

A delay. Fundamentals for Mangoral remain unchanged.

Ascelia Pharma's announcement of a three to six-month delay of the ongoing pivotal phase III SPARKLE study is not surprising given the circumstances with the ongoing covid-19 pandemic and its impact on clinical trials. As of May 25, a total of 1,229 clinical trials have been delayed, whereof the majority in oncology and CNS due to suspended enrollment followed by delayed initiation of a planned trial.¹ In Ascelia's case, the pandemic slows down the pace of the patient-inclusion rate in the study.

While the delay does not affect our view of the commercial prospects of Ascelia's lead project, we adjust our financial forecast in accordance with the new timeline. Provided that the company generates topline data in H2 2021, instead of in H1 2021, we expect filing to the FDA and EMA in late 2021/ early 2022 followed by approval in 2022 and launch in early 2023.

In our previous update, we estimated launch during 2022. The revised timeline has a marginal impact on our valuation as the DCF model is mainly impacted by the free cash flow in the final years of the forecast. Our risk-adjusted DCF valuation of the lead project Mangoral results in a value for Ascelia of SEK 52 per share, down from SEK 54 per share. We estimate a high 75% likelihood that Mangoral will reach the market on the back of strong cumulative clinical data and a solid, straightforward Phase III design. We maintain the Outperform rating.

In the absence of further guidance from the company, we assume that additional capital may be needed to complete the ongoing SPARKLE study. This assumption is also underpinned by the fact that one of the contract research organizations contracted for the study is experiencing liquidity issues which increases the risk for additional delays and thereby study cost.

¹Source: GlobalData 2020

**ASCELIA
PHARMA**

OUTPERFORM

Update Report

Target price: SEK 52

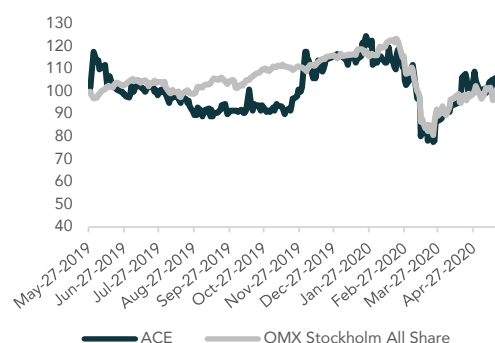
Share price: SEK 20.4

Implied upside potential: 155%

Ascelia Pharma at a glance

Ascelia Pharma AB is an oncology-dedicated company in late-stage clinical development. The lead asset Mangoral is a MRI liver-specific contrast agent in development for improved visualization of focal liver lesions, including liver metastases, in patients with severe renal insufficiency where today's standard of care is contraindicated. The company's pipeline also includes Oncoral, an oral version of the well-established chemotherapeutic agent irinotecan. Oncoral has completed phase I.

Share price development (index= May 27, 2019)



Key Data

As per 2020-05-25

Ticker	ACE
Share price (close)	SEK 20.4
Free float	57.8%
Market cap	SEK 479m
Website	www.ascelia.com
Average daily volume (Apr 08-May 25)	SEK 0.52m

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Key personnel

Magnus Corfitzen, CEO.

Extensive experience from investing in the Life Science sector and growing companies. Board experience from 12 life science companies. M.Sc. in Mathematical Economics from Aarhus University and studies in Corporate Governance & International Business at Harvard University.

Kristian Borbos, CFO.

Extensive experience from finance and investor relation roles in listed large companies, including the IPO of DONG Energy. M.Sc. in Finance from Lund University and studies at Newcastle University and Stockholm School of Economics.

Carl Bjartmar, CMO.

Extensive drug development experience from senior positions in big pharma (Sanofi, Genzyme and Lundbeck) and Chief Medical Officer for the Swedish biotech company Wilson Therapeutics. Outstanding track record in orphan drug development. Medical Doctor (M.D.) and PhD from University of Linköping.

Julie Waras Brogren, CCO

More than 18 years of leadership experience in global product launches, market access and life cycle management from senior roles in biopharma and medtech industries. Previously held positions include Chief Operating Officer and later President of BrescoTEC, Head of Marketing & Market Access for the Latin America Region at Novo Nordisk. She was instrumental in the launch of multi-blockbuster drug liraglutide (Victoza®) and insulin degludec (Tresiba®)

Mikael Widell, IR responsible.

More than 30 years' experience within communications, journalism incl. 14 years within financial media, e.g. Dagens Industri, and has had different positions within in-house corporate communications, e.g. AstraZeneca, Biovitrum (Sobi) and Nordic Capital as well as strategic work as a communications advisor within financial PR and IR. Mikael is a partner and co-founder of the IR/PR firm Cord Communications.

Board of Directors

Peter Benson, Chairman of the Board.

Chairman and co-founder of Sunstone Capital Life Science Ventures and Chairman of NASDAQ listed Alligator Bioscience. Extensive experience from the life science sector as an investor and in management positions. Previous positions include: head of life science ventures at the Danish Growth Fund, President Hospital Care at Pharmacia, VP Marketing & Sales at Kabi Pharmacia Parenterals.

Dr. Bo Jesper Hansen, Director of the Board.

Chairman of Laborie and non-executive Director of a number of biotech and pharma companies including Orphazyme, InnoventaMedica, and Azanta. Extensive experience from orphan drug research and development, international marketing and business development. Previous positions include: Executive Chairman of SOBI and Karolinska

Development, CEO and President at Swedish Orphan, non-executive Director of Gambro and Executive Chairman of Topotarget, Chairman of Ablynx.

Lauren Barnes, Director of the Board

Senior Vice President, Market Access for Blueprint Medicines (listed on Nasdaq), a commercial stage Boston based precision medicine company. Extensive expertise and experience in pricing, market access, pre-commercialization and managed markets in particular for the US market. She has been involved in launch planning of more than 50 drugs, devices and diagnostics during her career. She was previously Vice President at Vertex Pharmaceuticals, SVP Avalere Health and led their reimbursement & commercialization practice. She has also experience from the field of health insurance at the Centers for Medicare & Medicaid Services in Baltimore, MD, where, among other things, she led issues pertaining to drug coverage under the Medicare program.

René Spogaard, Director of the Board

Chairman and investor in a number of companies including JEKA Fish A/S (fish) and Bollerup Jensen A/S (chemicals) and Flexfunding. Extensive experience from investing in the healthcare sector and board positions in a public environment. Previous positions include: owner and Managing Director at TNS Gallup and Director at TNS plc (London Stock Exchange). Previous major shareholder and chairman of the Growth House Group (speciality pharma and generics).

Professor Hans Maier, Director of the Board

Founder and Managing Partner of BGM Associates GmbH. Hans Maier has held senior positions within Schering AG and Bayer AG in Europe and Asia, inter alia as Managing Director in Korea and in Japan, Head of Corporate Strategy and Business Development of Schering AG and Head of the Global Business Unit Diagnostic Imaging in both Schering AG and Bayer AG. Hans Maier is member of several advisory boards, inter alia the Fraunhofer Institute for Medical Image Computing and the German Heart Center Berlin.

Niels Mengel, Director of the Board

Founding Partner and CEO at Øresund-Healthcare Capital. Extensive experience from the healthcare industry as an investor and Chairman of Danish Shareholders Association. Previous positions include: Executive Vice President at ISS World Services A/S and Director at PA Consulting Group

Helena Wennerström, Director of the Board

Helena Wennerström has been Executive Vice President of Bulten AB (publ) since 2014 and has been its Chief Financial Officer since 2006. The work within Bulten AB also includes IR, communication and IT. Helena Wennerström has earlier served finance positions at Digitalfabriken and Topcon.

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