the closing date, equity stood at SEK 270.6 million, compared with SEK 237.1 million per 31 December 2019 and SEK 263.6 million per 30 September 2019. The increase since 31 December 2019 and 30 September 2019 reflects the new share issuance, which outweighed the net losses incurred.

Liquid assets including marketable securities on the closing date amounted to SEK 220.7 million, compared with SEK 184.2 million per 31 December 2019 and SEK 205.3 million per 30 September 2019. The increase since 31 December 2019 and 30 September 2019 reflects the net proceeds from the new share issuance received in the beginning of July 2020.

FINANCIAL OVERVIEW: 9M-2020 (JAN–SEP 2020)

EARNINGS AND PROFITABILITY

Net sales and other operating income

The Group's net sales in 9M (Jan-Sep 2020) 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 1.0 million (SEK 320 thousand).

Research and development costs (R&D)

R&D costs for the Group in 9M were SEK 42.8 million (SEK 26.1 million). The cost increase of SEK 16.7 million underlines an overall higher activity level in Ascelia Pharma in the current period vis-à-vis corresponding period last year. This was driven by costs related to Mangoral's Phase 3 clinical study as well as manufacturing preparations and regulatory work.

Commercial preparation costs

During the first nine months, costs for the commercial preparations of Mangoral amounted to SEK 9.2 million (SEK 0). The costs increase compared with 9M-2019 reflects preparations towards launching of Mangoral to the market.

Administration costs

Administration costs for the Group in 9M amounted to SEK 13.4 million (SEK 12.8 million), which corresponds to a y/y increase of 5%. Higher running costs for the organisation in 9M-2020 were counterbalanced by IPO preparations costs that weighed on the results in 9M-2019 (the IPO was in March 2019).

Operating results (EBIT)

The operating result in 9M amounted to SEK -65.5 million (SEK -40.1 million). The increased loss reflects the overall higher level of R&D activities and commercial preparations in 9M-2020.

Net Profit/Loss for the period

The Group's net loss in 9M amounted to SEK -62.8 million (SEK -38.9 million). In the current period, finance income was positively impacted by strengthening of EUR and USD against SEK, especially in Q1 2020, which translated into an increase in the value of bank deposits in EUR and USD (a significant part of bank deposit is in EUR and USD to match upcoming cash outflow in the currencies). Furthermore, gains on the fixed income fund had a positives impact. The net loss corresponds to a loss per share, before and after dilution, of SEK -2.47 (SEK -1.83).

Financials key ratios for the Group	9M (January-September)	
	2020	2019
Operating result (SEK 000')	-65,549	-40,083
Net result (SEK 000')	-62,847	-38,903
Earnings per share (SEK)	-2.47	-1.83
Weighted avg. number of shares	25,453,172	21,276,026
R&D costs/operating costs (%)	64%	65%
Cash flow used in operating activities (SEK 000')	-57,974	-37,509
Equity (SEK 000')	270,614	263,576
Liquid assets incl. marketable securities (SEK 000')	220,739	205,276

CASH FLOW

Cash flow from operating activities before changes in working capital in 9M amounted to SEK -62.3 million (SEK -37.4 million). The increased outflow primarily reflects the higher level of R&D activities and commercial preparations in the current period. Changes in working capital in the current period totalled an inflow of SEK 4.3 million (outflow of SEK 0.1 million). The inflow in the current period primarily reflects the reduction in prepaid expenses and increase in accrued expenses.

Cash flow from investing activities amounted to an inflow of SEK 6.6 million and reflects divestment of marketable securities (SEK 75.0 million outflow in 9M-2019 from investment in marketable securities).

Cash flow from financing activities totalled SEK 92.9 million and reflects the net proceeds from the new share issuance received in the beginning of July 2020. In 9M-2019, there was an inflow of SEK 200.2 million from net proceeds received in the IPO.

FINANCIAL POSITION

On the closing date, equity stood at SEK 270.6 million, compared with SEK 237.1 million per 31 December 2019 and SEK 263.6 million per 30 September 2019. The increase since 31 December 2019 and 30 September 2019 reflects the new share issuance, which outweighed the net losses incurred.

Liquid assets including marketable securities on the closing date amounted to SEK 220.7 million, compared with SEK 184.2 million per 31 December 2019 and SEK 205.3 million per 30 September 2019. The increase since 31 December 2019 and 30 September 2019 reflects the net proceeds from the new share issuance received in the beginning of July 2020.

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 incentive 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 2.2 million shares will be issued (including hedge for future payment of social security charges). This corresponds to an aggregate dilution of approximately 7.2% 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

On 21 October, Ascelia Pharma announced that its estimate of the addressable market in the US, EU and Japan for Mangoral has been increased to $500-600 million (previously $350-500 million). It was furthermore communicated that preparations for launch are progressing well, with a strong case for own commercialization in the US.

On 3 November, Ascelia Pharma received confirmation from the European Medicines Agency (EMA) that a Marketing Authorization Application (MAA) for Mangoral is eligible to be submitted in the European Union (EU) under the Agency's centralized procedure.

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, 5 November 2020
Ascelia Pharma AB (publ)

Consolidated Income Statement

	Q3 (Jul-Sep)		9M (Jan-Sep)	
SEK in thousands (unless otherwise stated)*	2020	2019	2020	2019
Net sales	–	–	–	–
Gross profit/loss	**–**	**–**	**–**	**–**
Administrative costs	-3,679	-3,201	-13,435	-12,808
Research and development costs	-11,315	-9,581	-42,794	-26,137
Commercial preparation costs	-1,233	–	-9,215	–
Other operating income	363	162	1,029	320
Other operating costs	-428	-1,261	-1,134	-1,458
Operating result	**-16,293**	**-13,881**	**-65,549**	**-40,083**
Finance income	5,409	1,159	11,686	1,235
Finance costs	-3,866	-69	-9,787	-280
Net financial items	**1,542**	**1,090**	**1,899**	**955**
Loss before tax	**-14,750**	**-12,791**	**-63,650**	**-39,128**
Tax	60	20	803	225
Loss for the period	**-14,690**	**-12,771**	**-62,847**	**-38,903**
Attributable to:				
Owners of the Parent Company	-14,690	-12,771	-62,847	-38,903
Non-controlling interest	–	–	–	–
Earnings per share				
Before and after dilution (SEK)	-0.51	-0.54	-2.47	-1.83

Consolidated Statement of Comprehensive Income

	Q3 (Jul-Sep)		9M (Jan-Sep)	
SEK in thousands (unless otherwise stated)*	2020	2019	2020	2019
Profit/loss for the period	**-14,690**	**-12,771**	**-62,847**	**-38,903**
Other comprehensive income				
Currency translation of subsidiaries**	-13	-23	44	15
Other comprehensive income for the period	**-13**	**-23**	**44**	**15**
Total comprehensive income for the period	**-14,703**	**-12,794**	**-62,802**	**-38,888**

* 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*	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Intangible assets	57,067	57,069	57,065
Tangible assets			
Equipment	331	–	–
Right-of-use assets	1,647	243	212
Total fixed assets	**59,045**	**57,312**	**57,277**
Current assets			
Income tax receivables	1,720	830	736
Receivables from shareholders	–	–	–
Other receivables	494	497	686
Prepaid expenses and accrued income	6,957	9,167	7,300
Marketable securities	69,301	75,462	75,711
Cash and bank balances	151,438	129,814	108,516
Total current assets	**229,910**	**215,770**	**192,949**
Total assets	**288,955**	**273,082**	**250,226**
EQUITY			
Share capital	28,697	23,489	23,489
Other paid-in capital	493,731	405,061	405,061
Loss brought forward (incl. net profit/loss for the period)	-251,814	-164,974	-191,488
Equity attributable to Parent Company shareholders	**270,614**	**263,576**	**237,062**
Total equity	**270,614**	**263,576**	**237,062**
LIABILITIES			
Long-term liabilities			
Leasing	992	116	96
Total long-term liabilities	**992**	**116**	**96**
Current liabilities			
Accounts payable	4,833	3,684	5,236
Tax payable	–	–	–
Other liabilities	1,482	752	1,138
Accrued expenses and deferred income	11,033	4,954	6,695
Total current liabilities	**17,348**	**9,390**	**13,069**
Total liabilities	**18,341**	**9,506**	**13,164**
Total equity and liabilities	**288,955**	**273,082**	**250,226**

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

Consolidated Statements of Changes in Equity

	9M (Jan-Sep)		Jul-Dec
SEK in thousands*	2020	2019	2019
Equity at start of the period	**237,062**	**101,016**	**276,075**
Comprehensive income			
Profit/loss for the period	-62,847	-38,903	-39,905
Other comprehensive income	44	15	55
Total comprehensive income	**-62,802**	**-38,888**	**-39,850**
Transactions with shareholders			
New issue C-shares	511	–	–
Repurchase of own shares C-shares	-511	–	–
New issue of common shares	98,652	222,050	–
Issurance expenses	-5,286	-21,807	–
Share based remuneration to employees	2,987	1,205	837
Total transactions with shareholders	**96,354**	**201,448**	**837**
Equity at end of the period	**270,614**	**263,576**	**237,062**

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

Consolidated Cash Flow Statement

	Q3 (Jul-Sep)		9M (Jan-Sep)	
SEK in thousands*	**2020**	**2019**	**2020**	**2019**
Operating activities				
Operating result	-16,293	-13,880	-65,549	-40,082
Expensed share based remuneration	1,778	282	2,987	1,860
Adjustment for items not included in cash flow	226	790	598	793
Interest paid	-20	–	-66	–
Income tax paid/received	-93	–	-291	–
Cash flow from operating activities before changes in working capital	**-14,402**	**-12,808**	**-62,320**	**-37,429**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) of operating receivables	-2,555	-5,769	651	-5,786
Increase (+)/Decrease (-) of accounts payable	-450	-642	-278	3,100
Increase (+)/Decrease (-) of other liabilities	-1,478	-909	3,973	2,606
Change in working capital	-4,483	-7,320	4,346	-80
Cash flow used in operating activities	**-18,885**	**-20,128**	**-57,974**	**-37,509**
Investing activities				
Investment in equipment	–	–	-397	–
Marketable securities/Other investments, net	–	–	7,000	-75,000
Cash flow from investing activities	**–**	**–**	**6,603**	**-75,000**
Financing activities				
Issuance proceeds	98,653	–	98,653	222,050
Issuance costs	-5,286	–	-5,286	-21,808
Amortisation of loan (leasing)	-175	-30	-463	-30
Cash flow from financing activities	**93,192**	**-30**	**92,905**	**200,212**
Cash flow for the period	**74,307**	**-20,158**	**41,534**	**87,703**
Cash flow for the period	74,307	-20,158	41,534	87,703
Cash and cash equivalents at start of period	76,981	149,971	108,516	42,111
Exchange rate differences in cash and cash equivalents	150	–	1,388	–
Cash and cash equivalents at end of period	**151,438**	**129,814**	**151,438**	**129,814**

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

Parent Company – Income Statement

	Q3 (Jul-Sep)		9M (Jan-Sep)	
SEK in thousands*	2020	2019	2020	2019
Net sales	109	38	385	174
Gross profit/loss	**109**	**38**	**385**	**174**
Administrative costs	-3,677	-3,183	-13,387	-12,658
Research and development costs	-11,143	-9,528	-39,247	-25,179
Commercial preparation costs	-1,233	–	-9,215	–
Other operating income	362	157	1,028	315
Other operating costs	-428	-1,261	-1,114	-1,458
Operating result	**-16,010**	**-13,778**	**-61,550**	**-38,806**
Finance income	5,414	1,241	11,686	1,540
Finance costs	-3,868	-68	-9,788	-324
Result from other long-term receivables	179	–	408	–
Net financial costs	**1,725**	**1,173**	**2,306**	**1,216**
Loss before tax	-14,285	-12,605	-59,244	-37,591
Group contribution	–	–	–	-50
Tax	–	–	–	–
Loss for the period	**-14,285**	**-12,605**	**-59,244**	**-37,641**

Parent Company – Statement of Comprehensive Income

	Q3 (Jul-Sep)		9M (Jan-Sep)	
SEK in thousands*	2020	2019	2020	2019
Loss for the period	**-14,285**	**-12,605**	**-59,244**	**-37,641**
Other comprehensive income	–	–	–	–
Other comprehensive income for the period	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**-14,285**	**-12,605**	**-59,244**	**-37,641**

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

Parent Company – Balance Sheet

SEK in thousands*	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Tangible assets			
Equipment	331	–	–
Right-of-use assets	1,647	243	212
Financial assets			
Shares in affiliated companies	58,068	58,068	58,068
Other long-term receivables	6,948	3,449	3,352
Total fixed assets	**66,994**	**61,760**	**61,632**
Current assets			
Receivables from affiliated companies	962	–	–
Income tax receivables	792	–	–
Other receivables	461	839	1,374
Prepaid expenses and accrued income	6,957	9,462	7,658
Marketable securities	69,301	75,462	75,711
Cash and bank balances	150,889	128,754	107,434
Total current assets	**229,361**	**214,517**	**192,176**
Total assets	**296,356**	**276,277**	**253,809**
EQUITY			
Restricted equity			
Share capital	28,697	23,489	23,489
Non-restricted equity			
Other paid-in capital	493,731	405,061	405,061
Loss brought forward	-185,134	-149,075	-148,534
Loss for the period	-59,244	-12,605	-39,077
Total equity	**278,050**	**266,870**	**240,939**
LIABILITIES			
Long-term liabilities			
Leasing	992	116	96
Total long-term liabilities	**992**	**116**	**96**
Current liabilities			
Accounts payable	4,797	3,676	5,104
Liabilities from affiliated companies	–	–	–
Other liabilities	1,482	742	1,163
Accrued expenses and deferred income	11,033	4,874	6,508
Total current liabilities	**17,313**	**9,292**	**12,774**
Total equity and liabilities	**296,356**	**276,278**	**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. Per 30 September 2020, the owners of Solural ApS collectively owned 2.6% 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 9M-2020, services for a value of around SEK 0.8 million were acquired from Solural Pharma ApS.

In 9M-2020, consulting services for a total value of around SEK 0.7 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 9M-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 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. The total recognised costs for the option programs including social security charges in 9M-2020 were SEK 0.8 milion.

Share saving programs

Ascelia Pharma has implemented two long-term incentive programs 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 programs including social security charges in 9M-2020 were SEK 3.3 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

	Q3 (Jul-Sep)		9M (Jan-Sep)	
	2020	2019	2020	2019
R&D costs (SEK 000')	-11,315	-9,581	-42,794	-26,136
Administration costs (SEK 000')	-3,679	-3,201	-13,435	-12,808
Commercial preparation costs (SEK 000')	-1,233	–	-9,215	–
Other operating costs (SEK 000')	-428	-1,261	-1,134	-1,458
Total operating costs (SEK 000')	**-16,656**	**-14,043**	**-66,579**	**-40,402**
R&D costs/Operating costs (%)	**68%**	**68%**	**64%**	**65%**

Financial calendar

Full-year report 2020 (Jan-Dec):	16 February 2021
Annual General Meeting 2021	5 May 2021
Interim report Q1-2021 (Jan-Mar):	12 May 2021
Half-year report H1-2021 (Jan-Jun):	19 August 2021
Interim report 9M-2021 (Jan-Sep):	4 November 2021
Full-year report 2021 (Jan-Dec):	10 February 2022

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