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Press Release

Malmö 17 March 2021

**ASCELIA PHARMA HAS CARRIED OUT A DIRECTED NEW SHARE ISSUE RAISING SEK 200 MILLION**

**Ascelia Pharma AB (publ) (ticker: ACE) ("Ascelia Pharma" or the "Company") has successfully carried out a directed new share issue of 5,000,000 ordinary shares at a subscription price of SEK 40 per share, subject to the approval of an Extra General Meeting (the "Issue"). The Issue will provide the Company with SEK 200 million before transaction costs. In addition to the Issue, a coordinated sale of 204,070 ordinary shares from participants in the Company's outstanding incentive program was carried out to cover personal tax effects as well as the subscription price and costs arising from the exercise of the incentive program. The price per share was the same as in the Issue (the "Sell-down", and together with the Issue, the "Private Placement"). The subscription price in the Private Placement was determined through an accelerated bookbuilding procedure conducted by Danske Bank and Pareto Securities (the "Bookrunners"). The Private Placement was oversubscribed by a number of Swedish and international institutional investors, as well as certain existing shareholders, who participated in the Private Placement.**

The board of directors of Ascelia Pharma has, as indicated in the Company's press release earlier today, resolved on a directed new share issue of 5,000,000 new ordinary shares at a subscription price of SEK 40 per share. The Issue is subject to approval at the Extraordinary General Meeting to be held on 13 April 2021 (the "EGM"). Provided that the EGM approves the Issue, the Company will receive proceeds of SEK 200 million before transaction costs. The subscription price in the Private Placement (the price is the same in the Issue and the Sell-down) has been determined through an accelerated bookbuilding procedure why it is the board of directors' assessment that the subscription price is in accordance with market conditions. The Company will not receive any proceeds from the Sell-down.

Ascelia Pharma intends to use the net proceeds from the Issue for (i) financing the Phase II study for the oral chemotherapy drug candidate Oncoral, (ii) accelerating activities towards the commercialization of the diagnostic drug Mangoral, currently in an ongoing Phase III study and (iii) general corporate purposes.

The Private Placement included a number of new and existing shareholders, among others Fourth Swedish National Pension Fund (AP4), Healthinvest Partners and Handelsbanken Fonder.

*"We are happy to see such a strong interest and participation from reputable institutional investors. With Oncoral and its oral daily dosing of irinotecan chemotherapy, we have the opportunity to show both efficacy and safety benefits to patients. The funds also allow us to ramp-up commercial activities as we prepare for the launch of Mangoral", said Magnus Corfitzen, CEO at Ascelia Pharma.*

The Company believes that using the flexibility provided by a non-pre-emptive placing is the most appropriate transaction structure in order to raise capital in a time- and cost-effective manner, whilst also further diversifying and strengthening the Company's shareholder base.

Notice for the EGM, including the board of directors' complete proposal regarding the Issue, will be announced separately today. Existing shareholders together holding approximately 45 percent of the shares and votes in the Company, including the Company's large owners Sunstone Life Science Ventures Fund II K/S and Øresund-Healthcare Capital K/S, have undertaken, or indicated an intention to vote in favor of the board of directors' resolution to issue new shares at the EGM.

The Company will prepare a prospectus related to the admission to trading of the new shares issued in the Issue, which prospectus is expected to be approved by the Swedish Financial Supervisory Authority on or around 15 April 2021, i.e. before the new shares are subject to trading.

The completion of the Issue is subject to certain customary conditions of the placing agreement entered into by the Company with the Bookrunners in connection with the Issue, whereby the Bookrunners may for customary reasons terminate the placing in full if it occurs before final settlement of the new shares.

In connection with the Private Placement, participants in the Company's options program 2018, including CEO Magnus Corfitzen, have exercised warrants for subscription of 481,573 new shares in aggregate. To cover personal tax effects, as well as the subscription price and costs arising from the exercise of the incentive program, in the aggregate 204,070 ordinary shares have been sold in the Sell-down. As a result of the exercise of warrants and the Sell-down, Magnus Corfitzen will increase his shareholding in Ascelia Pharma by 130,015 ordinary shares to a total of 242,645 ordinary shares.

Through the exercise of the warrants, the Company's share capital will increase by SEK 481,573 from SEK 28,697,234 to SEK 29,178,807, by new issue of 481,573 new ordinary shares, resulting in that the total number of shares increase from 28,697,234 to 29,178,807, whereof 28,668,262 are ordinary shares and 510,545 are class C shares. Upon approval by the EGM of the Issue, the Company's share capital will increase further by SEK 5,000,000 from SEK 29,178,807 to SEK 34,178,807, by new issue of 5,000,000 ordinary shares, resulting in the total number of shares increasing further from 29,178,807 shares to 34,178,807 shares, whereof 33,668,262 are ordinary shares and 510,545 are class C shares. The exercise of warrants and the Issue results in an aggregate dilution of approximately 16.0 percent of the share capital and approximately 16.3 percent of the votes for existing shareholders based on the total number of shares and votes in the Company after the Issue.

In connection with the Issue, the Company has agreed to a lock-up undertaking on future share issuance for a period of 180 days, subject to customary exceptions. In addition, existing shareholders Sunstone Life Science Ventures Fund II K/S and Øresund-Healthcare Capital K/S, as well as the management and board of directors who hold shares in the Company at the time of the transaction, have undertaken not to sell any shares in Ascelia Pharma during the same period, subject to customary exceptions.

**Advisers**

Danske Bank and Pareto Securities are acting as Joint Bookrunners in connection with the Private Placement. Setterwalls Advokatbyrå AB is acting as legal advisor to the Company and Baker McKenzie Advokatbyrå KB is acting as legal advisor to the Joint Bookrunners.

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*This information is such information as Ascelia Pharma AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 10.50 pm CET on 17 March 2021.*

**About Ascelia Pharma**
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. The company has two drug candidates – Mangoral and Oncoral – in clinical development. Ascelia Pharma has global headquarters in Malmö, Sweden, and is listed on Nasdaq Stockholm (ticker: ACE). For more information, please visit http://www.ascelia.com.

**About Mangoral**
Mangoral (manganese chloride tetrahydrate) is a novel oral contrast agent for MR-imaging developed to improve the detection and visualization of focal liver lesions (including liver metastases and primary tumors) in patients with reduced kidney function. These patients are at risk of serious side effects from the currently available class of gadolinium-based contrast agents. Mangoral, which has been granted an Orphan Drug Designation by the US Food and Drug Administration (FDA), is currently in Phase 3 development, including the global multi-center SPARKLE study.

**About Oncoral**
Oncoral is a novel irinotecan chemotherapy tablet developed initially for the treatment of gastric cancer. Irinotecan chemotherapy has an established potent anti-tumor effect. Oncoral is a daily tablet with the potential to offer better patient outcomes with improved safety following the daily dosing at home compared to intravenous high-dose infusions at the hospital. Following successful Phase 1 results, Oncoral is now prepared for Phase 2 clinical development.

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prospectus has been or will be prepared in connection with the Private Placement. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

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This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Private Placement must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Bookrunners. The Bookrunners are acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

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any investors' decisions regarding the Private Placement. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

**Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market's rule book for issuers.

**Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "EU Target Market Assessment"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018

("UK MiFIR"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "UK Target Market Assessment" and, together with the EU Target Market Assessment, the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Private Placement. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.