

PRESS RELEASE

Malmö, February 20, 2019

Ascelia Pharma publishes prospectus in connection with Initial Public Offering on Nasdaq Stockholm

Ascelia Pharma AB ("Ascelia Pharma" or the "Company") has decided to issue new shares to the general public in Sweden and Denmark as well as institutional investors in Sweden and abroad (the "Offering"). The Company's Board of Directors also intend to apply for admission to trading of the Company's shares on Nasdaq Stockholm after Nasdaq Stockholm AB's announcement that the Company complies with Nasdaq Stockholm's listing requirements, provided that certain conditions and customary requirements, including the dispersion requirement for the Company's shares, are fulfilled. The prospectus for the Offering, including the price and other terms of the Offering, is published today. The first day of trading is expected to be March 13, 2019.

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 is focused on two clinical-stage assets currently under development: Mangoral® and Oncoral.

Mangoral is a novel imaging drug (contrast agent) for MR imaging of the liver. Mangoral is now ready for the final clinical development (Phase III) with an addressable market that is estimated at USD 350–500 million annually without any competing products within its patient segment. Patient recruitment for the Phase III study is expected to commence during H2 2019. Final results from the study are expected to be presented at the end of 2020/early 2021. Oncoral is a chemotherapy treatment in tablet form targeting gastric cancer. After completed Phase I studies, Oncoral is now ready for Phase II development.

The Offering will finance the Phase III study for Mangoral (including market approval) and commercial preparations for Mangoral. A small part of the net proceeds will also be used for Phase II preparations for Oncoral.

The Offering in brief

- The Offering consists of an offering to the general public in Sweden and Denmark, as well as to institutional investors in Sweden and abroad.
- The subscription price has been set to SEK 25 per share.
- The Offering comprises a maximum of 8,000,000 new shares in the Company corresponding to SEK 200 million before deductions for expenses related to the Offering.

- Furthermore, the Company has issued an over-allotment option for a maximum of 1,200,000 new shares in the Company, corresponding to SEK 30 million before deductions for issue expenses and 15 percent of the number of shares in the Offering (the "Over-allotment option").
- If the Offering is fully subscribed and the Over-allotment option is fully exercised, the Offering will comprise 9,200,000 shares in Ascelia Pharma, corresponding to approximately 38.6 percent of the total number of shares in the Company after the Offering, and is expected to provide Ascelia Pharma with a total of approximately SEK 212 million after deductions for expenses related to the Offering.
- Alto Invest, Handelsbanken Fonder and the Fourth Swedish National Pension Fund and a number of existing shareholders, including Sunstone Capital and Øresund-Healthcare Capital as well as board members and senior executives, and other external investors have undertaken to subscribe for shares in the Offering corresponding to a total of SEK 150 million.
- Existing shareholders have undertaken not to sell their respective holdings for a certain period from the first day of trading on Nasdaq Stockholm. The undertaking does not include shares acquired in the Offering or thereafter. For board members and senior executives who are shareholders and shareholders whose holdings exceed 1 percent, the lock-up period is 365 days. For shareholders whose holdings amount to 1 percent or less, the lock-up period is 90 days. Under the assumption that the Offering is fully subscribed and that the Over-allotment option is exercised in full, approximately 61.4 percent of the shares in the Company are covered after the Offering's completion of lock-up, of which approximately 46.7 percent refers to lock-up of 365 days and approximately 14.6 percent refers to lock-up of 90 days.
- The subscription period is February 21 to March 5, 2019 at 15:00 CET.
- The settlement day occurs around March 11, 2019. For subscriptions via Avanza, Nordnet or other institution, please see specific instructions in the prospectus.
- Estimated first day of trading on Nasdaq Stockholm is expected to be March 13, 2019 and the shares will be traded under the ticker "ACE".
- The market value of the Company will, after completion of the Offering and assuming full subscription, amount to approximately SEK 595 million based on the price in the Offering and subject to the Over-allotment option being fully exercised.
- The prospectus containing full terms and conditions for the Offering is published today.
- The Offering is conditional upon the Offering generating at least SEK 125 million after deduction of expenses related to the Offering.

Subscription undertakings

Alto Invest, Handelsbanken Fonder and the Fourth Swedish National Pension Fund and number of existing shareholders, including Sunstone Capital and Øresund-Healthcare Capital as well as board members and senior executives, and other external investors, have undertaken to subscribe for shares in the Offering corresponding to a total of SEK 150 million.

Magnus Corfitzen, CEO of Ascelia Pharma

"Ascelia Pharma is in a very exciting phase, especially with our main product candidate Mangoral, which is approaching clinical Phase III development and market launch. Meanwhile, we are continuing the development of our second product candidate Oncoral, which completed Phase I development last year with promising results. The new issue secures funds for carrying out Phase III for Mangoral and commencing commercialization plans, thus enabling Ascelia Pharma to help those patients who cannot carry out an MRI with a contrast agent today. With Mangoral, the likelihood of finding liver metastases increases significantly, which is crucial for determining the right treatment method, which affects 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."

About Ascelia Pharma

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 currently under development: Mangoral® and Oncoral.

Mangoral® (MR contrast agent ready for the final clinical Phase):

Ascelia Pharma's leading product candidate, Mangoral, is a contrast agent used in Magnetic Resonance Imaging (MRI) to improve the visualization of focal liver lesions (liver metastases). Detecting liver metastases at an early stage is crucial for determining the right treatment method and the patient's chances of survival.

The target group for Mangoral is patients with severely 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. It is for this specific patient group that Mangoral can provide the contrast agent they currently lack.

Mangoral is now entering clinical Phase III development (the last clinical Phase before market approval). Patient recruitment for the study is expected to commence during H2 2019 and final results from the study are expected to be presented at the end of 2020/early 2021.

The addressable market for Mangoral is estimated at USD 350–500 million and Mangoral is expected to be the only product on the market in its segment.

Mangoral has received Orphan Drug Designation from the US Food and Drug Administration (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).

Positive response from the FDA on the Phase III study design for Mangoral

The six clinical studies already completed provide strong support for Mangoral and reduce the risks associated with the Phase III study. Ascelia Pharma estimates that Mangoral has greater chances of success in Phase III clinical trials than an average cancer drug. This is due to the known mode of action and a high degree of similarity between the primary endpoints for Mangoral in Phase II and Phase III.

The Phase III program for Mangoral also requires fewer patients compared to typical Phase III studies in oncology; and the follow-up time for patients is only a few days, compared to months or years for a regular oncology Phase III study. For orphan drugs, the time to approval is 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):

Ascelia Pharma's second drug candidate, Oncoral, is an oral chemotherapy tablet focused on the treatment of gastric cancer, which is also considered an orphan drug indication. Oncoral is taken in tablet form, giving patients the opportunity to take part of their chemotherapy at home and at the same time enabling cost savings for the hospitals.

Oncoral completed a Phase I study in 2018 with promising results that were presented at the European Society for Medical Oncology (ESMO) annual congress. Oncoral is now ready for Phase II development. The clinical development strategy for Oncoral is to obtain Phase II data and then enter into collaborations with a suitable partner for further development, market approval and commercialization.

Background and motives

Ascelia Pharma plans to initiate operational activities for the Phase III clinical development program for Mangoral during the second half of 2019, which will entail significant investments. To ensure financing for the continued clinical development of Mangoral and other operational activities and to finance the Company's working capital requirement, the Company has decided to carry out a new share issue in connection with the planned listing of its shares on Nasdaq Stockholm.

The Company intends to use the net proceeds from the Offering with the approximate percentage allocation and in the priority order given below.

- 80 percent; Implementation of the registration-based clinical Phase III study for Mangoral and application for market approval in the US and EU/EEA.
- 10–20 percent; Commercialization preparations for Mangoral.
- 5–10 percent; Preparations for the Oncoral Phase II study.

If the Offering is fully subscribed, the net proceeds together with cash at hand are estimated to be sufficient to complete Mangoral's clinical development, apply for market approval in the US and EU/EEA and to initiate commercial planning for Mangoral, and commence preparations for the planned Phase II study for Oncoral.

Prospectus and application

For complete information about the Offering, please refer to the prospectus. The prospectus has been approved and registered by the Swedish Financial Supervisory Authority and is available on

Ascelia Pharma's website, www.ascelia.com/en/ipo, Vator Securities' website, www.vatorsec.se, and will soon be available on the Swedish Financial Supervisory Authority's website, www.fi.se.

For the general public in Sweden and Denmark, applications can be made via Avanza's internet service (www.avanza.se) and Nordnet's internet service (www.nordnet.se and www.nordnet.dk) and, in some cases, directly via other institutions. The prospectus is also available on Avanza's and Nordnet's websites.

Preliminary timetable

Publication of the prospectus: February 20, 2019

Application period for the general public in Sweden and Denmark: February 21 - March 5, 2019 at 15:00 CET

Application period for institutional investors: February 21 - March 5, 2019 at 15:00 CET

Settlement day: March 11, 2019. For subscriptions via Avanza, Nordnet or other institution, please see specific instructions in the Prospectus.

First day of trading of Ascelia Pharma's shares: March 13, 2019

Advisors

Vator Securities is the Sole Global Coordinator and Bookrunner in connection with the Offering and the Company's financial advisor. Baker McKenzie is legal advisor to Vator Securities. Setterwalls Advokatbyrå is the Company's legal advisor. The issuing agent of the Offering is Erik Penser Bank.

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About Sunstone Capital

Sunstone Capital is a Danish venture capital firm that primarily invests in tech and life science companies in Europe. The Life Science Fund focuses on companies that have developed novel treatment therapies with unique opportunities.

About Øresund-Healthcare Capital

Øresund-Healthcare Capital is a Danish venture capital firm that invests in companies active in medical technology, diagnostics but also pharmaceutical and biotech companies.

About Alto Invest

Alto Invest is a French equity and venture capital firm founded in 2001. The company invests in listed and unlisted small to medium-sized companies, seeking growth through innovation. Alto Invest has investments in the UK, France, Germany, Sweden and southern Europe.

About Handelsbanken Fonder

Handelsbanken Fonder AB is a wholly owned subsidiary of Svenska Handelsbanken AB (publ) and is a

well-established fund manager in Scandinavia. Handelsbanken Fonder AB offer funds that target both individual and institutional clients.

About the Fourth Swedish National Pension Fund

The Fourth Swedish National Pension Fund is one of five buffer funds that manage capital on behalf of the Swedish state pension system. The Fourth Swedish National Pension Fund's mission is to contribute to financial stability for the pensioners of today and the future by managing part of the state pension system's buffer capital. The Fourth Swedish National Pension Fund's long-term perspective, responsible ownership and sustainability engagement create opportunities for high returns at a low cost.

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