INVITATION TO SUBSCRIBE FOR UNITS IN ASCELIA PHARMA AB

Please note that the unit rights may have an economic value.
In order not to lose the value of the unit rights, the holder must either:

- Exercise the received unit rights to subscribe for units no later than 3 September 2024, or
- By 29 August 2024 at the latest, sell the received unit rights not intended to be exercised for subscription of units.

Note that shareholders with nominee-registered holdings must subscribe for units through the nominee.

Distribution of this prospectus and subscription of units are subject to restrictions in certain jurisdictions, see section "*Important information*".

IMPORTANT INFORMATION

In this prospectus (the "**Prospectus**"), "**Ascelia Pharma**", the "**Company**" or the "**Group**" refers to, depending on the context, Ascelia Pharma AB, corporate registration number 556571-8797, the group in which Ascelia Pharma AB is the parent company or a subsidiary in the group. The Prospectus has been prepared by reason of the resolution by the board of directors of Ascelia Pharma on 10 July 2024 to carry out an issue of units with preferential rights for the Company's existing shareholders (the "**Rights Issue**" or the "**Offering**"), which issue resolution was approved by the extraordinary general meeting of the Company on 14 August 2024, as well as the admission to trading of ordinary shares and warrants series TO 1 on Nasdaq Stockholm (including any ordinary shares and warrants series TO 1 that may be issued as guarantee compensation to guarantors in the Rights Issue). "**Euroclear**" refers to Euroclear Sweden AB, corporate registration number 556112-8074. "**ABGSC**" refers to ABG Sundal Collier AB, corporate registration number 556538-8674. "**Aqurat Fondkommission**" refers to Aqurat Fondkommission AB, corporate registration number 556736-0515. For definitions of other terms used in this Prospectus, please see section "*Definitions*".

Information for investors

This Prospectus has been prepared in accordance with the rules set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). A Swedish version of the Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the provisions of the Prospectus Regulation. The approval and registration of the Prospectus does not mean that the Swedish Financial Supervisory Authority guarantees that the information in the Prospectus is complete or correct. Swedish law governs the Prospectus and the Rights Issue. Disputes arising from the Prospectus, the Rights Issue and related legal matters shall be settled exclusively by Swedish courts. The English version of this Prospectus is a translation. In the event of any discrepancies between the different language versions, the Swedish language version shall take precedence. The Prospectus has after the approval been passported to Denmark.

No action has been taken, or will be taken, by the Company to allow a public offering in any country other than Sweden and Denmark. Neither the unit rights in the Rights Issue, paid subscribed units ("**BTU**") nor units subscribed for in the Rights Issue (altogether the "**Securities**") have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Securities may not be offered or sold, directly or indirectly, in or into the United States or to persons residing there. Moreover, the Offering is not made to persons resident in the United States, Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland, or to persons whose participation would require additional prospectuses, registration, or other measures than those imposed by Swedish law. The Prospectus may not be distributed in any country or any jurisdiction where the distribution or the Rights Issue would require such measures or would be in conflict with the applicable regulation of such jurisdiction. Application for subscription of units in violation of the restrictions above may be considered void. Persons who receive copies of the Prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of securities regulations.

In the member states of the European Economic Area ("**EEA**") – with the exception of Sweden and Denmark – an offer of Securities may be made only in accordance with an exception in the Prospectus Regulation.

An investment in securities involves certain risks, see section "*Risk factors*". When investors make an investment decision, they must rely on their own assessment of the Company and the Securities, including applicable facts and risks, and investors may not rely on any information other than contained in this Prospectus and any possible supplements to the Prospectus. Prior to making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider their investment decision. No person is authorized to provide any information or make any statements other than those made in this Prospectus, and should such information or statements nevertheless be made, they should not be considered to have been approved by the Company and the Company is not responsible and assume no liability for such information or statements. Neither the publication of this Prospectus nor any transaction made in respect of the Prospectus shall under any circumstances imply that the information contained herein is accurate or applicable at any time other than on the date of publication of this Prospectus, or that there have been no changes in the Company's business since this date. If significant changes to the information in this Prospectus occur after the Prospectus has been published, which may affect an investor's assessment of the Company or its securities, such changes will be announced in accordance with the provisions on supplements to a prospectus under the Prospectus Regulation.

Information for investors in the United States

No Securities issued by Ascelia Pharma have been registered or will be registered under the Securities Act or securities laws in any state or jurisdiction in the United States and may not be offered, subscribed for, exercised, pledged, sold, resold, assigned, delivered or transferred, directly or indirectly, in or into the United States, except in accordance with any applicable exception to, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction in the United States. The Securities are offered outside the United States in reliance of Regulation S under the Securities Act. No offer will be made to the public in the United States. Any offer of Securities in the United States will only be made pursuant to an exception to, or in a transaction not subject to, the registration requirements of the Securities Act to a limited number of existing shareholders who (i) are qualified institutional buyers as defined in Rule 144A of the Securities Act (QIBS), and (ii) have signed and provided a so-called investor letter to Ascelia Pharma. Recipients of this Prospectus are hereby notified that Ascelia Pharma may rely on an exception to the registration requirements under section 5 of the Securities Act.

Up to 40 days after the commencement of the Rights Issue, an offer or transfer of Securities in the United States conducted by a securities broker (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

The Securities have neither been approved nor rejected by the US Securities and Exchange Commission (SEC), any state securities authority, or any other US authority. Nor has any such authority assessed or commented on the Offering in this Prospectus or the accuracy and reliability of this document. Claiming the opposite is a criminal offense in the United States.

Presentation of financial information

Unless otherwise indicated, "**SEK**" refers to the official currency of Sweden. All financial amounts are stated in Swedish kronor (SEK) unless otherwise expressly stated. "**MSEK**" means millions of kronor and "**TSEK**" means thousands of kronor. "**USD**" means US dollars, "**MUSD**" means millions of dollars, "**EUR**" means Euro and "**MEUR**" means millions of Euros. Unless otherwise indicated, the financial information presented in this Prospectus has been derived from the Company's financial reports. The Company's audited consolidated financial report for the financial year 2023, which has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU, and the Company's reviewed interim report for the period January – June 2024, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act (1995:1554), are incorporated by reference into the Prospectus and constitute part of the Prospectus. To make the information easily accessible to the reader, certain financial and other figures presented in the Prospectus have been rounded off. Consequently, the numbers in certain columns do not exactly correspond to the total amount specified. Except when expressly stated, no information in this Prospectus has been reviewed or audited by the Company's auditor.

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 Securities in Ascelia Pharma have been subject to a product approval process, which has determined that such securities 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 (the "**Target Market Assessment**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II. Notwithstanding the Target Market Assessment, distributors should note that: the price of the Securities in Ascelia Pharma may decline and investors could lose all or part of their investment; the Securities in Ascelia Pharma offer no guaranteed income and no capital protection; and an investment in the Securities in Ascelia Pharma 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 advisor) 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. Conversely, an investment in the Securities in Ascelia Pharma is not compatible with investors who need full capital protection or full repayment of the amount invested, have no risk tolerance or require a fully guaranteed income or fully predictable return profile.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue. 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 (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 Securities in Ascelia Pharma.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Securities in Ascelia Pharma and determining appropriate distribution channels.

Forward-looking statements

This Prospectus contains certain forward-looking statements that reflect the Company's current views or expectations with respect to future events as well as financial and operational performance. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or other expressions regarding indications or forecasts of future developments or trends that are not based on historical facts constitute forward-looking information. Although the Company believes that these statements are based on reasonable assumptions and expectations, the Company cannot guarantee that such forward-looking statements will be realized. Forward-looking information is inherently associated with both known and unknown risks and uncertainties since it depends on future events and circumstances. Forward-looking information does not constitute a guarantee of future results or performance, and the outcome may differ materially from what is set out in the forward-looking information. Factors that could cause the Company's future results or performance to differ from what is expressed in the forward-looking statements include, but are not limited to, those described in the section "*Risk factors*". Forward-looking information in this Prospectus applies only to the date of the publication of the Prospectus. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or similar circumstances, other than as required by applicable law.

Industry and market information

This Prospectus contains market information and industry forecasts from third parties, including information regarding the size of the markets in which the Company operates. Although the Company considers that these sources are reliable and the information has been reproduced properly in the Prospectus, the Company has not independently verified the information, which is why its accuracy and completeness cannot be guaranteed. The Company has presented this information accurately and, as far as the Company's board of directors is aware and can ascertain from information that has been published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Some of the information and statements in the Prospectus relating to the industry in which the Company operates are not based on published statistics or information from independent third parties, but rather reflect the Company's best estimates based on information obtained from industry and business organizations and other contacts. Although the Company is of the view that its internal analyses are reliable, these have not been verified by any independent source.

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The Prospectus is valid for up to twelve months from the date of approval, provided that it is supplemented as required under article 23 in regulation (EU) 2017/1129 the Prospectus Regulation. After that period, Ascelia Pharma is not obliged to provide supplements to the Prospectus in the event of significant new factors, mistakes or material inaccuracies.

THE RIGHTS ISSUE IN SUMMARY

Preferential rights

Each existing ordinary share in Ascelia Pharma entitles to one (1) unit right and thirteen (13) unit rights entitle to subscription of eight (8) units consisting of three (3) ordinary shares and one (1) warrant series TO 1.

Subscription price

SEK 5.07 per unit.

Record date for participation in the Rights Issue

16 August 2024.

Subscription period

20 August – 3 September 2024.

Trading in unit rights

20 August – 29 August 2024.

Trading in BTU

20 August – 20 September 2024.

Subscription and payment with preferential rights

Subscription with unit rights will take place during the subscription period through simultaneous cash payment.

Subscription and payment without preferential rights

Subscription without preferential rights shall be made to Aqurat Fondkommission no later than 3 September 2024 on a separate application form which can be obtained from Ascelia Pharma's website, www.ascelia.com, and from www.aqurat.se. Payment for allotted units shall be made in cash in accordance with the instruction of the notice of allotment. Custody account holders shall instead apply with, and according to instructions from, the custodian.

Other information

Trading venue:	Nasdaq Stockholm
Short name (ticker):	ACE
ISIN code ordinary share:	SE0010573113
ISIN code unit right:	SE0022725453
ISIN code BTU:	SE0022725461
ISIN code TO 1:	SE0022725438
LEI code:	5493002YR9VCJJPWYN08

Financial calendar

Interim report Q3 2024:	7 November 2024
Year-end report 2024:	7 February 2025

SUMMARY

INTRODUCTION AND WARNINGS

The securities	The Prospectus has been prepared by reason of the invitation to subscribe for units in the Company, consisting of ordinary shares (ISIN code SE0010573113) and warrants series TO 1 (ISIN code SE0022725438), as well as the admission to trading of ordinary shares and warrants series TO 1 on Nasdaq Stockholm (including any ordinary shares and warrants series TO 1 that may be issued as guarantee compensation to guarantors in the Rights Issue). The Company's ordinary shares have the short name (ticker) ACE and are admitted to trading on Nasdaq Stockholm.
Identity and contact details of the issuer	Ascelia Pharma AB Corporate registration number: 556571-8797 LEI code: 5493002YR9VCJJPWYN08 Address: Hyllie Boulevard 34, SE-215 32, Malmö, Sweden Telephone: +46 735 179 116 www.ascelia.com
Competent authority	The Swedish Financial Supervisory Authority (*Sw*. Finansinspektionen) Address: P.O. Box 7821, SE-103 97, Stockholm, Sweden Telephone: +46 (0)8 408 980 00 www.fi.se
Date of approval of the Prospectus	16 August 2024
Warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. Investors can lose all or parts of their invested capital. If a claim related to the information in this Prospectus is brought before a court of law, the investor who is plaintiff under national law may be obliged to pay the cost of translating the Prospectus before the legal proceedings commence. Liability under civil law covers only those persons who have issued the summary, including the translations of it, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if the summary, taken together with the other parts of the Prospectus, does not provide key information in order to aid investors when considering whether to invest in such securities.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

The issuer's domicile, legal form and law

The Company is a public limited liability company established in Sweden with its registered office in the municipality of Malmö, Sweden. The Company is regulated by, and is operations are conducted in accordance with, the Swedish Companies Act (*Sw*. aktiebolagslagen (2005:551)). The Company's LEI code is 5493002YR9VCJJPWYN08.

The issuer's principal business

Ascelia Pharma is a pharmaceutical company specializing in the development and commercialization of orphan drugs within oncology. The Company currently has two product candidates in clinical development. The lead product candidate, Orviglance, has recently completed a pivotal Phase 3 study with successful results and is an MRI contrast agent for visualization of focal liver lesions in patients with confirmed or suspected focal liver lesions and renal impairment. The second product candidate, Oncoral, is ready for Phase 2 studies for the treatment of gastric cancer and is an innovative tablet formulation of the already well-known chemotherapeutic drug irinotecan.

The issuer's major shareholders

The table below shows the Company's largest shareholders/shareholders with a shareholding corresponding to a least five (5) percent of the total number of shares and votes in the Company as per the date of the Prospectus, according to information from Modular Finance as per 30 June 2024 and changes thereafter known to the Company.

To the Company's knowledge, there are no shareholders' agreements or other agreements between the shareholders of the Company intended to exercise joint control over the Company. Nor is the Company aware of any agreements or equivalent arrangements that could lead to a change of control over the Company. The Company is not directly or indirectly controlled by an individual party or several parties jointly.

Shareholder	Number of ordinary shares	Number of series C shares	Percentage of share capital	Percentage of votes
Sunstone Life Science Ventures Fund II K/S	4,778,129	-	13.70%	14.11%
Fjärde AP-fonden	2,709,266	-	7.77%	8.00%
Other shareholders	*26,270,351*	-	*75.34%*	*77.56%*
Series C shares held by the Company	-	1,113,431	2.60%	0.30%
Total	**33,757,746**	**1,113,431**	**100.0%**	**100.0%**

Board of directors, senior management and auditor

The Company's board of directors comprises the chairman Peter Benson and the ordinary board members Lauren Barnes, Hans Maier, Niels Mengel and Helena Wennerström.

The Company's senior management comprises Magnus Corfitzen (Chief Executive Officer), Julie Waras Brogren (Deputy Chief Executive Officer and Chief Financial Officer), Andreas Norlin (Chief Scientific Officer), Jennie Wilborgsson (VP, Clinical Development), Carin Linde (VP, Pharmaceutical Development & Supply and IT) and Marie Källström (VP of Regulatory Affairs).

At the annual general meeting 2024, the registered accounting firm Öhrlings PricewaterhouseCoopers AB (PwC) was re-elected as the Company's auditor, with Mikael Nilsson as auditor in charge. Mikael Nilsson is an authorized public accountant and member of FAR.

Key financial information regarding the issuer

The audited financial information below for the financial year 2023, including the comparative numbers from the financial year 2022, has been derived from Ascelia Pharma's annual report for the financial year 2023, which has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the EU, and has been audited by the Company's auditor. The unaudited financial information below for the period January – June 2024 has been derived from the Group's interim report for the period January – June 2024, including the comparative numbers from the corresponding period during 2023, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act (1995:1554). The interim report has not been audited but has been reviewed by the Company's auditor.

The Group's consolidated income statement

TSEK	Full year 2023 (Audited)	Full year 2022 (Audited)	Jan-June 2024 (Unaudited)	Jan-June 2023 (Unaudited)
Net sales	-	-	-	-
Operating result	-110,914	-147,007	-28,047	-78,498
Loss before tax	-109,288	-131,223	-29,965	-77,469
Earnings per share (SEK)	-3.2	-3.8	-0.9	-2.3

The Group's consolidated balance sheet

TSEK	31 Dec 2023 (Audited)	31 Dec 2022 (Audited)	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Total assets	87,072	218,569	94,957	139,296
Total equity	74,328	180,859	47,687	105,675

The Group's consolidated cash flow statement

TSEK	Full year 2023 (Audited)	Full year 2022 (Audited)	Jan-June 2024 (Unaudited)	Jan-June 2023 (Unaudited)
Cash flow used in operating activities	-126,792	-125,263	-27,017	-79,834
Cash flow from investing activities	47	-65	-	-
Cash flow from financing activities	-936	-1,100	34,014	-481

Remark from the Company's auditor

In the auditor's report regarding the annual report for the financial year 2023, the Company's auditor has left the following remark under the heading "Material uncertainty regarding the going concern assumption": *"Without prejudice to my statements above, I would like to draw attention to the Board of Directors' Report on page 34, which states that positive headline results from SPARKLE Phase 3 are an important parameter influencing Ascelia's share price and thus access to financing. This circumstance indicates that there is a material uncertainty that may lead to significant doubts about the company's ability to continue as a going concern."*

Key risks that are specific to the issuer

Business-related risks

- Clinical studies are time-consuming and costly and are associated with great uncertainty and risks that can lead to difficulties in initiating clinical studies, delays, increased costs or requirements for more extensive studies. Results from earlier clinical studies are not always consistent with results from later clinical studies. The development of a product candidate may be delayed, become more extensive, become more

expensive than expected, or be discontinued at any time if the product candidate is no longer considered to have the potential to obtain market authorization, for example as a result of undesirable side effects or insufficient or negative results from clinical studies.

- An authorization to launch a drug on the market is no guarantee that the drug will achieve commercial success. The degree of market acceptance and sales depends on a number of factors. If the Company's products do not achieve market acceptance or receive sufficient recognition from users, medical professionals, healthcare payers or from the healthcare sector in general, it could impede or prevent commercial success and adversely affect the Company's future earning capacity and results.
- The Company is, and is expected to continue to be, dependent on developing and maintaining relationships with external providers of relevant drug development services. This is associated with a number of risks, such as the Company's failure to find suitable or attractive partners when the need arises, the Company's failure to reach agreements on favorable terms, or the Company's partners raising prices or not performing in accordance with agreements or the Company's expectations. Furthermore, the Company's partners may be affected by financial difficulties, strikes, lack of access to raw materials or other similar circumstances that may result in delivery difficulties or that they cannot perform the agreed services. Shortcomings in externally provided services may lead to delays and interruptions in the Company's operations, unforeseen costs and the Company being forced to spend time and resources on finding alternative solutions.
- The Company is dependent on its key employees, particularly senior management, and on its ability to recruit and retain qualified personnel with experience in the development and commercialization of pharmaceuticals as needed. Failure to attract and retain committed and qualified personnel could result in a loss of knowledge, capabilities and performance, which would affect the quality, progress and results of the Company's deliverables. There is a risk that the Company will not succeed in recruiting qualified personnel in time or to the extent required in the future to achieve the Company's goals, which may complicate any future sales and lead to expected revenues being postponed, being lower than expected or not materializing.

Industry-related risks

- The Company faces potential competition from, for example, large pharmaceutical companies, including multinationals, other companies active in the healthcare sector and universities and other research institutions. Competitors may have greater financial resources than the Company and its partners, which may give them advantages in areas such as research and development, contacts with regulatory authorities, marketing and product launches. There is a risk that the Company's competitors succeed in commercializing products earlier than Ascelia Pharma and its partners, or that competitors develop products that are more effective, have a better side effect profile and are more affordable than the Company's product candidates.

Legal risks

- In order for Ascelia Pharma to be able to conduct clinical studies and market and sell pharmaceutical products, a permit must be obtained and registration must be made with the relevant authority in each market where the Company operates. Furthermore, the Company may be granted orphan drug designation for its product candidates, which has been received for Orviglance in the United States. The fact that Orviglance is currently granted orphan drug designation in the United States constitutes no guarantee that orphan drug designation will be granted in other jurisdictions as different jurisdictions have different assessment criteria and decision-making procedures. There is furthermore a risk that the Company's compliance activities may not be sufficient or may be more resource intensive than anticipated. Furthermore, regulatory requirements and practices vary between jurisdictions in which the Company operates or may operate or apply for market authorization. Applicable laws and regulations, regulatory practices, guidelines and interpretations may also change in the future to the detriment of the Company. This may result in an increased regulatory burden in the form of, for example, increased documentation requirements when conducting clinical studies and applying for market approval, or lead to restrictions or revocations of granted authorizations.
- The Company relies on its ability to protect its product candidates and innovations through intellectual property rights, such as patents and trademarks, as well as through other forms of protection such as data exclusivity, which restricts the use of clinical study data and provides the investigator with temporary exclusive rights to use such data to seek market authorization. Monitoring and maintaining intellectual property rights is time-consuming and costly and the Company estimates that these costs may increase in the future if the Company develops its portfolio of intellectual property rights, for example through additional patents or trademarks. There is a risk that the Company’s patents do not provide sufficient commercial protection that may prevent other players from developing pharmaceutical products with similar properties as the Company’s product candidates. Furthermore, the Company's patents may be subject to objections and invalidity claims from other parties, which could lead to time-consuming and costly legal proceedings and that the Company's patents are limited or invalidated. If the Company applies for additional patents in the future, there is a risk that such patent applications may not be granted or that the Company may not succeed in registering and pursuing all necessary patent applications at a reasonable

cost. It may also turn out that other parties have applied for patents for pharmaceutical products covered by the Company's patent applications without the Company's knowledge. There is therefore a risk that the Company may infringe, or be alleged to infringe, patents held by third parties. Any infringement of third party patents may limit or prevent the intended use of the Company's product candidates and hamper any future commercialization.

Financial risks

- The Company has invested significant resources in its development to date and expects to need to raise additional capital in the future beyond the capital raised through the Rights Issue. The continued development of Orviglance and the conditions for market launch are associated with risks and great uncertainty that may lead to a delay in commercialization or no commercialization at all. If Orviglance reaches the market, there is also a risk that the product candidate will not achieve commercial success or generate expected revenues. Thus, depending on whether and when a positive cash flow can be achieved, the Company may also need to raise additional capital in the future. There is a risk that the Company may not be able to raise capital when needed or that it cannot be raised on terms favorable to the Company, which could have a material adverse effect on the Company's business and financial position.

KEY INFORMATION ON THE SECURITIES

The main features of the securities

Type, class and ISIN of the securities

The Rights Issue refers to an issue of a maximum of 20,773,992 units, consisting of ordinary shares warrants series TO 1. Ascelia Pharma has issued shares in two share classes, ordinary shares and shares of series C ("**series C shares**"). The Company's ordinary share has ISIN code SE0010573113 and is admitted to trading on Nasdaq Stockholm under the ticker ACE.

Currency, nominal value and number of securities

The Company's shares are denominated in Swedish kronor (SEK). As of the date of the prospectus, the Company's registered share capital amounts to SEK 34,871,177 divided into 33,757,746 ordinary shares and 1,113,431 series C shares. All shares in the Company are fully paid up and have a nominal value of SEK 1 per share. Through the Rights Issue, a maximum of 62,321,976 ordinary shares and a maximum of 20,773,992 warrants series TO 1 can be issued. The shares and the warrants in the Rights Issue are issued in accordance with Swedish law and the currency for the Rights Issue is SEK.

The warrants series TO 1 have the short name (ticker) ACE TO 1 and ISIN code SE0022725438. One (1) warrant series TO 1 entitles to subscription of one (1) new ordinary share in the Company against cash payment corresponding to seventy (70) percent of the volume weighted average share price of the Company's share on Nasdaq Stockholm during the period from and including 14 March 2024 up to and including 28 March 2025, however not less than the share's quota value and not more than SEK 3.38. Subscription of ordinary shares by exercise of warrants series TO 1 shall take place during the period from and including 1 April 2025 up to and including 15 April 2025.

Rights attached to the securities

Each ordinary share entitles to one vote and each series C share entitles to 1/10 vote at general meetings. At the general meeting, each person entitled to vote may vote for the full number of shares owned and represented without limitation to the voting rights.

Each ordinary share entitles equal rights to dividends, share in the Company's profits and assets and to any surplus in the event of liquidation. Series C shares do not entitle a right to dividend, but in the event of the Company's dissolution, series C shares entitle equal share in the Company's assets as other shares, however, not corresponding to a higher amount than the share's nominal value. The right to dividends rests with a person who, on the specified record date, is entered in the share register and recorded in the Swedish Central Securities Depository (*Sw*. avstämningsregister).

If the Company resolves to issue new ordinary shares, where payment is not to be made in kind, owners of ordinary shares shall have a preferential right to subscribe for new shares in relation to the number of shares they already own (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential right). If thus offered shares are not sufficient for the subscription with subsidiary preferential rights, the shares shall be distributed among the subscribers in relation to the shares they already own, and if this cannot be done, by drawing of lots. What is stated above, regarding shareholders' preferential rights, shall also apply to issues of warrants and convertibles. However, there are no provisions in the Company's articles of association that limit the possibility to, in accordance with the provisions in the Swedish Companies Act, issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights.

Transferability of the securities

There are no restrictions of the rights to freely transfer ordinary shares in the Company.

Dividend policy

Up to now, Ascelia Pharma has not paid any dividends and Ascelia Pharma's intention is to continue to focus on further development and expansion of the Company's project portfolio. In accordance with the dividend policy adopted by the board of directors, available financial resources and any reported results shall therefore be reinvested in the business to finance the Company's long-term strategy. Hence, the board of directors' intention is not to propose a dividend to shareholders before the Company is able to generate a long-term sustainable profitability and a long-term sustainable positive cash flow. Any future dividends and the size thereof will be determined based on the Company's long-term growth, earnings trend and capital requirements, taking into account, at all times applicable, objectives and strategies. Dividends shall, in so far as dividends are proposed, be well-balanced with respect to the Company's objectives, scope and risk.

Where will the securities be traded?

The Company's ordinary share is traded on Nasdaq Stockholm. The ordinary shares and warrants issued in connection with the Rights Issue will thus, after the completion of the Rights Issue, be subject to application for admission to trading on Nasdaq Stockholm. The series C shares are not admitted to trading and will not be admitted to trading on any trading venue.

Key risks that are specific to the securities

- In connection with the Rights Issue, Ascelia Pharma has received subscription undertakings and entered into agreements on guarantee commitments. The subscription undertakings and guarantee commitments are not secured through advance transactions, bank guarantees, blocked funds, pledges or similar arrangements. Thus, if all or part of these commitments are not fulfilled, there would be a risk that the Offering is not subscribed for as planned, which would lead to the Company being provided with less capital than calculated to finance its business.
- The liquidity of the Company's shares may be affected by a number of different internal and external factors. A continued volatile stock market may have a negative impact on investors' willingness and ability to invest in the Company's shares, which may negatively affect the share price of the Company. Furthermore, there is a risk that an active and liquid trading in the Company's shares will not develop in the future, or will not prove to be sustainable, which may cause difficulties for the shareholders to dispose of their shares in the Company at the desired time or at price levels that would prevail if the liquidity in the share was good. It is not possible to predict future price movements in advance and it is possible that the factors above, alone or in conjunction, may have an adverse effect on the value of an investor's invested capital and there is a risk that an investor may lose all or part of the invested capital.

KEY INFORMATION ON THE RIGHTS ISSUE

Under which conditions and timetable can I invest in this security?

General

The board of directors of Ascelia Pharma resolved on 10 July 2024, subject to the subsequent approval of the general meeting, to carry out an issue of units with preferential rights for Ascelia Pharma's shareholders. At the extraordinary general meeting in the Company held on 14 August 2024 it was resolved to approve the board of director's resolution. The Rights Issue comprises a maximum of 20,773,992 units, consisting of ordinary shares and warrants series TO 1.

Unit rights

The Company's shareholders have preferential rights to subscribe for units in the Rights Issue in relation to the number of shares they own on the record date on 16 August 2024. Each existing ordinary share entitles to one (1) unit right. Thirteen (13) unit rights entitle to subscription of eight (8) units in Ascelia Pharma. Each unit consists of three (3) ordinary shares and one (1) warrant series TO 1. In addition to this, investors are offered the possibility to apply for subscription of units without unit rights. Subscription may only be made of entire units, which means that shares and warrants cannot be subscribed for separately.

Subscription price

The subscription price has been set to SEK 5.07 per unit, which corresponds to a subscription price of SEK 1.69 per share. The warrants are issued free of charge. Brokerage is not paid.

Subscription period

Application for subscription of units through exercise of unit rights shall be made during the period from and including 20 August 2024 up to and including 3 September 2024 or such later date determined by the board of directors. Application for subscription of units without exercise of unit rights shall be made during the same period. The issuer does not impose any costs on investors in connection with the Rights Issue.

Trading in unit rights

Trading in unit rights takes place on Nasdaq Stockholm during the period 20 August 2024 – 29 august 2024.

Trading in BTU

Trading in BTU will take place on Nasdaq Stockholm from and including 20 August 2024 up to and including 20 September 2024.

Allotment principles

If not all units are subscribed for by exercise of unit rights, allotment of the remaining units shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for units by exercise of unit rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of unit rights that each and every one of those, who have applied for subscription of units without exercise of unit rights, have exercised for subscription of units; secondly, to those who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of units the subscriber in total has applied for; and thirdly, to those who have provided guarantee commitments with regard to subscription of units, in proportion to such guarantee commitments. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

Dilution as a result of the Rights Issue

Upon full subscription in the Rights Issue, the share capital will increase by a maximum of SEK 62,321,976 to SEK 97,193,153 by the issuance of a maximum of 62,321,976 new ordinary shares, resulting in that the total number of outstanding shares in the Company will increase from 34,871,177 to 97,193,153, whereof 96,079,722 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to participate in the Rights Issue will, provided that the Rights Issue is fully subscribed, have their ownership of ordinary shares diluted by approximately 65 percent, but are able to financially compensate for this dilution by selling their unit rights. Upon full subscription in the Rights Issue, and if all warrants series TO 1 are exercised in full, the share capital will increase by an additional maximum of SEK 20,773,992 to SEK 117,967,145, by the issuance of an additional maximum of 20,773,992 ordinary shares, resulting in that the total number of outstanding shares in the Company will increase to 117,967,145, whereof 116,853,714 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to exercise their warrants will, provided that the Rights Issue is fully subscribed and the warrants are exercised in full, have their ownership diluted by an additional maximum of approximately 18 percent. The total dilution, upon full subscription in the Rights Issue and full utilization of all warrants, thereby amounts to a maximum of approximately 71 percent of the total number of ordinary shares in the Company after the Rights Issue.

Costs related to the Offering

The costs relating to the Rights Issue are, upon full subscription, estimated to amount to approximately MSEK 17 and consist mainly of costs for guarantee commitments as well as remuneration to financial and legal advisors in relation to the Rights Issue and costs related to marketing material and other presentations.

Costs imposed on investors

No costs are imposed on investors participating in the Offering. When trading in unit rights and BTU, however, brokerage is normally paid in accordance with applicable terms for securities trading.

Why is this Prospectus being produced?

Proceeds and costs relating to the Rights Issue

Upon full subscription in the Rights Issue, the Company will initially be provided approximately MSEK 105, before deduction of costs related to the Rights Issue, which upon full subscription are estimated to amount to approximately MSEK 17.

Reasons for the Offering and use of the proceeds

On 2 May 2024, Ascelia Pharma published successful headline results from the SPARKLE study showing that Orviglance significantly improves the visualization of focal liver lesions and that the product candidate thereby met the primary endpoint in the pivotal Phase 3 study. In light of the positive results, Ascelia Pharma will now focus on taking Orviglance through the regulatory application and approval process in the United States and on securing partnerships for the commercialization of Orviglance. The next step thus involves submitting a New Drug Application (NDA) to the American Food and Drug Administration (FDA) to obtain regulatory approval to market Orviglance on the US market. The full study report underlying the NDA is expected to be finalized in Q4 2024, conclusions from the FDA pre-submission meeting are expected in Q1 2025 and the final application for FDA approval is expected to be submitted in mid-2025.

Due to the above, the board of directors makes the assessment that the current working capital is not sufficient for the Company's current capital needs for the coming twelve-month period. In order to secure the resources required to complete the NDA to the FDA and to prepare for launch of Orviglance with a partner, the board of directors of Ascelia Pharma resolved on 10 July 2024, subject to the subsequent approval by the general meeting, to carry out the Rights Issue.

Upon full subscription in the Rights Issue, the Company will initially receive approximately MSEK 105 before deduction of issue costs, which upon full subscription are estimated to approximately MSEK 17 (of which up to approximately MSEK 7.5 constitute guarantee compensation). The net proceeds from the Rights Issue thus amount to approximately MSEK 88 and are intended to be used for the following purposes, in order of priority:

- Repayment of outstanding convertibles corresponding to MSEK 7.5 to Fenja Capital II A/S ("**Fenja Capital**") by set-off or through cash payment (approximately 8.5 percent).[1]
- Completion of NDA for Orviglance in the United States (approximately 55 percent).
- Secure partnership for the market launch of Orviglance (approximately 16.5 percent).
- Strengthen the Company's working capital position and general corporate activities (approximately 20 percent).

In the event that all warrants series TO 1 that are issued in the Rights Issue are exercised for subscription of ordinary shares in April 2025, and in the event the subscription price amounts to no less than the share's quota value (SEK 1) and no more than SEK 3.38, the Company will receive additional proceeds of approximately MSEK 21 – MSEK 70 before deduction of issue costs, which are estimated to approximately MSEK 1 – MSEK 3. The additional net proceeds are intended to be used to 50 percent to finance repayment of the Company's outstanding loans and convertibles from Fenja Capital, and to 50 percent to finance the Company's operational costs.

If the Rights Issue, despite issued subscription undertakings and guarantee commitments, is not sufficiently subscribed for, the Company may have difficulties conducting its business and executing planned developments at the planned rate. Should this occur, the Company intends to investigate alternative financing opportunities, such as additional raising of capital, grants, financing through loans, or until additional capital can be raised, operating the business at a slower pace than planned. Should all alternative financing opportunities fail, there is a risk that the Company to a substantial degree would be forced to revise current development plans, which would adversely affect the Company's development, or, in the worst-case scenario, lead to the Company going into reconstruction or bankruptcy.

Subscription undertaking and guarantee commitments

In connection with the Offering, Ascelia Pharma has received subscription undertakings from certain members of the board of directors and senior management of a total of approximately MSEK 2.2, corresponding to approximately 2 percent of the Rights Issue. No remuneration is paid for subscription undertakings. In addition, the Company has entered into agreements on guarantee commitments with a number of external investors amounting to approximately MSEK 67.8, corresponding to approximately 64 percent of the Rights Issue. In total, the Offering is thus covered by subscription undertakings and guarantee commitments amounting to MSEK 70, corresponding to approximately 66 percent of the Rights Issue. Received subscription undertakings and guarantee commitments are not secured by advance transaction, bank guarantee, blocked funds, pledge or similar arrangement, and there is thus a risk that the Offering is not subscribed for as planned, which would lead to the Company being provided with less capital than calculated to finance its business.

Interests and conflicts of interest

ABGSC is financial advisor and Setterwalls Advokatbyrå AB is legal advisor to the Company in connection with the Offering. Aqurat Fondkommission is issuing agent in connection with the Offering. ABGSC and Aqurat Fondkommission receive a pre-agreed compensation, which to a certain extent is dependent on the outcome of the Offering, for services provided in connection with the Offering and Setterwalls Advokatbyrå AB receives compensation for services provided on an ongoing basis. ABGSC has provided, and may in the future provide, various financial, investment, commercial and other services to Ascelia Pharma, for which they have received, and may come to receive, compensation. Other than that, ABGSC and Setterwalls Advokatbyrå AB have no financial or other interests in the Rights Issue.

Ascelia Pharma has received subscription undertakings from certain members of the board of directors and senior management and has entered into agreements on guarantee commitments with a number of external investors. In total, received subscription undertakings and guarantee commitments amount to MSEK 70, corresponding to approximately 66 percent of the Offering.

In addition to the abovementioned parties' interest in the Offering being successful, and with regards to guarantors that the agreed compensation is paid in accordance with the guarantee commitments entered into, there are no financial or other interests or conflicts of interest between the parties who have financial or other interests in the Offering according to the above.

[1] The Company may choose to repay a higher amount of the outstanding debt financing in the event the subscription rate in the Rights Issue exceeds the guaranteed level of MSEK 70, for more information see section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital*".

RISK FACTORS

An investment in securities is associated with risks. This section describes the risk factors and significant circumstances considered to be material to Ascelia Pharma's business and future development. In accordance with the Prospectus Regulation, risk factors contained in this section are limited to risks which are specific to Ascelia Pharma and/or the shares and which are deemed material for an investor to make a well-informed investment decision. Ascelia Pharma has thus assessed the materiality of the risk factors on the basis of the probability of their occurrence and the expected extent of their negative effects on the Company's business, earnings and/or financial position. The risks have therefore, in cases where a risk could not be quantified, been graded on a qualitative scale as low, medium and high. The risk factors have been divided into the categories Business-related risks, Industry-related risks, Legal risks, Financial risks and Risks related to the Company's share and the Rights issue. Those risk factors deemed most material on the date of this Prospectus are presented first in each category, followed by the subsequent risk factors which are not ranked in any particular order of importance. The presentation below is based on the Company's assessment and information available on the date of this Prospectus.

The Prospectus contains forward-looking statements that may be affected by future events, risks and uncertainties. The Company's actual results may differ materially from those anticipated in the forward-looking statements due to a number of factors discussed below and elsewhere in the Prospectus.

BUSINESS-RELATED RISKS

RISKS RELATED TO DRUG DEVELOPMENT AND CLINICAL STUDIES

Ascelia Pharma is a biotechnology company focused on the development of orphan drugs that address unmet medical needs in oncology. As of the date of the Prospectus, the Company is developing two product candidates in clinical development, Orviglance and Oncoral. Orviglance is a novel contrast agent for magnetic resonance imaging (MRI) that has undergone nine clinical studies including a pivotal Phase 3 study called SPARKLE and which, as of the date of the Prospectus, is being prepared for a regulatory application and approval process. The Company's commercialization strategy for Orviglance is to launch with partners with the ambition to ensure the optimal balance between future revenues and investment needs. Oncoral is a novel oral irinotecan-based tablet formulation for the chemotherapy of gastric cancer, which is ready for Phase 2 studies. There are several options to commercialize Oncoral, such as licensing, further collaboration on development, marketing and sales, or allowing a larger player to acquire Oncoral. The risk level in drug development is generally high and it is difficult to determine in advance what resources are required to have the opportunity to achieve future commercialization. Clinical studies are time-consuming and costly and are associated with great uncertainty and risks that can lead to difficulties in initiating clinical studies, delays, increased costs or requirements for more extensive studies. Results from earlier clinical studies are not always consistent with results from later clinical studies. The development of a product candidate may be delayed, become more extensive, become more expensive than expected, or be discontinued at any time if the product candidate is no longer considered to have the potential to obtain market authorization, for example as a result of undesirable side effects or insufficient or negative results from clinical studies. As an example, in the middle of 2023, the MRI images from the Orviglance Phase 3 study were evaluated by three independent radiologists (readers) in accordance with regulatory guidelines. During the evaluation, a high intra-reader variability in scoring was detected, which prevented an evaluation of the efficacy data. A new evaluation with new readers was therefore required. As a result of the new readout, the Company has had to postpone certain other activities and make reductions within the organization. Delays in the registration process with the FDA may delay any future market approval for Orviglance in the United States and thus mean that commercialization and potential sales revenues are postponed.

The Company assesses the probability that the risks will occur, in whole or in part, as medium and that the risks, if they occur, would have a high impact on the Company.

RISKS RELATED TO COMMERCIALIZATION AND MARKET ACCEPTANCE

The Company is currently planning to take Orviglance through the regulatory application and approval process and expects to submit a New Drug Application ("**NDA**") to the American Food and Drug Administration (FDA) by mid-2025. The Company's product candidate Oncoral is in early development and therefore currently has no timetable for potential market launch. There is a risk that the application and approval process for Orviglance, for example, will prove to be more time-consuming and costly than the Company expects in the event that the FDA requests additional information and data during the NDA process, which may delay the development and approval process and lead to additional investments being required. Furthermore, an authorization to launch a drug on the market is no guarantee that the drug will achieve commercial success. For example, lack of market acceptance, lack of access to subsidies and reimbursement schemes for drugs, or competition from other drugs entering the market may also delay or prevent commercial success and future revenues. The degree of market acceptance and sales depends on a number of factors including the characteristics of the drug, its clinical performance and documentation, the incidence and severity of adverse side effects, availability to users, whether the drug is perceived as safe and effective by users, medical professionals and healthcare providers who pay for the drug, competing products and treatment options on the market and the perceived benefits of the drug compared to competing products and treatment options. If the Company's products do not achieve market acceptance or receive sufficient recognition from users, medical professionals, healthcare payers or from the healthcare sector in general, it could impede or prevent commercial success and adversely affect the Company's future earning capacity and results. Ultimately, it may also mean that the Company is unable to continue its business in its current form or is forced to further reduce its operations.

Other factors affecting future sales opportunities are pricing and access to subsidies and reimbursement systems from, for example, public insurance systems, public healthcare or private health insurers. Changes in reimbursement and subsidy systems are difficult to predict and may also be an effect of changes in political decisions, which in turn may affect demand and possible sales and marketing of the Company's products. If, following a potential market launch, the Company's product candidates do not qualify for available subsidies or access to reimbursement schemes, this could adversely affect the Company's sales and profitability.

The Company assesses the probability that the risks will occur, in whole or in part, as medium and that the risks, if they occur, would have a high impact on the Company.

RISKS RELATED TO SUPPLIERS AND PARTNERS

The Company has a relatively small organization and its activities do not cover all steps in the drug development process. The Company's operations are currently primarily focused on development and therefore external suppliers are contracted to perform certain services, such as Contract Research Organizations (CROs) for the coordination and conduct of clinical studies, contract manufacturers for the manufacture of investigational medicinal products for clinical studies, consultants and experts to support regulatory activities, and university hospitals and other healthcare facilities for the provision of study sites and patients. In the event of a market launch of the Company's product candidates, the Company also expects to be able to utilize external contract manufacturers for large-scale commercial manufacturing of pharmaceuticals. The Company is, and is expected to continue to be, dependent on developing and maintaining relationships with external providers of relevant drug development services. This is associated with a number of risks, such as the Company's failure to find suitable or attractive partners when the need arises, the Company's failure to reach agreements on favorable terms, or the Company's partners raising prices or not performing in accordance with agreements or the Company's expectations. Furthermore, the Company's partners may be affected by financial difficulties, strikes, lack of access to raw materials or other similar circumstances that may result in delivery difficulties or that they cannot perform the agreed services. Shortcomings in externally provided services may lead to delays and interruptions in the Company's operations, unforeseen costs and the Company being forced to spend time and resources on finding alternative solutions. Furthermore, the activities of external suppliers are often subject to extensive pharmaceutical regulatory requirements regarding safety, environment and reporting. There is a risk that suppliers may not comply with applicable laws, regulations and ethical rules such as Good Manufacturing Practices and Good Clinical Practices, which may result in delays, non-deliveries or the Company being subject to sanctions and claims for damages. This could result in significant costs

unless covered by the Company's insurance and could further damage the Company's reputation in the pharmaceutical industry.

The Company assesses the probability that the risks will occur, in whole or in part, as medium and that the risks, if they occur, would have a high impact on the Company.

RISKS RELATED TO KEY PERSONNEL AND FUTURE STAFFING NEEDS

The Company operates as a small organization with a limited number of employees. Therefore, the Company is dependent on its key employees, particularly senior management, and on its ability to recruit and retain qualified personnel with experience in the development and commercialization of pharmaceuticals as needed. Failure to attract and retain committed and qualified personnel could result in a loss of knowledge, capabilities and performance, which would affect the quality, progress and results of the Company's deliverables. In August 2023, the Company announced a significant downsizing of its organization as an important step to be able to complete the new readout of the SPARKLE images with existing funding. The reorganization meant that Ascelia Pharma halved the number of employees to focus on completing the readout of the SPARKLE images and achieving headline results instead of focusing on advancing the regulatory application and launch preparations. In connection with the reorganization, the Company's former Chief Financial Officer also left the Company. There is a risk that the Company will not succeed in recruiting qualified personnel in time or to the extent required in the future to achieve the Company's goals, which may complicate any future sales and lead to expected revenues being postponed, being lower than expected or not materializing. Furthermore, recruitment may be more costly than expected. In addition, the Company's other operations may be delayed or interrupted if any of the Company's current or future key employees leave the Company or are unable to work, for example due to long-term illness, or if the Company fails to recruit new employees as the need arises.

The Company assesses the probability that the risks will occur, in whole or in part, as medium and that the risks, if they occur, would have a medium impact on the Company.

RISKS RELATED TO IT SYSTEMS AND INFRASTRUCTURE

The Company is dependent on a well-functioning IT system and infrastructure that the Company or any of its partners use to process, transmit and store electronic information, including various types of sensitive information such as personal data and trade secrets, in its day-to-day operations. Cyberattacks are constantly increasing in frequency and intensity and have become increasingly difficult to detect. A successful cyberattack could result in the theft or destruction of intellectual property, data or other misappropriation of assets, or otherwise jeopardize confidential or proprietary information and disrupt the Company's operations. Faults, interruptions or breaches of the Company's IT security, including any failure of back-up systems or failure to manage the security of the Company's confidential information, could also damage the Company's reputation, business relationships and trust, resulting in the loss of business partners, increased scrutiny from regulatory authorities and a greater risk of legal action and financial liability. Although the Company devotes resources to protecting its information systems, there can be no assurance that such measures will prevent information security breaches that could result in business, legal or financial harm, as well as damage to the Company's reputation, or that could have a material adverse effect on the Company's results of operations and financial position. In addition, there is a risk that the partners with whom the Company shares confidential or sensitive information do not have adequate IT security or security procedures in place to protect the information the Company shares with them or that such partners misuse the shared information.

The Company assesses the probability that the risks will occur, in whole or in part, as low and that the risks, if they occur, would have a medium impact on the Company.

INDUSTRY-RELATED RISKS

RISKS RELATED TO COMPETITION

The pharmaceutical industry is an industry characterized by high and global competition, rapid technological advances and extensive investment needs. The Company faces potential competition from, for example, large pharmaceutical companies, including multinationals, other companies active in the healthcare sector and universities and other research institutions. To the Company's knowledge, there are no available liver-specific manganese-based

contrast agents offered on the market or any gadolinium-based contrast agents without a black-box warning for patients with severe renal impairment, which the Company believes would be the main competing products. Furthermore, the Company is not aware of any competing oral irinotecan-based products available on the market. However, there are several GB contrast agents available on the market today, and in addition, there may be other competitors developing product candidates aimed at addressing the same needs as the Company's product candidates, which as of the date of the Prospectus are not widely available in key markets or known to the Company. There is also a risk that companies with global operations that are not currently working in related areas decide to establish themselves in Ascelia Pharma's area of operations. Such competitors may have greater financial resources than the Company and its partners, which may give them advantages in areas such as research and development, contacts with regulatory authorities, marketing and product launches. There is a risk that the Company's competitors succeed in commercializing products earlier than Ascelia Pharma and its partners, or that competitors develop products that are more effective, have a better side effect profile and are more affordable than the Company's product candidates, which may lead to the Company's competitors establishing a strong market position, even before the Company can enter the market, and may limit Ascelia Pharma's opportunities to commercialize product candidates and thereby generate revenue in the future.

The Company assesses the probability that the risks will occur, in whole or in part, as high and that the risks, if they occur, would have a medium impact on the Company.

LEGAL RISKS

RISKS RELATED TO REGULATORY COMPLIANCE AND AUTHORIZATION

Drug development is associated with high regulatory requirements that involve time-consuming and costly regulatory compliance measures. In order for Ascelia Pharma to be able to conduct clinical studies and market and sell pharmaceutical products, a permit must be obtained and registration must be made with the relevant authority in each market where the Company operates. The Company is affected both directly through requirements that apply to its own operations and indirectly through requirements imposed on the Company's partners and suppliers of drug development services. The Company devotes significant resources to complying with applicable regulatory requirements and expects to have to continue to do so in the future. There is a risk that the Company's compliance activities may not be sufficient or may be more resource intensive than anticipated. Furthermore, regulatory requirements and practices vary between jurisdictions in which the Company operates or may operate or apply for market authorization, which means that compliance or regulatory approval in one jurisdiction is not a guarantee of compliance in other jurisdictions. Applicable laws and regulations, regulatory practices, guidelines and interpretations may also change in the future to the detriment of the Company, for example, by changing the guidelines of the pharmaceutical authorities on the use of contrast agents for patients with renal impairment. This may result in an increased regulatory burden in the form of, for example, increased documentation requirements when conducting clinical studies and applying for market approval, or lead to restrictions or revocations of granted authorizations.

In the event of market authorization of any of the Company's product candidates, the Company and the external manufacturers engaged by the Company will need to comply with certain regulatory requirements for authorized drugs. These include requirements for safety reporting, manufacturing and monitoring the marketing of drugs. Production facilities are regularly inspected by authorities, which may issue citations or impose new requirements on manufacturing processes. If the Company or its partners do not comply with these requirements, previously granted licences may be restricted or revoked. In addition, sanctions in the form of fines, seizure of products, restrictions or criminal penalties may apply. Deficiencies in regulatory compliance, failure to obtain or revocation of permits or sanctions may result in increased costs, delays and limit the Company's ability to successfully develop and commercialize its product candidates. This could thus have a material adverse effect on the Company's future earnings capacity and operations, and if the regulatory requirements are not complied with, also entail negative publicity and significant damage to the Company's brand and reputation.

Before the Company receives market authorization, the Company's product candidates may be granted so-called orphan drug designation by pharmaceutical authorities to encourage the development of drugs for unusual indications. Orviglance has been granted orphan drug designation in the United States by the FDA, which means that

the Company can obtain market exclusivity for at least seven years in the event of market authorization for Orviglance in the United States. However, the fact that Orviglance is currently granted orphan drug designation is no guarantee that this will remain in the event of market approval, as this can be revoked by the FDA if the product candidate is no longer deemed to fulfil the relevant conditions. There is also no guarantee that orphan drug designation will be granted in other jurisdictions as different jurisdictions have different assessment criteria and decision-making procedures. If the Company's orphan drug designation for Orviglance would be revoked, it could lead to lower than expected sales revenues and have a material adverse effect on the value of the Company's project portfolio and the Company's future earnings capacity and results.

The Company assesses the probability that the risks will occur, in whole or in part, as medium and that the risks, if they occur, would have a high impact on the Company.

RISKS RELATED TO INTELLECTUAL PROPERTY AND OTHER FORMS OF PROTECTION

The Company relies on its ability to protect its product candidates and innovations through intellectual property rights, such as patents and trademarks, as well as through other forms of protection such as data exclusivity, which restricts the use of clinical study data and provides the investigator with temporary exclusive rights to use such data to seek market authorization. Monitoring and maintaining intellectual property rights is time-consuming and costly and the Company estimates that these costs may increase in the future if the Company develops its portfolio of intellectual property rights, for example through additional patents or trademarks. In December 2020, a patent was approved in the United States for the second generation of Orviglance, which has the potential to create some protection against competition until 2040. In August 2021, the Company also announced that the FDA had granted conditional approval of Orviglance as a trademark for manganese chloride tetrahydrate in the United States. As of the date of the Prospectus, the Orviglance trademark is registered in the United States, Europe and several other markets. Orviglance has also been granted orphan drug designation by the FDA in the United States. The Company's product candidate Oncoral received a third patent in March 2023 covering Oncoral's composition. The new patent covers the tablet composition and will provide protection until 2035 (with the possibility of potential extension in the United States). Oncoral's patent protection thus has a limited lifespan and there is a risk that the Company’s patents do not provide sufficient commercial protection that may prevent other players from developing pharmaceutical products with similar properties as Oncoral, which may complicate any future commercialization of the product candidate. Furthermore, the Company's patents may be subject to objections and invalidity claims from other parties, which could lead to time-consuming and costly legal proceedings. If the Company's patents are limited or invalidated as a result of such proceedings, it could significantly impede further development of Oncoral. In addition, the costs of a legal process could be significant even in the event of a favorable outcome for the Company.

If the Company applies for additional patents in the future, there is a risk that such patent applications may not be granted or that the Company may not succeed in registering and pursuing all necessary patent applications at a reasonable cost. It may also turn out that other parties have applied for patents for pharmaceutical products covered by the Company's patent applications without the Company's knowledge. There is therefore a risk that the Company may infringe, or be alleged to infringe, patents held by third parties. Any infringement of third party patents may limit or prevent the intended use of the Company's product candidates and hamper any future commercialization.

The Company assesses the probability that the risks will occur, in whole or in part, as low and that the risks, if they occur, would have a high impact on the Company.

RISKS RELATED TO KNOW-HOW, TRADE SECRETS AND CONFIDENTIALITY

The Company is dependent on trade secrets and know-how developed in the course of its business, which cannot be protected by registration in the same way as patents and other intellectual property rights. This includes, for example, information on innovations for which patents have not yet been sought and knowledge of concepts, methods and processes. The Company uses confidentiality agreements with employees, consultants, advisors and business partners to protect trade secrets and know-how, but these agreements may prove insufficient to prevent the disclosure and dissemination of trade secrets and know-how outside the Company's control, which carries the risk that competitors may be able to access and exploit trade secrets and know-how developed by the Company. Such uncontrolled dissemination of confidential information could adversely affect the development of the

Company's product candidates if, for example, the information were to be used to develop potentially competing pharmaceutical products or for other commercial use without the Company being compensated for or otherwise benefiting from it. It may also make it less attractive for the Company to develop and commercialize its product candidates, which may limit the Company's future earning capacity.

The Company assesses the probability that the risks will occur, in whole or in part, as low and that the risks, if they occur, would have a medium impact on the Company.

RISKS RELATED TO SIDE EFFECTS, PRODUCT LIABILITY CLAIMS AND INSURANCE COVER

The Company's business is exposed to various liability risks associated with drug development, including product liability risks that may arise in connection with clinical studies, manufacturing, marketing and sales of finished drugs. Product liability claims may lead to claims for damages against the Company if its product candidates cause illness, injury, death or property damage. This could arise, for example, if a patient suffers serious side effects within the framework of a clinical study with the Company's product candidates or in the event of future drug use following a market launch of one of the Company's product candidates. Even if clinical studies were to be conducted by a partner, there is a risk that the Company could be held liable for any adverse events. Product liability claims can be resource-intensive to manage, entail extensive legal processes and lead to liability for damages and significant costs. Potential side effects could also delay or stop the Company's development work and limit or prevent the commercial use of the Company's product candidates and thus lead to increased costs and have a material adverse effect on the Company's earning capacity, sales, earnings and financial position. There is also a risk that the Company's insurance coverage may not fully cover any future legal claims against the Company, which could result in significant costs and have a material adverse effect on the Company and its business, both reputationally and financially. Even if a product liability claim is not successful or pursued, it could result in negative publicity and significantly damage the Company's brand and reputation, which in turn could impair the Company's ability to commercialize its product candidates and enter into collaboration agreements.

The Company assesses the probability that the risks will occur, in whole or in part, as low and that the risks, if they occur, would have a medium impact on the Company.

RISKS RELATED TO THE PROCESSING OF PERSONAL DATA

In the framework of its operations, the Company collects and processes a large amount of personal data related to, for example, patients participating in the Company's clinical studies (on an anonymous basis) and the Company's employees. The Company is thus subject to Regulation (EU) 2016/679 of the European Parliament and of the Council ("**GDPR**"). The Company has taken measures to ensure secure personal data processing and expects to continue to allocate resources for GDPR compliance and to evaluate the need for further compliance measures. Such measures could prove to be both costly and time consuming for the Company, which could negatively impact the Company's results. There is a risk that the Company at present, or in the future, will be unable to fulfil the requirements imposed by the GDPR. In addition, there is a risk that an IT or systems disruption or breach could lead to a leak of personal data and other sensitive information. Incorrect or insufficient processing of personal data, shortcomings in the Company's obligations to those whose personal data is processed and other violations under the GDPR could entail extensive sanctions in the form of fines amounting to the higher of MEUR 20 or 4 percent of the Company's annual sales on a group level, which could lead to considerable costs and have a material negative impact on the Company and its business, both in terms of reputation and financially.

The Company assesses the probability that the risks will occur, in whole or in part, as low and that the risks, if they occur, would have a medium impact on the Company.

FINANCIAL RISKS

RISKS RELATED TO FUTURE CAPITAL REQUIREMENTS

Pharmaceutical research and development is a capital-intensive activity. The Company is therefore dependent on its ability to raise capital in the future to fund its planned activities. The Company has invested significant resources in its development to date and expects to need to raise additional capital in the future beyond the capital raised through the Rights Issue. The Company has not yet generated any revenues from drug sales or otherwise and expects to be able to generate revenues at the earliest in the event of a market launch of Orviglance in 2026. As stated above in this section, the continued development of Orviglance and the conditions for market launch are associated with risks and great uncertainty that may lead to a delay in commercialization or no commercialization at all. If Orviglance reaches the market, there is also a risk that the product candidate will not achieve commercial success or generate expected revenues. Thus, depending on whether and when a positive cash flow can be achieved, the Company may also need to raise additional capital in the future. There is a risk that the Company may not be able to raise capital when needed or that it cannot be raised on terms favorable to the Company, which could have a material adverse effect on the Company's business and financial position. If the Company is unable to obtain sufficient financing, the Company may be forced to stop planned development projects, carry out restructuring of all or parts of its operations (such as the restructuring announced in August 2023) or be forced to operate at a slower pace than planned, which may lead to delayed or non-existent commercialization of the Company's product candidates and delayed or non-existent licensing and sales revenues.

The Company assesses the probability that the risks will occur, in whole or in part, as medium and that the risks, if they occur, would have a high impact on the Company.

RISKS RELATED TO CHANGES IN EXCHANGE RATES

Due to the international scope of the Company's operations, the Company's assets, earnings and cash flows are affected by fluctuations in the exchange rates of several currencies. The Company is domiciled in Sweden and the reporting currency for the Company's accounts is Swedish kronor (SEK). The Company's transaction exposure arises from the purchase of services related to the development of pharmaceuticals in primarily USD, EUR and DKK. Exchange rate fluctuations between these currencies can thus have a negative impact on the Company's earnings and financial position. A 10 percent weakening of SEK would have resulted in an increase in the Company's costs of approximately MSEK 6.3 during the financial year 2023. Currency exposure also exists through intra-group loans in DKK from the Company to its subsidiary Oncoral Pharma ApS. A 10 percent weakening of SEK against USD and DKK would result in increased loan receivables for the Company of approximately MSEK 4.3. In addition, significant currency fluctuations may affect the value of the product portfolio.

RISKS RELATED TO TAX LOSSES

The Company has accumulated tax losses amounting to approximately MSEK 686 as of 31 December 2023. The accumulated tax losses may in the future reduce any taxable profits that the Company makes and thus reduce the effective corporate income tax that may arise. Tax losses and the use thereof are subject to extensive and complex restriction rules. The Company's ability to utilize all or part of its accumulated losses in the future will be determined by, among other things, future changes in the ownership of the Company. The Company's ability to utilize the accumulated losses in the future, in whole or in part, may also be affected by changes in applicable tax legislation. If the tax losses carried forward cannot be used to reduce tax on future profits, it will mean that the Company's tax expenses will increase, which could adversely affect the Company's future earnings and financial position.

RISKS RELATED TO THE COMPANY'S SHARE AND THE RIGHTS ISSUE

SUBSCRIPTION UNDERTAKINGS AND GUARANTEE COMMITMENTS ARE NOT SECURED

Ascelia Pharma has received subscription undertakings from certain members of the board of directors and senior management and entered into agreements on guarantee commitments with a number of external investors. In total, subscription undertakings and guarantee commitments amount to MSEK 70, corresponding to approximately 66 percent of the Rights Issue. The subscription undertakings and guarantee commitments are not secured by advance transaction, bank guarantee, blocked funds, pledge or similar arrangement. Thus, if all or part of these commitments are not fulfilled, there would be a risk that the Offering is not subscribed for as planned, which would lead to the Company being provided with less capital than calculated to finance its business. Furthermore, there is a risk that any of the guarantors who have provided guarantee commitments to secure the Rights Issue may exceed ten percent of the votes in Ascelia Pharma after the Rights Issue. In that case, the guarantors' fulfilment of such guarantee may be subject to notification in accordance with the Swedish Screening of Foreign Direct Investments Act (*Sw*. lagen (2023:560) om granskning av utländska direktinvesteringar), according to which companies with essential services need to report certain investments to the Inspectorate of Strategic Products (the "**ISP**"). If the fulfilment of any of the guarantors' guarantee commitments turns out to be notifiable, there is a risk that the notification of the transaction is not left without action or approved by the ISP, which may lead to the guarantor not being able to fulfil its guarantee commitment on time or at all. If the guarantee commitments are not fulfilled on time, it may have an adverse effect on the Company's working capital, which may have a negative impact on the Company's financial position and the Company's ability to conduct its business according to plan. There is also a risk that non-financing through the fulfilment of subscription undertakings and guarantee commitments will result in the Company being put into reconstruction or, in the worst case, bankruptcy.

RISKS RELATED TO THE SHARE PRICE DEVELOPMENT, LIQUIDITY AND VOLATILITY

The Company's share has been listed on Nasdaq Stockholm since March 2019. The price at which the Company's share has been traded has historically been volatile. In addition, the turnover in the Company's share has been low at certain periods. During the twelve-month period ending on 30 June 2024, an average of approximately 260,000 shares have been traded per day in the Company with an average daily turnover of approximately MSEK 1.9. During the corresponding period, the Company's share has had a highest closing price of SEK 16.78 and a lowest closing price of SEK 2.69. Consequently, the share price of the Company's share has been volatile and the share has also been subject to limited trading from time to time. The risk of volatility is particularly high in companies that, like Ascelia Pharma, have not launched a drug on the market, which means that the share price is largely based on expectations of what the Company may perform in the future. Ascelia Pharma cannot predict to what extent investor interest will lead to the development and maintenance of active and liquid trading in the Company's shares in the future. The liquidity of the Company's shares may be affected by a number of different internal and external factors. Internal factors include the development of the Company's product candidates and quarterly variations in, for example, operating results and profit and revenue forecasts. External factors include general economic and macroeconomic conditions, industry factors and expectations in the pharmaceutical industry in general, economic conditions and additional external factors not related to the Company's operations. For example, external factors such as the COVID-19 pandemic and the ongoing war in Ukraine, as well as high inflationary pressure and increased interest rates, have led to higher volatility on the world's stock markets and also created relatively large fluctuations in the share price of the Company's share during the period immediately prior to the publication of the Prospectus. A continued volatile stock market may have a negative impact on investors' willingness and ability to invest in the Company’s shares, which may negatively affect the share price of the Company. Furthermore, there is a risk that an active and liquid trading in the Company's shares will not develop in the future, or will not prove to be sustainable, which may cause difficulties for the shareholders to dispose of their shares in the Company at the desired time or at price levels that would prevail if the liquidity in the share was good. It is not possible to predict future price movements in advance and it is possible that the factors above, alone or in conjunction, may have an adverse effect on the value of an investor's invested capital and there is a risk that an investor may lose all or part of the invested capital.

RISKS RELATED TO FUTURE NEW ISSUES AND DILUTION

The Company has not yet launched any finished drug on the market and it is uncertain if and when the Company can start generating sales revenues. The Company's continued operations are expected to require additional financing in the future in addition to the Rights Issue, which could mean that the Company may in the future carry out new issues of shares or other securities in the Company. If additional financing is arranged through share capital, further issues of shares or other securities in the Company will dilute the shareholdings of existing shareholders, unless they participate in such potential issues. Shareholders who do not participate in such possible new issues will have their shareholding in the Company diluted. As the timing and terms of any future new issue will depend on the Company's situation and market conditions at the time, the Company cannot predict or estimate the amount, timing or other terms of any such issue. Depending on the terms of any further new issues, such new issues may have an adverse effect on the Company's share price.

ASSOCIATED WARRANTS

In the present Offering, the instrument consists of so-called units, where each unit consists of three (3) shares and one (1) warrant series TO 1. The warrants entail a right to, during a specified period in the future, acquire a certain number of newly issued ordinary shares in the Company at a predetermined price. The warrants included in the Offering are transferable and are intended to be admitted to trading on Nasdaq Stockholm. The price development of the Company's share may affect trading in the warrants issued in the Offering. A warrant is only valuable if the predetermined subscription price is below the market price of the Company's underlying share at the time of subscription. This means that the probability that the warrants may lose their entire value is greater than for shares, for example. Thus, there is a risk that the warrants included as part of the units covered by the Offering will not increase in value or that they do not represent a value at the time they expire. Furthermore, there is a risk that the liquidity in the trading of these warrants is not good enough for them to be disposed of at terms acceptable to the holder.

TRADING IN UNIT RIGHTS AND BTU

Unit rights and BTU are intended to be subject to trading on Nasdaq Stockholm. There is a risk that an active trade in the unit rights and BTU does not develop, that there will not be sufficient liquidity or that the unit rights cannot be sold. If an active trade does not develop, the market price of the unit rights and BTU will depend on, among other things, the price development of the Company's shares and may be subject to greater volatility than for the said shares. The price of Ascelia Pharma's shares may be less than the subscription price in the Rights Issue due to reasons attributable to the Company as well as a general decline in the stock market.

SPECIFIC RISKS FOR SHAREHOLDERS OUTSIDE OF SWEDEN

Ascelia Pharma has a large number of shareholders domiciled in Sweden and Denmark and in other jurisdictions. The Company's share is denominated in SEK and any future dividends will be paid in SEK. This means that shareholders outside of Sweden can experience a negative effect on the value of their holdings and possible dividends when these are converted into other currencies should SEK decrease in value against the relevant currency. Furthermore, tax legislation in both Sweden and the shareholder's country of residence may affect the income from any potential dividend that is paid.

If the Company issues new shares with preferential rights for the Company's shareholders in the future, foreign shareholders in some countries may be subject to restrictions which mean that they cannot participate in such rights issues or that their participation in any other way is made more difficult or restricted. Shareholders in other jurisdictions outside Sweden may also be affected in a similar manner depending on local regulatory requirements. Ascelia Pharma has no obligation to, in future issues of new shares, apply for registration or similar approval under the legislation of another country outside of Sweden. To the extent foreign shareholders are unable to exercise their rights to subscribe for new shares in any new issue, their proportionate ownership in the Company will be reduced.

INVITATION TO SUBSCRIBE FOR UNITS IN ASCELIA PHARMA

The board of directors in Ascelia Pharma resolved on 10 July 2024, subject to approval by the extraordinary general meeting, to carry out the Rights Issue. The board of directors' resolution on the Rights Issue was approved by the extraordinary general meeting on 14 August 2024. The Rights Issue comprises a maximum of 20,773,992 units, consisting of ordinary shares and warrants series TO 1, at a subscription price of SEK 5.07 per unit, corresponding to a subscription price of SEK 1.69 per share. Provided that the Rights Issue is fully subscribed, the Company will receive an initial capital raise of approximately MSEK 105 before deduction of issue costs.

The Company's shareholders have preferential rights to subscribe for units in the Rights Issue in relation to the number of shares that they hold on the record date on 16 August 2024. Each existing ordinary share entitles to one (1) unit right. Thirteen (13) unit rights entitle to subscription of eight (8) units in Ascelia Pharma. Each unit consists of three (3) ordinary shares and one (1) warrant series TO 1.

The subscription period runs from and including 20 August 2024 up to and including 3 September 2024 or such later day determined by the board of directors and otherwise according to what is stated under section "*Terms and conditions*". Upon full subscription in the Offering, the Company will initially receive approximately MSEK 105 before deduction of issue costs.

Upon full subscription in the Rights Issue, the share capital will increase by a maximum of SEK 62,321,976 to SEK 97,193,153 by the issuance of a maximum of 62,321,976 new ordinary shares, resulting in that the total number of outstanding shares in the Company will increase from 34,871,177 to 97,193,153, whereof 96,079,722 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to participate in the Rights Issue will, provided that the Rights Issue is fully subscribed, have their ownership of ordinary shares diluted by approximately 65 percent, but are able to financially compensate for this dilution by selling their unit rights. Upon full subscription in the Rights Issue, and if all warrants series TO 1 are exercised in full, the share capital will increase by an additional maximum of SEK 20,773,992 to SEK 117,967,145, by the issuance of an additional maximum of 20,773,992 ordinary shares, resulting in that the total number of outstanding shares in the Company will increase to 117,967,145, whereof 116,853,714 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to exercise their warrants will, provided that the Rights Issue is fully subscribed and the warrants are exercised in full, have their ownership diluted by an additional maximum of approximately 18 percent. The total dilution, upon full subscription in the Rights Issue and full utilization of all warrants, thereby amounts to a maximum of approximately 71 percent of the total number of ordinary shares in the Company after the Rights Issue.

If not all units are subscribed for by exercise of unit rights, allotment of the remaining units shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for units by exercise of unit rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of unit rights that each and every one of those, who have applied for subscription of units without exercise of unit rights, have exercised for subscription of units; secondly, to those who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of units the subscriber in total has applied for; and thirdly, to those who have provided guarantee commitments with regard to subscription of units, in proportion to such guarantee commitments. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

In connection with the Offering, Ascelia Pharma has received subscription undertakings from certain members of the board of directors and senior management of a total of approximately MSEK 2.2, corresponding to approximately 2 percent of the Rights Issue. No remuneration is paid for subscription undertakings. In addition, the Company has entered into agreements on guarantee commitments with a number of external investors amounting to approximately MSEK 67.8, corresponding to approximately 64 percent of the Rights Issue. In total, the Offering is thus covered by subscription undertakings and guarantee commitments amounting to MSEK 70, corresponding to approximately 66 percent of the Rights Issue. Received subscription undertakings and guarantee commitments are

not secured by advance transaction, bank guarantee, blocked funds, pledge or similar arrangement. Consequently, there is a risk that one or more parties will not fulfil their undertakings and commitments, respectively. For further description, see section "*Risk factors – Subscription undertakings and guarantee commitments are not secured*".

The shareholders of Ascelia Pharma are hereby invited to subscribe for units with preferential rights in accordance with the terms and conditions of the Prospectus.

Malmö on 16 August 2024

Ascelia Pharma AB (publ)

The Board of Directors

BACKGROUND AND REASONS

Ascelia Pharma is a biotechnology company focused on orphan drug treatments in oncology. The Company develops and commercializes novel drugs that address unmet medical needs and has a clear path forward for development and commercialization. The lead product candidate, Orviglance, has recently completed a pivotal Phase 3 study (also called the SPARKLE study) with successful results and is an MRI contrast agent for visualization of focal liver lesions in patients with confirmed or suspected focal liver lesions and renal impairment. Orviglance has been granted orphan drug designation by the FDA. The second product candidate, Oncoral, is a novel, patented tablet formulation of irinotecan, the chemotherapy drug with a well-established role in potent anti-tumor activity in the treatment of various types of cancer and is ready for Phase 2 studies for treatment of gastric cancer.

On 2 May 2024, Ascelia Pharma published successful headline results from the SPARKLE study showing that Orviglance significantly improves the visualization of focal liver lesions and that the product candidate thereby met the primary endpoint in the pivotal Phase 3 study. In light of the positive results, Ascelia Pharma will now focus on taking Orviglance through the regulatory application and approval process in the United States and on securing partnerships for the commercialization of Orviglance. The next step thus involves submitting an NDA to the FDA to obtain regulatory approval to market Orviglance on the US market. The full study report underlying the NDA is expected to be finalized in Q4 2024, conclusions from the FDA pre-submission meeting are expected in Q1 2025 and the final application for FDA approval is expected to be submitted in mid-2025.

Going forward, Ascelia Pharma will thus continue to focus on driving Orviglance towards a market approval in the United States. Due to the above, the board of directors makes the assessment that the current working capital is not sufficient for the Company's current capital needs for the coming twelve-month period. In order to secure the resources required to complete the NDA to the FDA and to prepare for launch of Orviglance with a partner, the board of directors of Ascelia Pharma resolved on 10 July 2024, subject to the subsequent approval by the general meeting, to carry out the Rights Issue.

Upon full subscription in the Rights Issue, the Company will initially receive approximately MSEK 105 before deduction of issue costs, which upon full subscription are estimated to approximately MSEK 17 (of which up to approximately MSEK 7.5 constitute guarantee compensation). The net proceeds from the Rights Issue thus amount to approximately MSEK 88 and are intended to be used for the following purposes, in order of priority:

- Repayment of outstanding convertibles corresponding to MSEK 7.5 to Fenja Capital II A/S ("**Fenja Capital**") by set-off or through cash payment (approximately 8.5 percent).[2]
- Completion of New Drug Application (NDA) for Orviglance in the United States (approximately 55 percent), which includes (i) completion of full clinical study report at the beginning of Q4 2024, (ii) receipt of conclusions from the FDA following the pre-submission meeting in Q1 2025, and (iii) submission of the full NDA in mid-2025.
- Secure partnership for the market launch of Orviglance (approximately 16.5 percent), which includes (i) costs related to negotiation of partnership agreement, (ii) securing product offerings and readiness for partner launch, and (iii) disseminating the positive Phase 3 results among clinical expert networks and scientific publications.
- Securing the Company's working capital position and general corporate activities (approximately 20 percent).

In the event that all warrants series TO 1 that are issued in the Rights Issue are exercised for subscription of ordinary shares in April 2025, and in the event the subscription prices amounts to no less than the share's quota value (SEK 1) and no more than SEK 3.38, the Company will receive additional proceeds of approximately MSEK 21 – MSEK 70 before deduction of issue costs, which are estimated to approximately MSEK 1 – MSEK 3. The additional net proceeds

[2] The Company may choose to repay a higher amount of the outstanding debt financing in the event the subscription rate in the Rights Issue exceeds the guaranteed level of MSEK 70, for more information see section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital*".

are intended to be used to 50 percent to finance repayment of the Company's outstanding loans and convertibles from Fenja Capital, and to 50 percent to finance the Company's operational costs.

If the Rights Issue, despite issued subscription undertakings and guarantee commitments, is not sufficiently subscribed for, the Company may have difficulties conducting its business and executing planned developments at the planned rate. Should this occur, the Company intends to investigate alternative financing opportunities, such as additional raising of capital, grants, financing through loans, or until additional capital can be raised, operating the business at a slower pace than planned. Should all alternative financing opportunities fail, there is a risk that the Company to a substantial degree would be forced to revise current development plans, which would adversely affect the Company's development, or, in the worst-case scenario, lead to the Company going into reconstruction or bankruptcy.

The board of directors of Ascelia Pharma is responsible for the content of the Prospectus. As far as the board of directors is aware, the information provided in the Prospectus corresponds to the facts and nothing has been omitted that would affect its import.

Malmö on 16 August 2024

Ascelia Pharma AB (publ)

The Board of Directors

TERMS AND CONDITIONS

THE OFFERING

The Rights Issue is carried out by the issuance of units. In total, the Offering comprises a maximum of 20,773,992 units. Shareholders in Ascelia Pharma are entitled to one (1) unit right for each existing ordinary share held on the record date. Thirteen (13) unit rights entitle to subscription of eight (8) units. Each unit consists of three (3) ordinary shares and one (1) warrant series TO 1. Subscription may only be made of entire units, which means that neither ordinary shares nor warrants may be subscribed for separately. Series C shares in the Company do not entitle to preferential rights in the Rights Issue. Provided that the Offering is fully subscribed, the Company will receive initial proceeds of approximately MSEK 105 before issue costs, and potentially additional issue proceeds in April 2025 in connection with exercise of the warrants series TO 1.

RECORD DATE

The record date with Euroclear for the right to participate in the Rights Issue is 16 August 2024. The last day of trading in the Company's share with the right to participate in the Rights Issue is 14 August 2024. The first day of trading in the Company's share without the right to participate in the Rights Issue is 15 August 2024.

SUBSCRIPTION PRICE

The subscription price is SEK 5.07 per unit, which corresponds to a subscription price of SEK 1.69 per share. The warrants are issued free of charge. Brokerage is not paid.

SUBSCRIPTION PERIOD

Subscription of units in the Rights Issue shall take place through simultaneous cash payment during the period from and including 20 August 2024 up to and including 3 September 2024. Application for subscription of units without exercise of unit rights shall be made during the same period. After the expiration of the subscription period, unexercised unit rights will be void and will thereafter lose their value. After the subscription period, unexercised unit rights will, without notification from Euroclear, be removed from the shareholders' VP accounts. In order not to lose the value of the unit rights, the unit rights must either be used for subscription of units no later than 3 September 2024 or be sold no later than 29 August 2024.

The board of directors of the Company may extend the period during which application for subscription and payment shall be made. Any extension of the subscription period will be published through a press release no later than the last day of the subscription period on 3 September 2024. The press release will be available at Ascelia Pharma's website, www.ascelia.com.

WARRANTS

The warrants that are issued in the Right Issue are issued free of charge and entitle the holder to, during the period 1 April 2025 – 15 April 2025, subscribe for new ordinary shares in the Company. One (1) warrant series TO 1 will entitle the holder to subscribe for one (1) new ordinary share in the Company at a subscription price corresponding to seventy (70) percent of the volume-weighted average share price of the Company's share on Nasdaq Stockholm during the period from and including 14 March 2025 up to and including 28 March 2025, however not less than the share's quota value and not more than SEK 3.38. Warrants series TO 1 have ISIN code SE0022725438. The warrants are intended to be admitted to trading on Nasdaq Stockholm.

The warrants will be registered by Euroclear in a record day register in accordance with the Swedish Central Securities Depository and Financial Instruments Accounts Act (*Sw*. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument), which means that no warrant certificates will be issued.

COSTS IMPOSED ON INVESTORS

No costs are imposed on investors participating in the Offering. When trading in unit rights and paid subscribed units (BTU), however, brokerage is normally paid in accordance with applicable terms for securities trading.

UNIT RIGHTS

Each ordinary share owned on the record date entitles the holder to one (1) unit right. Thirteen (13) unit rights entitle to subscription of eight (8) units, consisting of three (3) shares and one (1) warrant series TO 1.

TRADING IN UNIT RIGHTS

Trading in unit rights will take place on Nasdaq Stockholm during the period from and including 20 August 2024 up to and including 29 August 2024 with trading name ACE UR. ISIN code for the unit rights is SE0022725453. Shareholders shall contact their bank or other nominee with the necessary authorization to carry out purchases and sales of unit rights. Unit rights that are purchased during the above trade period entitle to, during the subscription period, the same right to subscribe for units as the unit rights shareholders receive based on their holding in the Company on the record date.

NON-EXERCISED UNIT RIGHTS

Application for subscription of units by exercise of unit rights shall be made through simultaneous cash payment during the period from and including 20 August 2024 up to and including 3 September 2024. Please note that unit rights which are not exercised are void after the expiration of the subscription period and thus lose their value. Unit rights that are not exercised will be deregistered from each shareholder's VP account without notice from Euroclear. In order not to lose the value of the unit rights, they must either be exercised for subscription of units no later than 3 September 2024 or sold no later than 29 August 2024. Please note that the procedure for unit rights that are not exercised may vary depending on the nominee and in some cases unit rights are automatically sold in the event the nominee is not contacted well in advance before the expiration of the subscription period. For further information about each nominee's handling of unexercised unit rights, the nominee should be contacted separately.

ISSUE STATEMENT AND APPLICATION FORMS

DIRECTLY REGISTERED SHAREHOLDERS

Shareholders or representatives of shareholders who, on the record date 16 August 2024, are registered in the share register kept by Euroclear on behalf of the Company, will receive a pre-printed issue statement with attached payment notice. The complete Prospectus, special application form for subscription with unit rights and application form for subscription without unit rights will be available at the Company's website www.ascelia.com to download. Anyone who is included in the list of pledge holders and others, specifically kept in connection with the shareholder register, will not receive an issue statement but are noticed separately. VP notices, reporting the registration of unit rights on shareholders' VP accounts, will not be sent out.

SUBSCRIPTION WITH PREFERENTIAL RIGHTS

Subscription of units by exercise of unit rights shall be made through simultaneous cash payment during the period from and including 20 August 2024 up to and including 3 September 2024. Please note that it can take up to three banking days for the payment to reach the receiving account. Subscription and payment shall be made in accordance with either of the two options below:

1. *Issue statement – pre-printed payment notice from Euroclear*

In case all unit rights received on the record date are used for subscription of units, the pre-printed payment notice sent out by Euroclear shall be used as a basis for subscription through cash payment. The special application form shall in that case not be used. No additions or changes can be made to pre-printed text in the payment notice. Application for subscription is binding.

2. *Special application form*

In case a different number of unit rights than what appears from the pre-printed payment notice from Euroclear is used for subscription of units, the special application form shall be used. Application for subscription through cash payment shall be made in accordance with the instructions on the special application form. The pre-printed payment notice from Euroclear shall thereby not be used. The special application form can be ordered from Aqurat Fondkommission by phone or e-mail in accordance with the below. The application form can also be downloaded from the Company's website www.ascelia.com. The special application form shall be received by Aqurat Fondkommission no later than 15.00 CEST on 3 September 2024. Only one application form per person or legal entity will be considered. In case more than one application form is submitted, only the last one received will be considered. Incomplete or incorrectly completed special application forms may be discarded. Application for subscription is binding.

The completed application form shall be sent or handed to:

Aqurat Fondkommission
Regarding: Ascelia Pharma
P.O. Box 7461
SE-103 92 Stockholm, Sweden
Phone: +46 (0)8-684 05 800
Email: info@aqurat.se (scanned application form)

NOMINEE-REGISTERED SHAREHOLDERS

Shareholders whose holdings in the Company are nominee-registered with a bank or other nominee will not receive an issue statement. Subscription and payment, with and without preferential rights respectively, shall be made in accordance with instructions from the respective nominee.

SUBSCRIPTION WITHOUT PREFERENTIAL RIGHTS

Subscription of units without preferential rights shall be made during the same period as subscription of units with preferential rights, that is, from and including 20 August 2024 up to and including 3 September 2024. The board of directors of the Company may extend the period during which application for subscription and payment shall be made. Any extension of the subscription period will be published through a press release by the Company no later than the last day of the subscription period.

Application for subscription without preferential rights is made by completing, signing and sending the special application form to Aqurat Fondkommission at their address according to above. The special application form can be ordered from Aqurat Fondkommission by phone or e-mail in accordance with the above. The application form can also be downloaded from the Company's website www.ascelia.com and from Aqurat Fondkommission's website www.aqurat.se.

The special application form shall be received by Aqurat Fondkommission no later than 15.00 CEST on 3 September 2024. Only one (1) application form per person or legal entity will be considered. In case more than one application form is submitted, only the last one received will be considered. Incomplete or incorrectly completed special application forms may be discarded. Application for subscription is binding.

Please note that shareholders whose holdings are nominee-registered shall apply for subscription without preferential rights to their nominee in accordance with instructions form the respective nominee.

IMPORTANT INFORMATION

REQUIREMENT FOR NATIONAL ID NUMBER FOR NATURAL PERSONS

National ID or National Client Identifier is a global identification code for private individuals. According to directive 2014/65/EU ("**MiFID II**") all natural persons have, from and including 3 January 2018, a national ID number, and this number needs to be entered in order to carry out a securities transaction. If such number is not entered, Aqurat

Fondkommission might be unable to perform the transaction for the natural person in question. If you only have a Swedish citizenship, your national ID number consists of the designation "SE" followed by your social security number. If you have several citizenships or another citizenship than a Swedish, your national ID number may be another type of number. For further information about how to obtain the NCI number, contact your bank. Remember to inform yourself on your national ID number well in advance as the number needs to be stated on the application form.

REQUIREMENT FOR LEI CODE FOR LEGAL PERSONS

Legal Entity Identifier (LEI) is a global identification code for legal persons. According to MiFID II, legal persons have to, from and including 3 January 2018, have a LEI code in order to carry out a securities transaction. If such a code does not exist, Aqurat Fondkommission may be unable to perform the transaction for the legal person in question.

SUBSCRIPTION FROM ACCOUNTS WHICH ARE SUBJECT TO SPECIFIC RULES

Subscribers with accounts that are subject to specific rules for securities transactions, for example IPS accounts, ISK (Investment Savings Account) or depository/account in endowment insurance have to check with their respective nominees whether and how subscription of units may be made in the Rights Issue.

ALLOTMENT PRINCIPLES UPON SUBSCRIPTION WITHOUT PREFERENTIAL RIGHTS

If not all units are subscribed for by exercise of unit rights, allotment of the remaining units shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for units by exercise of unit rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of unit rights that each and every one of those, who have applied for subscription of units without exercise of unit rights, have exercised for subscription of units; secondly, to those who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of units the subscriber in total has applied for; and thirdly, to those who have provided guarantee commitments with regard to subscription of units, in proportion to such guarantee commitments. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

NOTICE OF ALLOTMENT UPON SUBSCRIPTION WITHOUT PREFERENTIAL RIGHTS

Notice of any allotment of units, subscribed for without preferential rights, is provided by sending an allotment notice in terms of a settlement note. Payment must be made no later than three (3) banking days after the issuance of the settlement note. No notice is given to persons who have not received allotment. If payment is not made on time, the allotted units may be transferred to someone else. Should the sale price in the event of such transfer fall below the price in the Offering, the person who originally received the allotment of these units may be liable for all or part of the difference.

Those who subscribe for units without preferential rights through their nominee will receive notice of subscription in accordance with its nominee’s routines.

SHAREHOLDERS RESIDING ABROAD

Shareholders residing outside of Sweden and Denmark (however, this does not refer to shareholders resident in the United States, Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland, or any other jurisdiction where participation would require additional prospectuses, registration, or other regulatory approvals) who are entitled to subscribe for units in the Rights Issue, may contact Aqurat Fondkommission by telephone according to the above for information on subscription and payment. Due to securities law restrictions in the United States, Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland, or any other jurisdiction where participation would require additional prospectuses, registration, or other regulatory approvals, no unit rights will be offered to holders with

registered addresses in any of these countries. Accordingly, no offer to subscribe for units in the Company is made to shareholders in these countries.

PAID SUBSCRIBED UNIT (BTU)

Subscription through payment is registered with Euroclear as soon as possible, which is normally a few banking days after payment. Thereafter, the subscriber receives a VP notice with confirmation that paid subscribed units (BTU) have been booked into the subscriber's VP account. The newly subscribed units are booked as BTU in the VP account until the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to take place around week 37, 2024. The ISIN code for BTU is SE0022725461.

TRADING IN BTU

Trading in BTU is intended to take place on Nasdaq Stockholm during the period from and including 20 August 2024 up to and including 20 September 2024.

RIGHT TO DIVIDEND

The new shares that are issued in connection with the Rights Issue entitle right to dividend from the first record date for dividends that fall after the issue resolution. Shares that are issued upon exercise of warrants series TO 1 entitle right to dividend from and including the first record date for dividends that fall after the subscription is executed in such a way that the shares have been registered as interim shares in the Company's share register.

PUBLICATION OF THE OUTCOME OF THE RIGHTS ISSUE

The outcome of the Rights Issue will be announced around 5 September 2024 by a press release from the Company.

ADMISSION TO TRADING

Ascelia Pharma's shares are traded on Nasdaq Stockholm under the ticker ACE and have ISIN code SE0010573113. The shares and warrants that are issued in connection with the Rights Issue will be subject to an application for admission to trading on Nasdaq Stockholm. The new shares and warrants are expected to be admitted to trading around week 39, 2024.

DELIVERY OF SHARES AND WARRANTS

As soon as the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to take place around week 37, 2024, BTU are converted to ordinary shares and warrants series TO 1 without notice from Euroclear. For shareholders with nominee-registered shareholdings, the information will be provided by each nominee.

DILUTION

Upon full subscription in the Rights Issue, the share capital will increase by a maximum of SEK 62,321,976 to SEK 97,193,153 by the issuance of a maximum of 62,321,976 new ordinary shares, resulting in that the total number of outstanding shares in the Company will increase from 34,871,177 to 97,193,153, whereof 96,079,722 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to participate in the Rights Issue will, provided that the Rights Issue is fully subscribed, have their ownership of ordinary shares diluted by approximately 65 percent, but are able to financially compensate for this dilution by selling their unit rights. Upon full subscription in the Rights Issue, and if all warrants series TO 1 are exercised in full, the share capital will increase by an additional maximum of SEK 20,773,992 to SEK 117,967,145, by the issuance of an additional maximum of 20,773,992 ordinary shares, resulting in that the total number of outstanding shares in the Company will increase to 117,967,145, whereof 116,853,714 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to exercise their warrants will, provided that the Rights Issue is fully subscribed and the warrants are exercised in full, have their ownership diluted by an additional maximum of approximately 18 percent. The total dilution, upon full subscription in the Rights Issue and full utilization of all warrants, thereby amounts to a maximum of approximately 71 percent of the total number of ordinary shares in the Company after the Rights Issue.

OTHER

The board of directors of the Company is not entitled to terminate, revoke or temporarily withdraw the Offering to subscribe for units in the Company in accordance with the terms and conditions in the Prospectus. Subscription of units is irrevocable, and the subscriber may not cancel or modify a subscription of units. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is late, insufficient, or paid incorrectly, the subscription may be disregarded or subscription may be made with a lower amount. Payments that are not used will in that case be repaid. If multiple application forms of the same category are submitted, only the application form that was last received by Aqurat Fondkommission will be considered. Late payment of amounts less than SEK 100 will only be repaid on request. Registration of the Rights Issue with the Swedish Companies Registration Office is expected to take place around week 37, 2024.

Since Ascelia Pharma conducts essential services according to the Swedish Screening of Foreign Direct Investments Act (*Sw*. lagen (2023:560) om granskning av utländska direktinvesteringar), certain investments in the Rights Issue may require review by the Inspectorate of Strategic Products (ISP). Ascelia Pharma will, no later than in connection with the publication of the Prospectus, publish more information about this on the Company's website, www.ascelia.com.

OVERVIEW OF ASCELIA PHARMA'S BUSINESS AND MARKET

Below is a brief description of the markets in which Ascelia Pharma operates. The Company has accurately reproduced third party information and, as far as the board of directors of the Company is aware and can ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company believes that these external sources are reliable but has not independently verified them and cannot guarantee the accuracy or completeness of the information. Accordingly, the projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances may differ materially from the expectations expressed or implied herein.

ACTIVITIES IN BRIEF

Ascelia Pharma is a pharmaceutical company specializing in the development and commercialization of orphan drugs in oncology. The company is based in Malmö, Sweden and focuses on the development of novel drugs with an established mode of action. Ascelia Pharma currently has two product candidates in clinical development. The lead product candidate, Orviglance, has recently completed a pivotal Phase 3 study with successful results and is an MRI contrast agent for visualization of focal liver lesions in patients with known or suspected focal liver lesions and impaired kidney function. Orviglance has been granted orphan drug designation by the FDA. The second product candidate, Oncoral, is prepared for Phase 2 studies for the treatment of gastric cancer and is a novel tablet formulation of the already established chemotherapeutic drug irinotecan.

THE COMPANY'S HISTORY IN BRIEF

The Company's operations were commenced in 2000, focusing on the development of Orviglance (then named CMC001). Orviglance was developed by Professor Henrik Thomsen from the Herlev Hospital in Denmark and was subsequently acquired by the Company (then CMC Contrast AB) which set up its operations in Lund, Sweden. In 2011, the Company decided to refocus the development of Orviglance on patients with renal impairment in need of liver MRI but who are intolerant to gadolinium-based contrast agents ("**GB contrast agents**"). In subsequent years, several important regulatory and commercial milestones have been met, thus validating the Company's strategy. In order to leverage the Company's capabilities and further strengthen its pipeline, Ascelia Pharma's board of directors decided to acquire an additional clinical-stage product candidate. After an extensive search and evaluation process, the subsidiary Oncoral Pharma ApS was acquired in June 2017, after which the Company changed its name to Ascelia Pharma AB. The company is listed on Nasdaq Stockholm since 2019. In 2020, the Company initiated the pivotal Phase 3 study SPARKLE with Orviglance. In June 2020, the Company carried out a directed share issue of approximately MSEK 98.7 in order to increase pre-commercial activities ahead of the planned market launch of Orviglance. In March 2021, the Company carried out another new share issue of approximately MSEK 200 to finance the continued development of Oncoral in Phase 2 and accelerate the commercial preparations for Orviglance. In 2022, successful results from several studies of Orviglance were presented. In early 2024, Ascelia Pharma secured financing totaling MSEK 35 to secure the Company's cash position and complete time-critical activities for an NDA submission to the FDA. Patient enrolment for the SPARKLE study was completed in February 2023 and in May 2024 the Company communicated positive headline results from the study. Orviglance significantly (p-value <0.001) improved the visualization of focal liver lesions and thereby met the primary endpoint in the pivotal Phase 3 study.

MISSION AND VISION

Ascelia Pharma's mission is to improve the life expectancy and quality of life for patients with cancer and cancer-related conditions.

Ascelia Pharma's vision is to be a leader in identifying, developing and commercializing novel drugs that address unmet needs of people with rare cancer conditions.

PRODUCT CANDIDATES

ORVIGLANCE

Background, history and development work

Ascelia Pharma's lead product candidate, Orviglance, has recently successfully completed a pivotal Phase 3 study and is an MRI contrast agent intended for the visualization of focal liver lesions in patients where GB contrast agents should not be used due to impaired drug elimination (e.g. patients with severe renal insufficiency) or where GB contrast agents cannot be administered. Orviglance has also completed eight Phase 1 and Phase 2 studies without any serious product safety concerns being identified. In addition, these studies have demonstrated a desirable and good contrast effect in the liver after administration of Orviglance to healthy volunteers and patients, which means that the product candidate is well positioned to address the unmet medical need to detect and localize liver metastases and primary cancer in patients with severe renal impairment. Orviglance is targeting a global addressable market of MUSD 800 per year with 100,000 MRI procedures in the target patient population in the United States alone. The assessment has been made by the Company and is based on epidemiological, prevalence and market research data conducted by third parties.[3,4] Furthermore, to the Company's knowledge, all current contrast agents on the market are based on the heavy metal gadolinium, a metal that risks causing serious side effects for patients with renal impairment.[5]

The liver is the organ most frequently affected by metastases,[6] that is, disseminated cancer. Up to 50-70 percent of patients with advanced colorectal cancer develop liver metastases and liver metastases appear to play a critical role in the cause of death in patients with breast or colorectal cancer.[7] Accurate diagnosis is crucial for the management of patients with liver metastases and imaging has an important role in the initial assessment of cancer, preoperative planning, monitoring the effectiveness of treatment and in relapse surveillance. If liver metastases from colorectal cancer are detected early and reliably assessed for recurrence, survival rates can be significantly improved.[8]

To the best of the Company's knowledge, magnetic resonance imaging (MRI) is the best imaging technique for both initial assessment of cancer stage and monitoring of liver metastases. MRI scans use radio waves and powerful magnets and do not expose the patient to ionizing radiation, unlike CT and PET.[9] During an MRI scan, a contrast agent is administered, a substance with magnetic properties that makes tissue changes appear more clearly on the image.[10]

Current contrast agents on the market are not suitable for everyone. Patients with severely impaired kidney function risk serious side effects from the heavy metal gadolinium, which is present in current contrast agents.[11] To the Company's knowledge, Orviglance is the first contrast agent candidate in the world to be granted orphan drug designation by the FDA for use in MRI scans where the use of GB contrast agents is not medically advisable or cannot be administered.

Orviglance is administered orally and is intended for use in liver MRI scans. It is manganese-based, which is a natural trace element in the body. Manganese is absorbed in the small intestine and then transported to the liver where it is taken up by healthy liver cells. The high uptake of manganese by liver cells makes normal liver tissue appear bright on MRI images, while metastases and tumors appear darker as they do not take up as much manganese. It is this contrast effect that makes the detection of metastases more effective than in non-contrast scans. From the liver, manganese is excreted via the bile and further via the feces.

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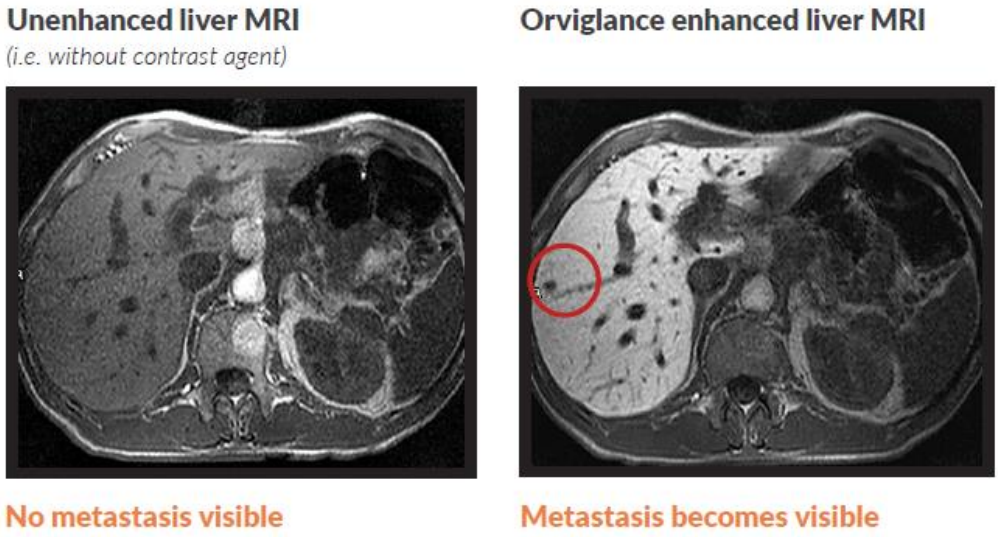
[3] Ascelia Pharma market research on actual DRG volumes (2020).
[4] Market research and analyses with Charles River Associates (2020), Triangle (2020) and Trinity (2022), including 75 expert interactions.
[5] Ascelia Pharma market research with Two Labs including 254 US HCPs (2022).
[6] National Library of Medicine, 2015.
[7] Riihimäki, M. et al. Patterns of metastasis in colon and rectal cancer. Sci. Rep. 6, 29765; doi: 10.1038/srep29765 (2016); Journal of Pathology, 2014, 232:23-31.
[8] CancerCare, 2022.
[9] American Cancer Society, 2018.
[10] Rinck, Peter A. (2024). "Magnetic resonance contrast agents". Magnetic Resonance in Medicine. A critical introduction.
[11] Fraum TJ, Ludwig DR, Bashir MR, Fowler KJ. Gadolinium-based contrast agents: A comprehensive risk assessment. J Magn Reson Imaging. 2017 Aug;46(2):338-353. doi: 10.1002/jmri.25625. Epub 2017 Jan 13. PMID: 28083913.

Patient example from the Orviglance Phase 2 study.



The image is the Company's own.

Due to the route of administration, absorption and excretion of Orviglance, only small amounts of manganese reach the blood stream, contributing to low systemic exposure. Gadolinium-based contrast agents in use today have been linked to the serious condition Nephrogenic Systemic Fibrosis (NSF) in patients with severely reduced kidney function. Regulatory authorities worldwide have therefore advised against or warned against the use of these contrast agents in patients with severe renal impairment (defined as glomerular filtration rate, eGFR <30mL/min/1.73m2, i.e. patients with stage 4 or 5 chronic kidney disease and patients with acute kidney injury). In summary, in the Company's opinion, there is a high unmet medical need for Orviglance as there is no safe alternative for patients with renal impairment in need of an MRI scan.

The Company's clinical program consisted of nine studies - eight Phase 1 and 2 studies and one pivotal Phase 3 study (SPARKLE). The eight Phase 1 and 2 studies and the pivotal Phase 3 study with a total of 286 subjects have all been completed.

The results of the eight completed Phase 1 and 2 studies indicated that Orviglance was safe and well tolerated with mostly reports of transient, mild to moderate gastrointestinal side effects (diarrhea and nausea). Furthermore, it was observed that the diagnostic quality increased, thereby providing stronger support for Orviglance as an effective non-gadolinium contrast agent candidate.

In 2021/2022, a further re-read of MRI images from a study originally designed to evaluate the efficacy of Orviglance compared to a GB contrast agent in 20 patients with liver metastases was performed. This re-read used exactly the same evaluation method for the primary endpoint of lesion visualization as has been used in the pivotal Phase 3 study: three blinded and independent radiologists scored the border lineation and lesion contrast on unenhanced MRI images and with Orviglance as contrast agent. The results of this new analysis confirmed that Orviglance-enhanced liver images were comparable to gadolinium-enhanced images and Orviglance provided superior liver MRI enhancement vs. unenhanced MRI.

SPARKLE was started after six of the Phase 1 and 2 studies were completed. During the course of SPARKLE, a study investigating the effect of food intake shortly before Orviglance dosing on image quality (a 'food effect study') and an additional study investigating safety and pharmacokinetics in patients with varying degrees of liver impairment were also completed. The food effect study showed that the enhancement of the Orviglance image signal after a light meal was comparable to the signal strength during fasting. The study in patients with hepatic impairment showed that the majority of manganese excretion is via the bile, with a very limited amount via the kidneys. No new adverse events were identified in the study.

To validate the results of the early clinical studies and to provide guidance on the design of SPARKLE, the Company has evaluated all imaging data through a blinded study, which has been presented at various radiology conferences. The blind study included 178 healthy volunteers and patients. The results confirmed that Orviglance significantly improved the quality of MRI images and showed that 33 percent more lesions were detected when Orviglance was used than when MRI was used without contrast agent.

The SPARKLE study, which ended in May 2024, was a global multicenter study of 85 patients with suspected or known focal liver lesions and at the same time severely impaired kidney function. The primary objective of the study was to demonstrate an improved visualization of liver lesions compared to MRI without contrast agent. Patient enrolment in SPARKLE was completed in early 2023, with MRI data from 85 patients with known or suspected focal liver lesions and severe renal impairment. In line with regulatory requirements, the improvement in visualization of liver lesions was read by three independent radiologists (readers). In mid-2023, the unexpected discovery of high intra-reader variability in the image scoring by the readers led to data from the SPARKLE not being able to be reported based on the performed readout. Due to this, it was decided that a new readout of the images with new independent readers would be conducted, which the Company recently completed successfully.

The headline results of the new readout were announced in May 2024 and showed positive results. The study successfully met the primary endpoint and showed that the Company's contrast agent for MRI, Orviglance, significantly improved the visualization of focal liver lesions compared to unenhanced MRI. The results for all three readers had high statistical significance (p-value < 0.001). The reliability of the results was strong and conclusive for all readers, including an acceptable level of variability. Furthermore, common adverse events in this vulnerable patient population were in line with previous studies with Orviglance, such as mild to moderate nausea. No serious adverse effects were observed.

The clinical development of Orviglance is now finalized with consistent positive efficacy and safety data from 286 patients and healthy volunteers in nine clinical studies, of which SPARKLE is the final and pivotal study.

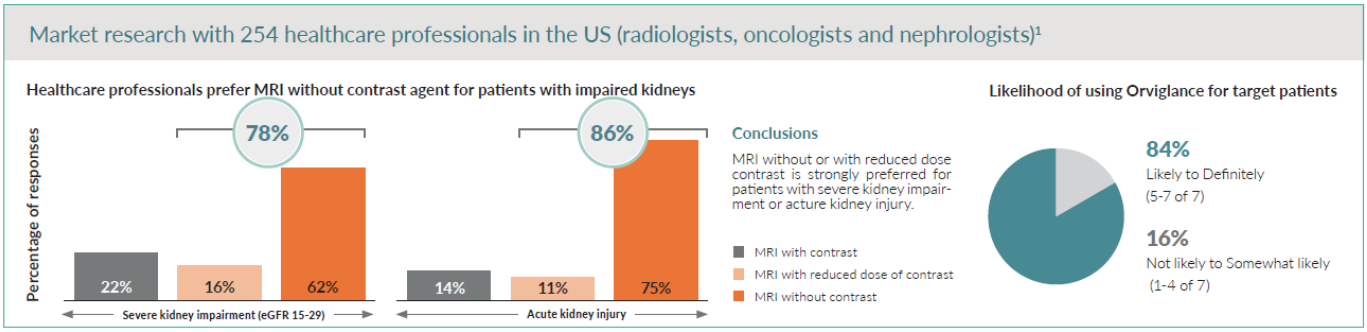
Ongoing development work and planned market launch

The Company will now focus on bringing Orviglance through the regulatory application and approval process. In parallel, the Company will continue to advance launch readiness and continue the dialogue with potential commercialization partners to make Orviglance available to patients who need high-quality liver imaging without the safety risks associated with gadolinium.

Ascelia Pharma has initiated time-critical preparations and activities related to an NDA submission to the FDA, i.e. the application submitted as a basis for the FDA's final approval of the drug for sale and marketing in the United States. The Company expects to submit the application to the FDA in mid-2025, i.e. in the period from the second half of the second quarter to the first half of the third quarter of 2025.

Ascelia Pharma has identified a good business opportunity in offering contrast-enhanced liver imaging that is not associated with gadolinium safety risks for patients with poor kidney function. Healthcare professionals, payers and other key decision makers in radiology are well aware of the regulatory black-box warning on the use of gadolinium-based contrast agents (GBCA). Market research conducted in collaboration with third parties shows that nearly 90 percent of healthcare professionals believe that there are risks associated with the use of GBCAs, such as the risk of NSF.

The risks of gadolinium impact clinical decisions. The preferred imaging choice for patients where gadolinium use is medically inadvisable is an MRI without contrast, or with a lower-risk non-liver specific GBCA. Both of these reduce the ability of clinicians to find and treat focal liver lesions, ultimately impacting the patient’s treatment and chance of survival. Market research shows that key decision makers are likely or certain to use Orviglance for the target patient population. Ascelia Pharma therefore believes that Orviglance is well positioned to address the need for a liver imaging option for cancer patients with poor kidney function.



1) As part of the preparations for Orviglance launch, Ascelia Pharma conducted primary market research in the US with Two Labs. The research covered 16 interviews and a survey among 254 HCPs, including 154 radiologists, 50 nephrologists and 50 oncologists. The research was conducted end 2021/early 2022.

The commercialization strategy for Orviglance is to enter into partnerships. This strategy enables the Company to leverage established commercialization capabilities and thereby maintain a lower investment requirement for market launch. Ascelia Pharma's focus is to create value by ensuring that Orviglance is ready for launch and collaboration with a partner, by preparing for optimal utilization of key stakeholders at launch.

The Company has built a solid commercialization plan. Ascelia Pharma has worked with key opinion leaders to establish Orviglance as an alternative to gadolinium-based MRI contrast agents. Furthermore, the Company has mapped how the reimbursement will be paid, and investigated and arrived at a reasonable pricing for Orviglance. Finally, there are also good competences among the Company's employees. In total, the team in Hyllie has experience from more than 20 global drug launches with a primary focus on the United States.[12]

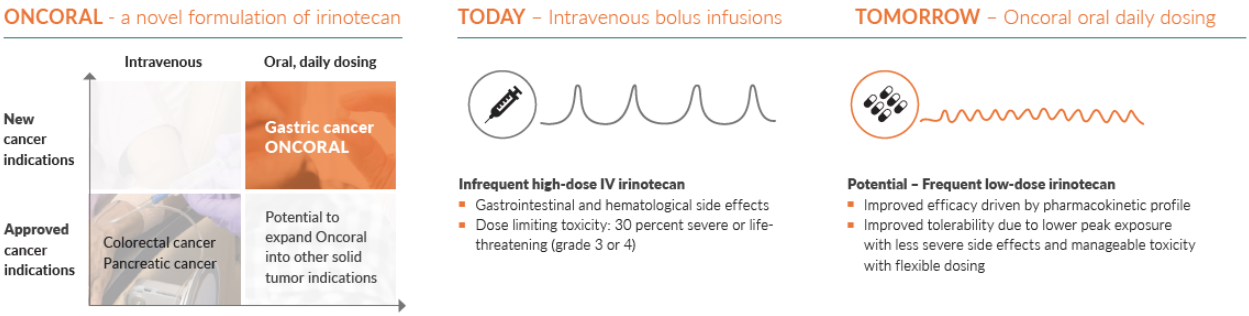
ONCORAL

Background, history and development work done so far

In addition to Orviglance, which has been the Company's primary focus to date, the development of Oncoral, a product candidate initially developed for the treatment of advanced gastric cancer, continues. Oncoral is a patented tablet formulation of the topoisomerase I inhibitor irinotecan, a chemotherapy drug with a well-established role and potent anti-tumor activity in the treatment of various types of cancer. Irinotecan is currently only administered intravenously in high doses, which entails a trade-off between desired treatment effect and patient tolerability. These treatments cause less optimal outcomes in many cancers and are associated with significant toxicity, psychological distress, medical complications and longer hospitalizations. Furthermore, hospital costs represent a significant proportion of the cost of chemotherapy treatments, particularly due to the requirement for a continuous IV therapy.

Oncoral is a tablet formulation of irinotecan taken daily in low doses, also known as metronomic dosing. This has several potential benefits. Oncoral is easier to take and requires fewer doctor visits and/or hospitalizations. Furthermore, metronomic dosing leads to improved tolerability due to lower systemic peak exposure and therefore less side effects, infections and other complications. In addition, Oncoral has the potential to be combined with other chemotherapies and cancer drugs to potentially enable an all-oral combination option, which may reduce the treatment burden, improve adherence and thereby improve patient outcomes. The effectiveness of treatment is potentially higher as metronomic dosing optimizes the exposure of the cytotoxic active metabolite SN-38, maximizing the anti-tumor effect.

[12] Ascelia Pharma 2023, Ascelia Pharma presents on Investor Day 25 May 2023.

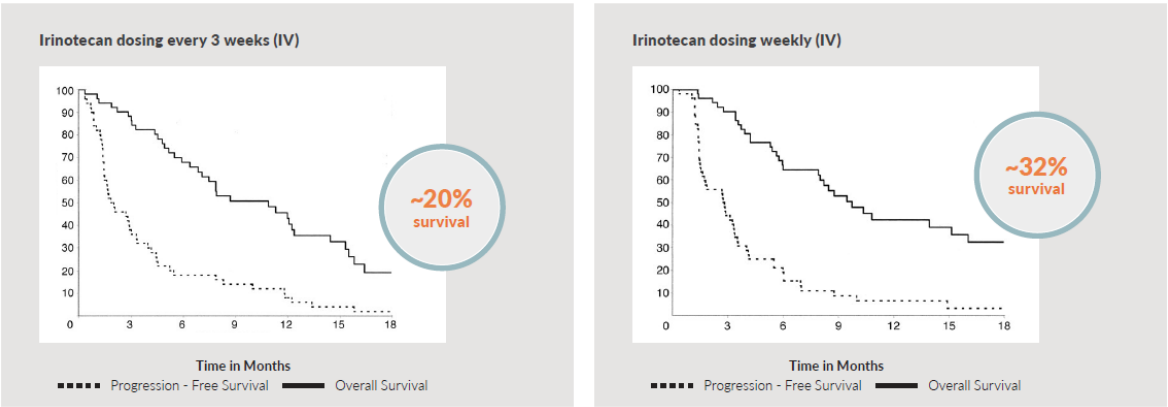


Ascelia Pharma Annual Report 2023

A Phase 1 study of Oncoral was previously conducted with promising results at the Herlev Hospital in Denmark. The study was a dose-escalation study investigating the safety, tolerability and pharmacokinetics of Oncoral administered orally to adult patients with advanced solid tumors. The objectives of the study were to determine the safety, tolerability and maximum tolerated dose of Oncoral when given as a single agent and when given in combination with another oral chemotherapeutic drug. Additional objectives were to determine all cases of objective tumor responses or stable disease, and to describe the pharmacokinetics of Oncoral administered as a single agent. The first patient was enrolled in July 2015, and a total of 25 patients were included in the part of the study where Oncoral was given as a single drug. The second part of the study, in which Oncoral was given in combination with the other oral chemotherapy, started in June 2017 and included a further 12 patients.

The Company believes that there are several strong arguments in favour of focusing on gastric cancer. Gastric cancer is a major unsolved medical problem where optimal treatment options are lacking, especially for advanced gastric cancer. Furthermore, several non-clinical and clinical studies have shown proof-of-concept for metronomic dosing, including improved patient outcomes. A Phase 2 study of irinotecan dosing in patients with metastatic breast cancer showed an improvement in overall survival with frequent low-dose irinotecan. Overall survival increased from 20 percent with a high intravenous dose every three weeks to 32 percent with weekly dosing at a lower dose. [13]

OVERALL SURVIVAL: STUDY IN PATIENTS WITH METASTATIC REFRACTORY BREAST CANCER, N=103



Oncoral also has the potential for orphan drug designation as gastric cancer is considered an orphan indication by the FDA and the EMA. Finally, there is also potential for synergy between irinotecan and other cancer drugs.

Planned development work

There is still a large unmet medical need for better treatment options in gastric cancer. The market for gastric cancer drugs is estimated to exceed USD 3 billion annually.[14] Many patients are diagnosed with gastric cancer, but the geographical distribution of gastric cancer patients is uneven. In Asia, it is a disease with a high prevalence and

[13] Perez et al. J Clin Oncol 2004: Randomised Phase II Study of Two Irinotecan Schedules for Patients With Metastatic Breast Cancer Refractory to an Anthracycline, a Taxane, or Both.
[14] GlobalData, 2023.

diagnosis rate and in China approximately 400,000 patients are diagnosed per year.[15] In contrast, in the United States and Europe, gastric cancer is a rare disease, which can lead to a product being granted orphan drug designation.

According to the FDA and EMA, gastric cancer is considered an orphan drug indication. The Company therefore believes that Oncoral has the potential to be designated as an orphan drug for this cancer. Irinotecan has already been approved for other metastatic cancer indications and is authorized for gastric cancer treatment in Japan, which significantly reduces the risk of the development plan.

The next step in the clinical development strategy for Oncoral is to initiate a Phase 2 study and then establish collaborations for further development towards the market to the extent that funding opportunities allow. In the planned Phase 2 study, the Company will collaborate with Taiho Oncology Inc. Taiho Oncology Inc. will provide its oral drug Lonsurf, currently used for the treatment of metastatic gastric cancer, to explore potential synergistic effects between the two drugs. The study will be conducted over two to two and a half years in approximately 100 patients with metastatic gastric cancer. The primary endpoint planned is progression-free survival, which is standard for a Phase 2 study in oncology. The aim of the study is to compare the efficacy of treatment with both Lonsurf and Oncoral against the efficacy of Lonsurf alone, in order to investigate possible synergies.

In addition to gastric cancer, there is a subsequent possibility to extend the treatment to other cancers where irinotecan has also been shown to be effective. There are several options for commercialization, such as licensing Oncoral, further collaboration on development, marketing and sales, or allowing a larger player to acquire Oncoral. The prospects for an acquisition are favorable as activity in the oncology transaction market is expected to increase in the coming years, a trend driven by expiring patents, large cash balances of pharmaceutical companies and increased innovation in the sector.[16]

ORPHAN DRUG DESIGNATION

In large pharmaceutical markets such as the United States and the EU/EEA, orphan drug designation can be obtained for potential drugs targeting small patient populations (i.e. drugs intended for the treatment of rare diseases or conditions affecting fewer than 200 000 individuals in the United States or with a prevalence of <5 in 10 000 individuals in the EU/EEA).[17,18] Orphan drug designation is a regulatory tool that aims to incentivize pharmaceutical companies to develop drugs for small patient populations. The main benefit of orphan drug designation is that orphan drugs can obtain market exclusivity for a limited period of time equivalent to seven years in the United States and ten years in the EU/EEA upon market authorization.[19,20] Orviglance, which has been evaluated in nine clinical studies, including the recently completed pivotal Phase 3 study, has received orphan drug designation from the FDA in the United States for liver imaging in patients with severe renal impairment. Ascelia Pharma believes that Oncoral also has the potential to obtain orphan drug designation, given that the tablet formulation is intended for the treatment of advanced gastric cancer, which the FDA and EMA already consider an orphan drug indication.

The global orphan drug market is steadily growing and has been on the rise over the last 20 years, with an increasing number of drugs receiving orphan drug designation and market authorization.[21,22] The patient populations for orphan drugs are inherently smaller than for non-orphan drugs, while the median cost of orphan drugs is significantly higher than for non-orphan drugs. The large and continuously growing market for orphan drugs demonstrates a continued interest in orphan drugs by public authorities and the success of orphan drug regulations in motivating pharmaceutical industry players to focus on rare diseases with small patient populations.

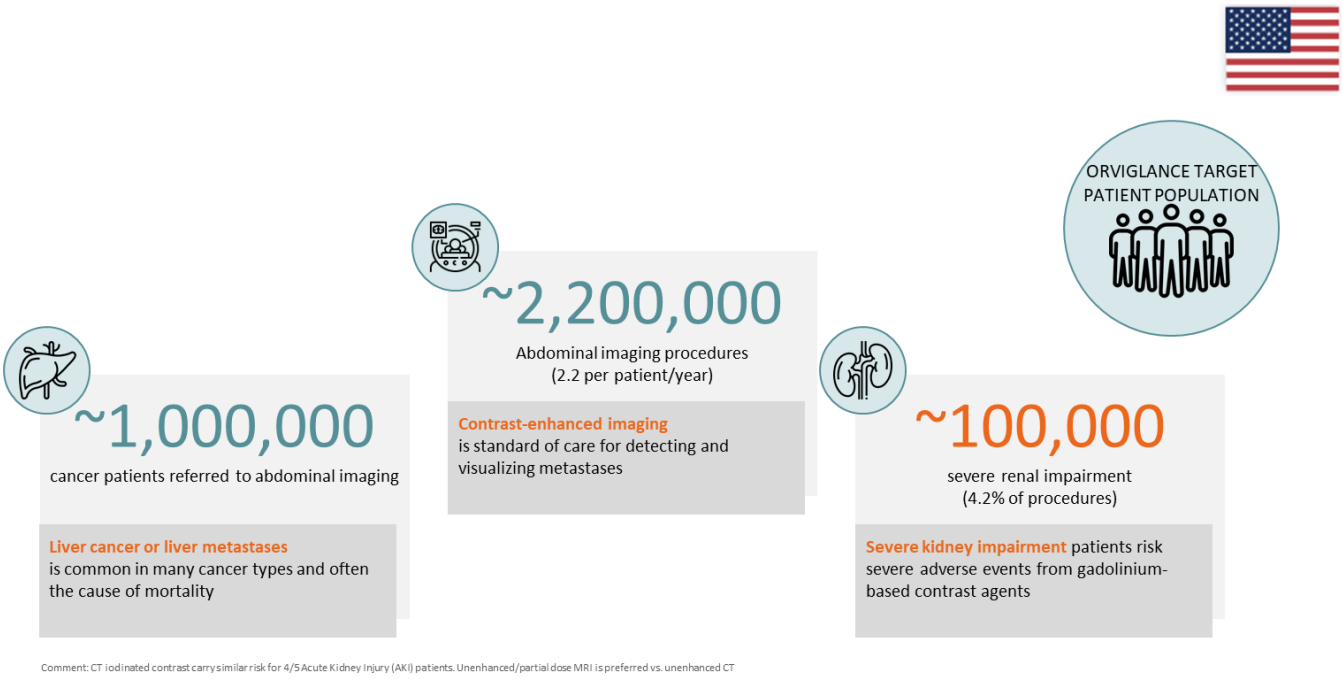
[15] Ascelia Pharma, Annual Report, 2023.
[16] White & Case, 2024, https://mergers.whitecase.com/highlights/oncology-dealmaking-fuels-biotech-ma#.
[17] Orphan Drug Act, 1983.
[18] European Medicines Agency (EMA), Orphan designation: Overview, 2023.
[19] Food and Drug Administration (FDA), Designating an Orphan Product: Drugs and Biological Products, 2022.
[20] European Medicines Agency (EMA), Orphan designation: Overview, 2023.
[21] EvaluatePharma 2017, EvaluatePharma 2023.
[22] Miller KL, Lanthier M. Investigating the landscape of US orphan product approvals. Orphanet J Rare Dis. 2018;13(1):183. doi: 10.1186/s13023-018-0930-3.

ADDRESSABLE MARKETS IN CANCER TREATMENT

The globally addressable market for Orviglance is estimated at MUSD 800 per year. The market estimate is based on patients with primary liver cancer or liver metastases and severe renal impairment (approximately 4 percent), actual MRI scans[23] , and opinions from payers and experts (75+ stakeholders).[24]

Orviglance has an attractive market opportunity due to the well-defined patient population. Orviglance offers contrast-enhanced liver imaging for cancer patients with poor kidney function that is not associated with gadolinium safety risks for patients with poor kidney function, thereby meeting the increased demand for alternatives to toxic gadolinium.

WELL-DEFINED PATIENT POPULATION[25, 26, 27, 28, 29, 30, 31]



Cancer treatment remains the highest priority in pharmaceutical research due to rising incidence and prevalence rates, driven by a growing and ageing world population. More than 35 million new cancer cases are estimated by 2050, representing a 77 percent increase from the approximately 20 million cases in 2022.[32] Early diagnosis of cancer cases can significantly reduce cancer mortality. [33]

The primary goal of cancer treatment is to cure cancer or significantly prolong survival and improve patients' quality of life. Today, there are several cancer treatments that can reduce or delay mortality, but there is still a strong demand for new and better treatments, as reflected in the expected growth of the cancer treatment market.[34]

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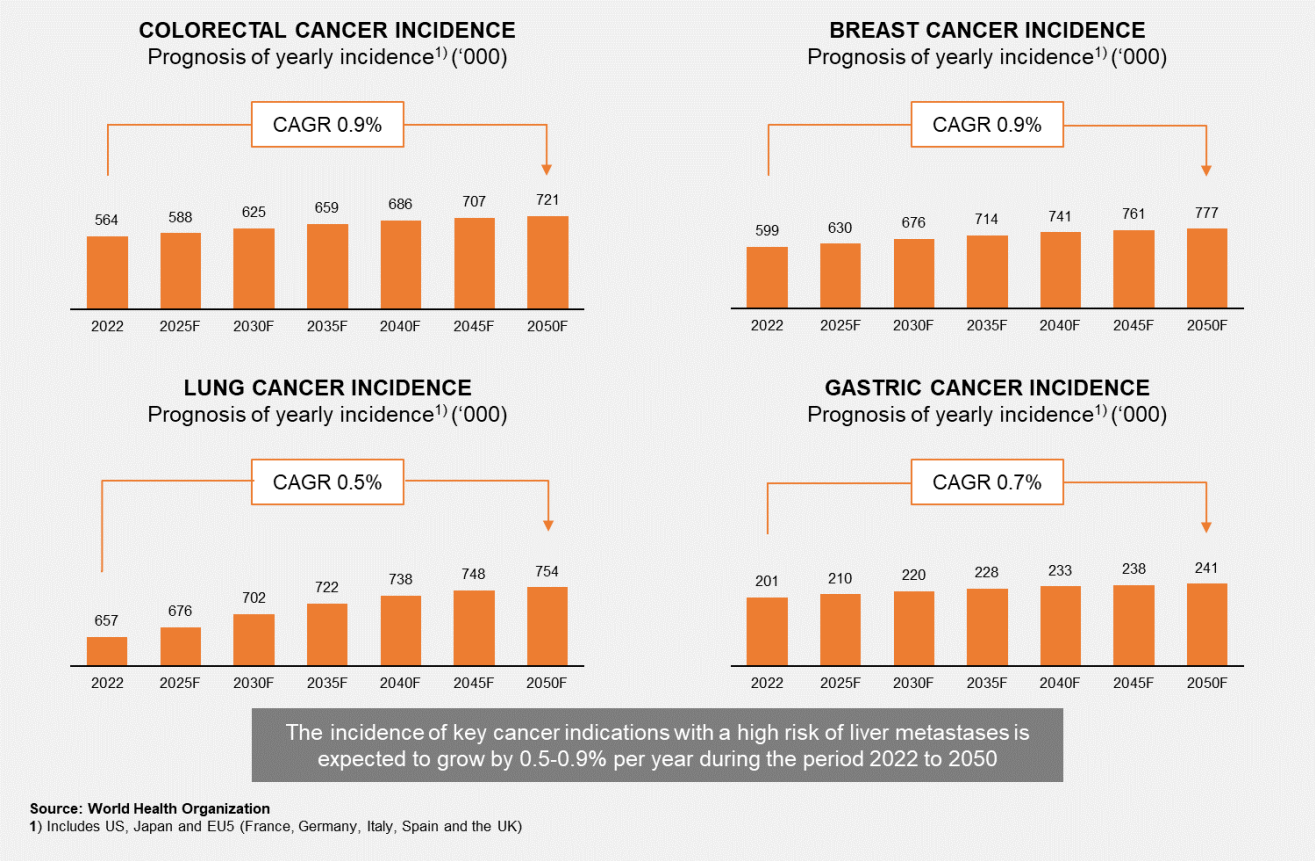
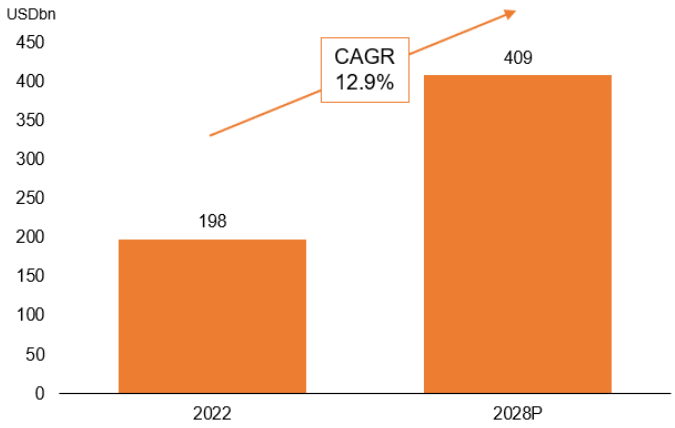
[23] Ascelia Pharma market research on real-world volumes with DRG (2020).
[24] Market access research and analyses with Charles River Associates (2020), Triangle (2022) and Trinity (2022), incl. 75 stakeholder and expert interactions. Final pricing and access strategy subject to Phase 3 data and payer evidence.
[25] Ascelia Pharma's analysis based on CRG Clarivateanalysis with 2019 US data.
[26] Ascelia Pharma's market analysis with 270 healthcare experts (radiologists, oncologists, nephrologists) of Two Labs Pharma services Dec 2021-Jan 2022.
[27] The Global Cancer Observatory. 2020 (https://gco.iarc.fr).
[28] B.Stengel. (2010) Chronic kidney disease and cancer: a troubling connections.
[29] J.Nephrol. 2010;23(3): 253-262.
[30] Ann Surg Oncol (2013) 20:3885-3891, Risk of Colorectal Cancer in Chronic Kidney Disease.
[31] Wu et al. N. Hill et al (2016). Global Prevalence of Chronic Kidney Disease - A Systematic Review and Meta-Analysis.
[32] Globocan, 2022.
[33] WHO, Promoting cancer early diagnosis.
[34] IQVIA, Global Oncology Trends 2023.

Cancer is the leading cause of death globally and is estimated to have caused around 10 million deaths in 2022[35] which corresponds to one in seven deaths.[36] The most common cancers are breast, lung, colorectal and prostate. The global trend of increasing cancer incidence means that it is likely that the number of people living with cancer will increase significantly in the coming years. Below is an illustration of the global cancer incidence and the projected increase in incidence for four cancer indications of particular relevance to Ascelia Pharma.



Source: World Health Organization
1) Includes US, Japan and EU5 (France, Germany, Italy, Spain and the UK)

As a result, the oncology pharmaceutical market is expected to grow as the pipeline of new cancer treatments on the global market continues to expand. Current estimates show that while oncology sales totaled USD 198 billion in 2022, this figure is expected to grow to USD 409 billion by 2028 (see figure below).



The global oncology market is expected to grow from USD 198 billion to USD 409 billion corresponding to a CAGR of 12.9%.

Source: Global Oncology Trends 2024: Outlook to 2028, IQVIA

[35] Globocan, 2022.
[36] Our World in Data, 2022.

One challenge faced by patients and doctors is that cancer is usually detected at a late stage. Significant improvements can therefore be achieved by detecting the cancer early and thus avoiding delaying optimal treatment of the patient. When cancer is detected at an early stage, the disease is more likely to respond to effective treatment, leading to improved survival rates for patients and, overall, lower treatment costs. For cancer survivors, cancer recurrence and further cancers are two of the biggest health risks, but like first-time cancers, recurrent cancers can also be successfully treated if diagnosed correctly and in a timely manner. Therefore, there is a significant need for new and improved methods of cancer detection and treatment.

THE MARKET FOR GASTRIC CANCER TREATMENT

Gastric cancer is a serious disease in which cancer cells form in the lining of the stomach and is the third most deadly cancer for both sexes.[37] As far as the Company is aware, the five-year survival rate in the United States and Europe is low, only around 20 percent. As gastric cancer rarely presents symptoms in early stages, the majority of gastric cancer patients are diagnosed at an advanced stage and/or have disease recurrence within five years.[38] The current treatment of recurrent or advanced gastric cancer includes chemotherapy (chemo), generally as a combination of two to three drugs.[39] There are several chemotherapeutic drugs on the market, and one well-established and effective molecule is irinotecan. Irinotecan has a proven anti-tumor effect and is approved for combination use in several solid cancer indications. [40]

As far as the Company is aware, irinotecan is currently used mainly for treating metastasized colorectal and pancreatic cancer. However, although irinotecan is not currently approved for the treatment of gastric cancer in the United States and Europe, there is off-label clinical use (i.e. when healthcare professionals use an authorized drug to treat a patient in a way that is not covered by the market authorization or described in the drug's summary of product characteristics).[41] Irinotecan has also been recognized in clinical guidelines (ESMO, ASCO, NCCN) in monotherapeutic or combination treatment regimens for advanced gastric cancer.[42, 43, 44] In addition, irinotecan is approved in Japan for the treatment of metastatic gastric cancer.[45] This, combined with the aforementioned benefits of oral administration, is the background to Ascelia Pharma's focus on the use of irinotecan as an oral formulation for the treatment of gastric cancer. Although the focus has been on gastric cancer, the Company is investigating the possibility of future use in other indications as well.

Almost all gastric cancers are adenocarcinomas (cancers that begin in the glandular tissue) and some types of gastric cancer overexpress the HER2 molecule.[46] However, to the Company's knowledge, at least 80 percent of gastric cancer patients are HER2-negative (i.e. they do not overexpress the HER2 molecule), which means that they cannot be treated with therapies targeting the HER2 molecule. Gastric cancer is often advanced when it is diagnosed, and at this stage it is often treatable, but rarely curable.[47] It is worth noting that there are significant geographical differences in the incidence of gastric cancer. In Japan, the incidence is more than twice as high as the combined incidence in Europe and the United States.[48] However, the five-year survival rate in Japan is 77 percent, which is higher than in the United States, where the five-year survival rate is 36 percent.[49]

CURRENT TREATMENT OPTIONS FOR ADVANCED GASTRIC CANCER

Chemotherapy, either in double or triple combination, is the current standard of care in first-line treatment of advanced gastric cancer. A common first-line chemotherapy regimen is 5-FU or capecitabine in combination with

[37] Globocan, 2022.
[38] John Hopkins Medicine, 2024.
[39] Cancer Research UK, 2022.
[40] Kciuk M, Marciniak B, Kontek R. Irinotecan-Still an Important Player in Cancer Chemotherapy: A Comprehensive Overview. Int J Mol Sci. 2020 Jul 12;21(14):4919. doi: 10.3390/ijms21144919. PMID: 32664667; PMCID: PMC7404108.
[41] Wolters Kluwer, UpToDate, 2017.
[42] Annals of Oncology (2022), F. Lordick, F. Carneiro, S. Cascinu, T. Fleitas, K. Haustermans, G. Piessen, A. Vogel & E. C. Smyth, on behalf of the ESMO Guidelines Committee.
[43] Manish A. Shah et al, Immunotherapy and Targeted Therapy for Advanced Gastroesophageal Cancer: ASCO Guideline. JCO 41, 1470-1491(2023). DOI:10.1200/JCO.22.02331.
[44] NCCN, Guidelines for Patients: Stomach Cancer, 2023.
[45] K. Tanabe et al, Phase II/III study of second-line chemotherapy comparing irinotecan-alone with S-1 plus irinotecan in advanced gastric cancer refractory to first-line treatment with S-1 (JACCRO GC-05), 2015, DOI:https://doi.org/10.1093/annonc/mdv265.
[46] National Cancer Institute, 2024.
[47] Cancer Research UK, 2022.
[48] Globocan, 2022.
[49] American Cancer Society, 2024.

platinum agents (possibly with the addition of epuribicin or a taxane). 5-FU can be given either as an intravenous injection over a short period or over several days as a continuous infusion. In the latter case, 5-FU is often given through a small portable pump that the patient can carry home.[50] Capecitabine is an oral prodrug formulation (i.e. a drug that is converted into its main substance in the body) that is converted into 5-FU in the body and is considered to be as effective as intravenous 5-FU. In Japan, S1, another prodrug formulation of 5-FU, is widely used.

Irinotecan, usually given by intravenous infusion over 90 minutes[51] , is not authorized for the treatment of gastric cancer in the United States and EU/EEA. However, it is used off-label and included in recognized clinical guidelines (ESMO, ASCO, NCCN) in monotherapy or combination treatment regimens for advanced gastric cancer. According to these guidelines, 5-FU in combination with irinotecan can be considered as first-line therapy, and as second-line therapy irinotecan can be used as an alternative to taxanes or the anti-VEGFR2 antibody ramucirumab.

The Company believes that the key trends driving the gastric cancer treatment market include:

- *Increasing gastric cancer incidence:* The overall increase in gastric cancer incidence in the United States, Japan, and the EU5 (France, Germany, Spain, Italy, the United Kingdom) is estimated to increase at an annual growth rate of 0.7 percent between 2022 and 2050. The expected total number of cases in the world is expected to reach 1.8 million by 2050.[52]

- *High mortality:* Gastric cancer is the third most common cause of death from cancer, and the median survival is less than one year.

- *Lack of treatment options:* There is currently a lack of optimal treatment options for patients with advanced gastric cancer.

- *General demographic trends:* As a global increase in the proportion of older people is predicted, the total number of people living with cancer and chronic liver disease is also expected to increase. Age is a risk factor for most cancers, and between 2015 and 2050 the proportion of the world population over 60 is expected to almost double, from 12 to 22 percent.[53]

- *Increased collaboration between pharmaceutical players:* Due to the rising costs of research and development in the pharmaceutical industry, there is a trend towards increased collaboration between large pharmaceutical companies and smaller players.[54] By initiating licensing partnerships and/or joint ventures with smaller players, large pharmaceutical companies can reduce some of the risks associated with early-stage research. Smaller players, in turn, can leverage the commercialization expertise of large pharmaceutical companies and their large sales organizations. The trend towards increased collaboration opens up several opportunities for successful commercialization of promising new products.

COMPETITION

There are several GB contrast agents available on the market today. However, to the best of Ascelia Pharma's knowledge, there are no available liver-specific manganese-based contrast agents offered on the market or any gadolinium-based contrast agents without a black-box warning for patients with severe renal impairment, which the Company believes would be the main competing products.

Ascelia Pharma is not aware of any oral irinotecan-based products available on the market. However, there are other non-irinotecan-based cancer treatments available on the market, both for oral and intravenous administration. In the Company's view, the main competitors will be other gastric cancer treatments or irinotecan in intravenous formulations used off-label.

[50] Macmillian Cancer Support.
[51] MedlinePlus.
[52] Globocan, 2022.
[53] WHO, 2022.
[54] Deloitte, 2017, https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/how-biopharma-collaborations-are-fueling-biomedical-innovation.html.

REGULATORY ENVIRONMENT

As the Company operates in the field of drug development, the Company's activities are subject to various laws and regulations relating to the development, testing and marketing of drugs. While the regulatory framework is complex and sets strict requirements for drug developers, there are also rules aimed at promoting certain types of drug development. This section, *Regulatory environment,* aims to provide the reader with an overview, albeit not comprehensive, of the main elements of the regulatory framework relevant to the Company's activities and its current drug portfolio.

GENERAL INFORMATION ON DRUG DEVELOPMENT

Before a new drug can obtain market authorization, comprehensive studies demonstrating safety and efficacy must be presented to, and reviewed by, the relevant regulatory authorities in the market where authorization is sought. These studies can be very time consuming. Typically, the process from preclinical research to authorization of a drug can take up to 10-15 years, and the trend towards increasingly strict regulatory requirements may extend this time further in the future. Consequently, both research and drug development require considerable financial resources over time.

PRECLINICAL AND CLINICAL RESEARCH AND DEVELOPMENT

Research and development of drugs is often divided into preclinical and clinical stages. During the preclinical stage, research and studies are conducted to identify and initially evaluate and select potential product candidates that may be suitable for further clinical research. The preclinical stage usually includes studies conducted in vitro (outside the body) as well as in vivo (in living organisms) in animals. The purpose of clinical studies is to find a safe starting point for studying the efficacy of the product candidate in humans and to eventually provide the clinical safety and efficacy data required for the drug to be authorized by the relevant authorities.

In the clinical phase, the product candidate is tested in humans to characterize, among other things, clinical effects, potential side effects and optimal dose regimen. In turn, the clinical studies must be conducted in accordance with a strict regulatory framework and comply with Good Manufacturing Practices (GMP), which means that the manufacturer must demonstrate that the product candidate can be manufactured with high quality and that there are established methods to verify the identity, strength, quality and purity of the final product candidate as well as Good Clinical Practices (GCP). Good clinical practice is defined by the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) through various guidelines on the operational and ethical aspects of clinical studies.

Clinical studies are always conducted in three main phases, Phases 1-3, and sometimes in an additional phase, Phase 4. The different phases have different purposes and each phase must be completed with satisfactory results before the next phase can start. The scope of the tests performed in terms of patient groups and doses is gradually increased for each phase. Phase 1 is usually performed with a wide range of doses in a small group of healthy volunteers to study tolerability/safety and to establish the maximum tolerated dose. Phase 1 oncology studies usually study tolerability/safety and to some extent also efficacy in patients. Phase 2 studies are conducted in patients and the scope of the study increases significantly in terms of demonstrating efficacy and safety of the study drug in patients. Phase 3 studies are usually conducted in very large patient populations and aim to provide sufficient data on clinical safety and efficacy in large populations for regulatory authorities to grant market authorization. The requirements for conducting Phase 3 studies are generally very high. In some cases, the market authorization holder may voluntarily, or due to conditions set by the regulatory authority, conduct Phase 4 studies, which are basically post-authorization surveillance studies investigating the use, safety and efficacy of the drug.

In addition to the above studies, specialized population studies are often needed to assess the efficacy and safety of an investigational drug in specific patient groups with reduced drug excretion, such as patient populations with varying degrees of renal or hepatic impairment. There are also specific regulatory requirements for orally administered drugs to perform so-called food effect bioavailability studies. An orally administered drug may behave differently in the body depending on whether the drug has been taken in a 'fed' state (i.e. immediately after a meal)

or in a fasted state. The aim of these studies is to assess the effect of food intake on the absorption of orally administered drugs, by comparing the action in a fed state vs. the action in a fasted state.

THE MARKET AUTHORIZATION PROCEDURE

In addition to the regulatory framework for research and clinical development, there are extensive and complex laws and regulations regarding obtaining market authorization for a product candidate. Between each clinical phase (1-3), approval is required before starting the next phase. After all three clinical phases have been completed, the data from the clinical studies are reviewed by the regulatory authority before market authorization can be granted. If market authorization is granted, there are also additional rules that must be followed during the manufacturing and sales of the drug, such as record keeping, safety reporting, distribution, marketing and authorization.

In the United States, a New Drug Application (NDA) must be submitted to the FDA in order to obtain market authorization. The document contains information on the safety, efficacy and manufacturing methods of the new product candidate. In the EU/EEA, there are several ways to obtain market authorization.

One way is via a centralized procedure, which means that the Company submits an application to the EMA. The advantage of this method is that a market authorization throughout the EU/EEA can be obtained through a single application. Various scientific committees in the EU then conduct a thorough examination of the application and make a recommendation to the European Commission on whether the drug should be authorized. The final authorization from the central procedure is granted by the European Commission. The time limit for the assessment of the application is 210 days. The centralized procedure is mandatory for medicines for humans that contain a new so-called active substance (i.e. a chemical compound not previously authorized) for the treatment of certain diseases, including cancer.

Another way of obtaining market authorization throughout the EU/EEA is through the mutual recognition procedure, which is based on the principle of mutual recognition between EU/EEA member states. Under this procedure, the applicant can use a market authorization in one member state to obtain market authorization in other member states. The country that first authorized the application then acts as the Reference Member State (**RMS**), which prepares an assessment report that is sent to the Concerned Member States (**CMS)** for approval within 90 days. CMS countries can then refuse to recognize the original national authorization on the grounds of potential public health risk.

If the application is not rejected within 90 days, the member state must grant market authorization. The decentralized procedure works in a similar way to the mutual recognition procedure, with some differences. In the decentralized procedure, no market authorization is obtained in any EU/EEA member state before applying for authorization in the other states. Instead, the application for market authorization is made simultaneously in the RMS and CMS. The RMS and CMS then work simultaneously so that the RMS is responsible for carrying out the procedure while the CMS participates in the assessment. The last main way to obtain market authorization is to apply for market authorization in each individual member state. In both the United States and the EU/EEA, there are regulatory rules for generic operators[55] that allow them to refer to information from other operators in order to obtain market authorization for products for which market exclusivity has expired. Generic operators then only need to provide bioequivalence data showing that their medicine is sufficiently similar to the branded drug. The EMA and the FDA have also implemented certain procedures that allow for the rapid processing of market authorization applications, provided that certain criteria are met.

ORPHAN DRUG DESIGNATION

As an incentive for pharmaceutical operators to focus their research on drugs for the treatment of limited patient groups (so-called 'orphan drugs'), regulatory frameworks exist in most jurisdictions, including in the United States and the EU/EEA, that allow new potential drugs to obtain orphan drug designation.

Orphan drug designation brings several benefits. In the EU/EEA, orphan medicinal products receive 'protocol assistance', which means scientific advice on clinical studies. They also receive market exclusivity upon obtaining

[55] Drugs containing the same active substance(s) and which are interchangeable with branded drugs.

market authorization. In the United States, benefits are offered such as tax credits related to clinical development costs, market exclusivity after market authorization and exemption from a special fee for prescription drugs (around MUSD 3 for a new drug). Without these benefits, targeting these patient groups would not normally be profitable due to the high costs of research and development, the strict regulatory requirements and the high risks involved in targeting new patient groups.

The conditions for obtaining orphan drug designation differ slightly between jurisdictions. In order to obtain orphan drug designation in the EU/EEA, the following three conditions must be met:

- It is a medicine intended for the treatment, prevention or diagnosis of a disease that is life-threatening or chronically debilitating.
- The prevalence of the disease in the EU/EEA must not exceed 5 in 10,000 people or it must be likely that marketing the drug would generate sufficient returns to justify the investment required to develop the drug.
- No satisfactory method of diagnosis, prevention or treatment of the disease in question has been authorized or, if such a method exists, the drug must be of significant benefit to sufferers.

According to the FDA, the following requirements, among others, must be met in order to obtain orphan drug designation in the United States:

- It is a drug intended for the treatment of a rare disease or condition affecting fewer than 200,000 people in the United States; or
- it is a drug that, when fully developed and available in the United States, is unlikely to generate sufficient revenue to offset development costs.

It is worth noting that companies rarely use the latter requirement because of the difficulties in proving the unprofitability of a drug.

THE IMPORTANCE OF ORPHAN DRUG DESIGNATION

In both the United States and the EU/EEA, orphan drug designation programs provide incentives for pharmaceutical companies to develop orphan drugs in many different ways. The most important incentive is the market exclusivity that can be obtained for orphan drugs after market authorization. In the United States, the orphan drug designation holder can obtain seven years of market exclusivity after market authorization of the drug. This period can be extended for a further six months if the authorization is for pediatric patients (i.e. infants, children, adolescents, and young adults).[56] Market exclusivity means that during this time, the FDA cannot approve any applications for generic medicines containing the same active substance and intended for the same indication. In addition, there are several other benefits of obtaining orphan drug designation, including tax credits related to clinical development costs, reduced or waived application fees, and assistance during the authorization process.

In the EU/EEA, the holder of an orphan drug designation can obtain ten years of market exclusivity after the drug has been authorized. Orphan designation means that no market authorizations will be granted for similar drug products for the same therapeutic indication during the period of exclusivity. Market exclusivity can be extended for two additional years for an orphan drug targeting the pediatric population. As in the United States, there are several other benefits of obtaining orphan drug designation such as reduced fees for market authorization and maintenance, lower regulatory fees, scientific advice, grants at local and national level, etc.

[56] FDA, 2022, https://www.fda.gov/drugs/development-resources/qualifying-pediatric-exclusivity-under-section-505a-federal-food-drug-and-cosmetic-act-frequently.

DATA/MARKET EXCLUSIVITY

In addition to orphan drug designation, the United States and EU/EEA have specific data protection and market exclusivity rules to incentivize pharmaceutical companies to develop new drugs. Due to the high costs of preclinical and clinical studies, pharmaceutical companies can obtain data protection and market exclusivity for drugs containing new active substances, in order to protect the developer from competition from generic companies. The rationale is to strike a balance between innovative companies and generic-focused players by ensuring that the data submitted will be protected for a sufficiently long time.

In the EU/EEA, obtaining market authorization for a product that has been granted New Active Substance ("**NAS**") status means that the holder obtains data exclusivity for the study results relied upon during the approval process of the new active substance. In the United States, a market authorization for a product that has been granted New Chemical Entity ("**NCE**") status means that the FDA cannot approve another application for a competing product. Orphan drugs in the United States have seven years of market exclusivity (compared to five years for non-orphan drugs). Typically, a generic player can obtain regulatory approval by providing bioequivalence studies comparing the generic drug with the originator drug.

Data exclusivity means that, during the period of exclusivity, the market authorization holder has the exclusive right to refer to the clinical data provided during the regulatory procedure. Data exclusivity does not imply exclusivity for the drug per se as a generic player can in theory obtain original data to support an authorization procedure for the same active substance. However, this is rare as it requires the generic company to carry out an independent preclinical and clinical program providing sufficient documentation for regulatory approval.

In the EU/EEA, data exclusivity lasts for eight years from the initial market authorization of a NAS-classified drug, leaving two years of market exclusivity after data exclusivity expires. During the period of market exclusivity, EMA may not authorize any generic products based on the exclusive data of the market authorization holder. However, EMA may authorize applications for preparatory purposes. In certain circumstances, for example if the market authorization holder obtains approval for one or more therapeutic indications for the same active substance during the first eight years of data exclusivity, an additional year of exclusivity may be granted.

In the United States, the market authorization holder of a product with NCE status can obtain exclusivity for seven years after FDA approval. NCE exclusivity is similar to NAS exclusivity in the EU/EEA. In principle, NCE exclusivity prevents generic operators from submitting an Abbreviated New Drug Development Application ("**ANDA**") for the same active substance as the registered drug during the period of market exclusivity. An ANDA is an application for market authorization of a generic version of a registered medicine, in which bioequivalence studies comparing the generic drug and the registered drug must be presented.

In addition to NCE exclusivity, it is possible to obtain Clinical Investigation Exclusivity ("**CIE**"), which can be obtained for the results of additional clinical studies of drugs that are already NDA-approved. Examples of changes suitable for CIE are new dosage forms or new indications for an existing active substance. The CIE is valid for three years from the date of authorization and provides exclusivity only for the new results. In all cases, an additional six months of exclusivity may be granted for results from pediatric clinical studies.

CAPITALIZATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section outline the Company's capitalization and indebtedness in a group level as of 30 June 2024. The information is derived from the Company's interim report for the period 1 January – 30 June 2024, which has not been audited but has been reviewed by the Company's auditor. The tables show the Group's interest-bearing liabilities and non-interest-bearing liabilities are thereby not included. See section "*Share capital and ownership structure*" for further information on the Company's share capital and shares. In addition to what is described in section "*Significant events after 30 June 2024*", no significant events have occurred since 30 June 2024 with regards to capitalization in the Group.

EQUITY AND LIABILITIES

TSEK	30 June 2024
Current liabilities	
Against guarantee	-
Against other security	-
Without guarantee or security[57]	604
Total current liabilities	**604**
Non-current liabilities	
Against guarantee	-
Against other security	-
Without guarantee or security [58]	33,465
Total non-current liabilities	**33,465**
Equity	
Share capital	34,871
Other capital and retained earnings including profit for the period	12,816
Total equity	**47,687**
Total equity and liabilities	**81,756**

NET INDEBTEDNESS

TSEK	30 June 2024
(A) Cash and bank balances	29,775
(B) Cash equivalents	-
(C) Other current financial assets	-
(D) Liquidity (A + B + C)	**29,775**
(E) Current financial receivables	-
(F) Current financial debt	-

[57] Refers to leasing liabilities mainly consisting of rights of use regarding offices and company cars which are reported as liabilities according to IFRS.
[58] Refers to a loan facility with Fenja Capital as well as leasing liabilities mainly consisting of rights of use regarding offices and company cars which are reported as liabilities according to IFRS.

(G) Current portion of non-current debt	-
(H) Other current liabilities[59]	604
(I) Current financial indebtedness (F + G + H)	**604**
(J) Net current financial indebtedness (I – E – D)	**-29,171**
(K) Non-current financial debt	-
(L) Debt instruments	-
(M) Other non-current liabilities[60]	33,465
(N) Non-current financial indebtedness (K + L + M)	**33,465**
(O) Total financial indebtedness (J + N)	**4,294**

LOANS AND COLLATERALS

In addition to what is stated under section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital*", Ascelia Pharma has, as per the date of the Prospectus, not raised any loans or provided any collateral.

INDIRECT INDEBTEDNESS AND CONTINGENT LIABILITIES

Ascelia Pharma has a commitment related to a potential bonus payment of MSEK 10 to Pebean ApS and a potential payment to the Herlev Hospital in Denmark of MDKK 1 in the event of a potential out-licensing or sale of Oncoral. In addition to this, Ascelia Pharma has, as per the date of the Prospectus, no indirect indebtedness or contingent liabilities.

WORKING CAPITAL STATEMENT

The board of directors of the Company considers the Company's existing working capital to be insufficient to finance the Company's current needs for the comping twelve-month period as from the date of the Prospectus. Working capital in the Prospectus refers to the Company's ability to access cash and cash equivalents in order to fulfil its payment obligations as they fall due for payment.

Ascelia Pharma is a biotechnology company focused on development of orphan drugs within oncology with significant research and development costs and is now also facing commercial launch of Orviglance. The board of directors' assessment is that a working capital deficit will arise around Q2 2025 and that the total deficit for the coming twelve-month period will be approximately MSEK 45, based on the Company's business plan. The estimated working capital deficit does not include any assumptions regarding any future operational and financial support from a potential partner and does not include further repayments of the outstanding debt financing from Fenja Capital in addition to the MSEK 7.5 that according to the loan agreement is to be repaid in connection with the Rights Issue (for a more detailed description of the loan agreement, see section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital*").

Against this background, the board of directors of Ascelia Pharma has resolved to carry out the Rights Issue, which upon full subscription will provide the Company with approximately MSEK 105 before deduction of issue costs. The board of directors' assessment is that the working capital requirement for the coming twelve-month period will be met by available cash and cash equivalents and the net proceeds from the Rights Issue, based on the Company's business model and business plan.

If the Rights Issue is not successfully carried out, the Company may have difficulties conducting its business and executing planned developments at the planned rate. Should this occur, the Company intends to investigate alternative financing opportunities, such as additional raising of capital, grants, financing through loans, or until additional capital can be raised, operating the business at a slower pace than planned.

[59] Refers to leasing liabilities mainly consisting of rights of use regarding offices and company cars which are reported as liabilities according to IFRS.
[60] Refers to leasing liabilities mainly consisting of rights of use regarding offices and company cars which are reported as liabilities according to IFRS.

INVESTMENTS

The Company has not made any significant investments and has not made any firm commitment regarding significant investments after 30 June 2024.

TRENDS

So far, Ascelia Pharma's operations have primarily included, and currently include, research and development activities related to the development of the product candidates Orviglance and Oncoral, where there are no known trends regarding production, sales, inventory, costs or sales prices. In addition to what is stated under the sections "*Risk factors – Risks related to the share price development, liquidity and volatility"* and "*Overview of Ascelia Pharma's business and market – Addressable markets in cancer treatment*" (see in particular the bullet list in the sub-section "*Current treatment options for advanced gastric cancer*"), there are no other trends, uncertainty factors, claims, obligations or other events which may be expected to have a significant impact on the Company's future prospects during the current financial year.

SIGNIFICANT EVENTS AFTER 30 JUNE 2024

An extraordinary general meeting in the Company held on 14 August 2024 approved the resolution from the board of directors on 10 July 2024 to carry out the Rights Issue. The Rights Issue will, upon full subscription, lead to an initial capital raise of approximately MSEK 105 before deduction of issue costs, through the issuance of a maximum of 20,773,992 units, consisting of ordinary shares and warrants series TO 1 at a subscription price of SEK 5.07 per unit. Thereto, the board of directors of the Company resolved on 10 July 2024 to enter into a restructured loan agreement with Fenja Capital, according to which parts of the outstanding convertibles shall be repaid in connection with the Rights Issue, and that any nominal amount still outstanding under the convertibles after the above repayments shall be converted into new convertibles. For further information about the restructuring of the loan, see section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital*" below.

Apart from the above, there have been no significant changes to the Company's financial position, result, or market position after 30 June 2024 until the date of the Prospectus.

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITOR

BOARD OF DIRECTORS

The Company's board of directors currently consists of five board members, including the chairman of the board. All board members are elected for the period until the end of the next annual general meeting to be held in 2025. The table below shows the members of the board, their position, when they were first elected, whether they are, according to the Swedish Corporate Governance Code (the "**Code**"), considered independent in relation to the Company and its senior management, as well as in relation to major shareholders. Major shareholders are defined in the Code as shareholders who directly or indirectly control ten percent or more of the shares or votes in the Company.

			Independent in relation to	
Name	**Position**	**Board member since**	**the Company and its senior management**	**major shareholders**
Peter Benson	Chairman	2017	Yes	Yes
Lauren Barnes	Board member	2020	Yes	Yes
Hans Maier	Board member	2017	Yes	Yes
Niels Mengel	Board member	2000	Yes	Yes
Helena Wennerström	Board member	2017	Yes	Yes

Information regarding the board members in respect of birth year, position, education, other ongoing assignments and previous assignments during the last five years is outlined below. Assignments within the Group have been excluded.

PETER BENSON (BORN 1955, CHAIRMAN SINCE 2017)

Experience	Peter Benson is chairman and founder of Sunstone Life Science Ventures A/S and was the Managing Partner during 2007 – 2019. Peter Benson has extensive global experience from the Life Science industry as an investor, board member and senior executive, including several listed companies. Peter Benson has previously, among other things, been Head of Life Science Ventures at Vækstfonden, President Hospital Care and Senior Vice President at Pharmacia AB as well as Executive Vice President Marketing & Sales at Kabi Pharmacia Parenterals.
Education	M.Sc. in Business Administration and Economics from Lund University, Sweden. MA in Economics from the University of California, US.
Other ongoing assignments	Chairman of the board in Good Partners Media Group AB, Sunstone Capital A/S and Sunstone Life Science Ventures A/S. Board member in Dextech Medical AB, Jollingham AB, Jollingham Group AB and PainDrainer AB. Deputy board member in JellyBean AB. Member of the management team in Jollingham ApS.

Previous assignments	Chairman of the board in Alligator Bioscience AB and Sunstone LSV Partners Holding ApS. Board member in Arcoma Aktiebolag, Adenium Biotech ApS, CMC SPV of 3 April 2017 AB, Jellybean AB, Sunstone LSV General Partner BI ApS, Sunstone LSV Invest II Holding ApS, Sunstone LSV Special LP II Holding ApS, Sunstone LSV General Partner I ApS, Sunstone LSV General Partner II ApS, Sunstone LSV GP I Holding ApS, Sunstone LSV Partners & Co. Holding ApS and Sunstone LSV Special Limited Partner II ApS. Member of the management team in Heartcore Capital (LSV) Special Limited Partner II ApS, K/S Sunstone Biomedical Venture Annex I, K/S Sunstone Biomedical Venture Annex II, K/S Sunstone Biomedical Venture Annex III, Sunstone Life Science Ventures A/S, Sunstone Life Science Ventures Fund I K/S, Sunstone Life Science Ventures Fund II K/S, Sunstone Life Science Ventures Fund III K/S, Sunstone Life Science Ventures Fund IV K/S, Sunstone LSV General Partner III ApS, Sunstone LSV Invest III ApS, Sunstone LSV Invest III Holding ApS, Sunstone LSV Special Limited Partner III ApS and Sunstone LSV Special Limited Partner III Holding ApS. Chief Executive Officer of Sunstone LSV Invest II ApS, Sunstone Capital A/S, Sunstone Life Science Ventures A/S and Sunstone LSV General Partner IV ApS.
Independence	Independent in relation to the Company and its senior management, and in relation to major shareholders.

LAUREN BARNES (BORN 1974, BOARD MEMBER SINCE 2020)

Experience	Lauren Barnes is Senior Vice President, Strategic Market Development and Access (previously Senior Vice President of Market Access) for Blueprint Medicines Corporation (listed on Nasdaq), a commercial stage Boston based precision medicine company. Lauren Barnes has 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. Prior to her current role, Lauren Barnes was Vice President at Vertex Pharmaceuticals Incorporated, Senior Vice President at Avalere Health and led their Reimbursement & Commercialization department, and has also held various roles at Amgen Inc. and the agency that runs the United States Medicare Program, the Centers for Medicare and Medicaid Services (CMS). She was previously chairman of the National Board of the Cancer Support Community.
Education	Master of Health Science (MHS) in Public Health from Johns Hopkins School of Public Health, US, and BA in Public Health from Johns Hopkins University, US.
Other ongoing assignments	Board member in Ossium Health, Inc. and National Board of the Cancer Support Community.
Previous assignments	Chairman of the board in National Board of the Cancer Support Community.
Independence	Independent in relation to the Company and its senior management, and in relation to major shareholders.

HANS MAIER (BORN 1955, BOARD MEMBER SINCE 2017)

Experience	Hans Maier is Managing Partner and co-founder of BGM Associates GmbH, a specialized Healthcare and Life Science Strategy and Transaction Advisory based in Berlin, Germany. In his career as a biopharma executive, Hans Maier has held executive positions within Schering AG and Bayer AG, among other things as Managing Director of Diagnostic Imaging in Schering AG and Bayer AG, Managing Director of Schering's subsidiaries in Japan and Korea, Managing Director of Schering Dermatology, Head of Corporate Strategy and Business Development of Schering AG and President of Global Business Unit Diagnostic Imaging for both Schering AG and Bayer AG. Hans Maier has also been a member of the Executive Committee at Bayer-Schering Pharma AG.
Education	Ph.D. in Economics and Diploma in Political Science from Freie Universität Berlin, Germany and Executive Program, Stanford University Graduate School of Business, US.
Other ongoing assignments	Chief Executive Officer of the German Heart Center Berlin Foundation. Deputy chairman of the Supervisory Board of Deutsches Herzzentrum der Charité and member of the Supervisory Board of Charité, Berlin. Chairman of the Board of Trustees of the Fraunhofer MEVIS Institute for Digital Medicine. Professor of International Strategic Management at Berlin School of Economics and Law.
Previous assignments	-
Independence	Independent in relation to the Company and its senior management, and in relation to major shareholders.

NIELS MENGEL (BORN 1948, BOARD MEMBER SINCE 2000)

Experience	Niels Mengel has extensive experience from the healthcare industry as an investor, and has previously, among other things, been co-founder, partner, board member and Chief Executive Officer of Øresund-Healthcare Capital A/S. He has also been Executive Vice President at ISS World Services A/S and Director at PA Consulting Group AB.
Education	M.B.A. from London Business School, England. M.Sc. in Macro Economy and Finance from University of Copenhagen, Denmark.
Other ongoing assignments	Board member in Better Finance (The European Federation of Investors and Financial Services Users), Black Swan Strategy A/S, Foreningen OW Bunker Investor and Upstream Invest A/S. Member of the management team in Kibegeon ApS.
Previous assignments	Board member in the Danish Shareholders Association and board member and Managing Partner of Øresund-Healthcare Management A/S. Partner of ØHM Exit I I/S and ØHM Exit II I/S. Deputy chairman of Foreningen Tønderinvestor 2009.
Independence	Independent in relation to the Company and its senior management, and in relation to major shareholders.

HELENA WENNERSTRÖM (BORN 1965, BOARD MEMBER SINCE 2017)

Experience	Helena Wennerström is former Vice President, Corporate Finance at ViaCon Group AB (publ). Previously she was also Executive Vice President and Chief Financial Officer of Bulten AB (publ) listed on Nasdaq Stockholm. Earlier positions before that include, among other things, Senior Vice President and Chief Financial Officer at Finnveden Bulten AB and various finance roles at Digitalfabriken AB and Topcon Sweden AB.
Education	M.Sc. in Business Administration and Economics from Örebro University.
Other ongoing assignments	Deputy board member in TVM Consulting i Göteborg AB.
Previous assignments	Chairman of the board in Bulten Fasteners AB and ViaCon Holding AB. Board member in BBB Services Ltd, Bulten Fasteners (China) Co., Ltd., Bulten Fasteners (Tianjin) Co., Ltd., Bulten Hallstahammar AB, Bulten North America LLC, Bulten Polska S.A., and Bulten Sweden AB. Deputy board member in Bulten Industrifastighet AB, Finnveden Micro Fasteners AB, Finnveden Trading Aktiebolag and ViaCon Group AB (publ). Vice President of Bulten AB.
Independence	Independent in relation to the Company and its senior management, and in relation to major shareholders.

SENIOR MANAGEMENT

Name	Position	Member of the senior management since
Magnus Corfitzen	Chief Executive Officer	2014
Julie Waras Brogren	Deputy Chief Executive Officer and Chief Financial Officer	2020
Andreas Norlin	Chief Scientific Officer	2022
Jennie Wilborgsson	VP, Clinical Development	2022
Carin Linde	VP, Pharmaceutical Development & Supply and IT	2022
Marie Källström	VP, Regulatory Affairs & QA	2022

The Company's senior management comprises six members. Information regarding the members, in respect of birth year, position, education, other ongoing assignments and previous assignments during the last five years is outlined below. Assignments within the Group have been excluded.

MAGNUS CORFITZEN (BORN 1975, CHIEF EXECUTIVE OFFICER SINCE 2014)

Experience	Magnus Corfitzen has extensive experience from investing, building and growing Life Science companies in various roles including operational activities or investment responsibilities for public and private biotech and MedTech companies. Magnus Corfitzen also has board experience from a number of Life Science companies. Magnus Corfitzen has previously, among other things, been Investment Director at Sunstone Capital A/S and Investment Director at Vækstfonden. Prior to entering the healthcare venture capital field, Magnus Corfitzen was Portfolio Manager at Danske Capital with responsibility for investments into listed biotech and MedTech companies and he started his career at McKinsey & Company.
Education	M.Sc. in Mathematical Economics from the University of Aarhus, Denmark, which included studies at Harvard University, US.
Other ongoing assignments	-
Previous assignments	-

JULIE WARAS BROGREN (FÖDD 1972, DEPUTY CHIEF EXECUTIVE OFFICER SINCE 2020)

Experience	Julie Waras Brogren has more than 20 years' experience from Life Science leadership and commercialization, including cross-functional drug launches and medical devices. Julie Waras Brogren was previously President of BresoTEC Inc., Canada and has held various leadership positions at Novo Nordisk A/S in Denmark and Latin America, including as Senior Director of the Launch Office for the launch of the insulin preparations Victoza® GLP-a and Degludec®. Julie Waras Brogren also has board experience from Life Science companies. She started her career at the consultancy firm Accenture. Julie Waras Brogren joined Ascelia in 2020 as Chief Commercial Officer and in 2022 she also became Deputy Chief Executive Officer. Since 2023, she is also responsible for the duties of Chief Financial Officer and Investor Relations.
Education	M.Sc. in International Business from Copenhagen Business School, Denmark, and Diplome ESC, EM Lyon France, France, including studies at Chinese University of Hong Kong.
Other ongoing assignments	Board member in Implexion Pharma AB and Pila Pharma AB.

Previous assignments	Chairman of the board in Ossiform ApS and President and COO i BresoTEC Inc.

ANDREAS NORLIN (BORN 1970, CHIEF SCIENTIFIC OFFICER SINCE 2022)

Experience	Andreas Norlin has more than 25 years' experience from research, preclinical- and clinical-stage drug development within oncology, inflammatory diseases and diabetes, among other things. During the most recent years before joining Ascelia Pharma, Andreas Norlin had strategic executive roles in several biotech start-up companies in the Greater Copenhagen area. Before that he served as Project Vice President and held other development project leadership positions at Novo Nordisk A/S in Denmark. Andreas Norlin started his career with various positions in preclinical R&D at Camurus AB and joined Ascelia Pharma as Project Director, Head of Preclinical. Andreas Norlin is Chief Scientific Officer and a member of the senior management since 2022.
Education	M.Sc. in Biology and PhD in Animal Physiology from Lund University, as well as training within Drug Development Strategy and Medical Marketing from Copenhagen Business School, Denmark.
Other ongoing assignments	Chairman of the board in Xkout Bioscience AB and Desupervised ApS. Board member in Apoglyx AB.
Previous assignments	-

JENNIE WILBORGSSON (BORN 1984, VP, CLINICAL DEVELOPMENT SINCE 2022)

Experience	Jennie Wilborgsson has more than 15 years' experience within clinical drug development from both late-stage pharmaceutical companies and the consultancy business. Before joining Ascelia Pharma in 2022, she was heading up the global clinical project management department in KLIFO A/S and has prior to that held various leadership positions within clinical operations in Ferring Pharmaceuticals.
Education	B.Sc in Medical Science from Lund University.
Other ongoing assignments	-
Previous assignments	-

CARIN LINDE (BORN 1972, VP, PHARMACEUTICAL DEVELOPMENT & SUPPLY AND IT SINCE 2022)

Experience	Carin Linde has more than 25 years' experience from the pharmaceutical and Life Science industry from late-stage development and commercial manufacturing. Before joining Ascelia Pharma in 2019, Carin Linde held a position as Director Analytical Development and Site Manager Centre of Excellence at BioGaia AB. Carin Linde began her career at AstraZeneca and held several senior positions within R&D and Operations within analytical development, process technology and Supply Chain. Carin Linde was Director of CMC at Ascelia Pharma up until 2022 when she got her current role and became a member of the senior management.
Education	M.Sc. in chemistry from Lund University.
Other ongoing assignments	Deputy board member in Roslagsautomation AB.
Previous assignments	-

MARIE KÄLLSTRÖM (BORN 1966, VP, REGULATORY AFFAIRS & QA SINCE 2022)

Experience	Marie Källström has more than 25 years' global experience from Regulatory Affairs positions in late-stage pharmaceutical development in companies such as Pfizer, AstraZeneca and Pharmacia. The last position was at Novo Nordisk A/S with responsibility for coordinating the development of NDA/MAA documentation as well as planning and participation at several authority interactions within the development of pharmaceutical products for treatment of diabetes and obesity. Marie Källström was Director of Regulatory Affairs at Ascelia Pharma up until 2022 when she got her current role and became a member of the senior management.
Education	M.Sc. in Biology from Lund University.
Other ongoing assignments	-
Previous assignments	-

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

None of the board members or members of the senior management have any family relationship with any other board member or member of the senior management in the Company. Except as set out below, none of the board members or members of the senior management have, during the last five years, (i) been convicted in fraud-related offences, (ii) been a deputy, board member or senior executive of any company declared bankrupt, placed in receivership or liquidation (other than voluntary liquidation), or (iii) been subject to accusation or sanction by any authority mandated by law or regulation (including approved professional associations) or been prohibited by a court from being part of an issuer's administrative, management or control body or from having leading or senior functions with an issuer. Furthermore, there are no conflicts of interest through which the private interests of board members or members of the senior management would be contrary to the Company's interests. However, some of the board members and members of the senior management have financial interests in the Company through share and warrant holdings.

The chairman of the board of directors Peter Benson was a board member of Opsona Therapeutics Ltd. which in January 2019 entered into creditors' voluntary liquidation. The liquidation was terminated and the company was dissolved during 2021.

None of the board members or members of the senior management have agreements that entitle to benefits after the termination of their assignment, with the exception of normal severance pay for the senior executives. The Company has no provisions or accrued amounts or similar benefits after the resignation of a board member or member of the senior management.

All board members and senior management can be reached via the Company's address, Hyllie Boulevard 34, SE-215 32 Malmö, Sweden.

AUDITOR

At the annual general meeting 2024, the registered accounting firm Öhrlings PricewaterhouseCoopers AB (PwC), with Mikael Nilsson as auditor in charge, was re-elected as auditor for the time up until the end of the next annual general meeting. Mikael Nilsson is member of FAR. PwC has been the registered accounting firm for the Company since 2018.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

The Company's shares are issued in accordance with Swedish law and the provisions in the Swedish Companies Act (2005:551) and the rights attached to the shares can only be amended through a change of the articles of association in accordance with the Swedish Companies Act. The Company's shares are denominated in SEK and all shares are fully paid up. According to the Company's articles of association, the share capital shall be no less than SEK 23,950,000 and no more than SEK 95,800,000 and the number of shares shall be no less than 23,950,000 and no more than 95,800,000. As of 31 December 2023, and as per the date of the Prospectus, the Company's registered share capital amounted to SEK 34,871,177 divided into 34,871,177 shares, whereof 33,757,746 ordinary shares and 1,113,431 series C shares, each with a nominal value of SEK 1. Investors are hereby made aware that the tax laws of the investor's member state and in Sweden may affect the income from the shares (see below under "*Taxation*").

In addition to ordinary shares, the Company's articles of association allows for the issuance of series C shares held by the Company and which can be converted into ordinary shares in order to ensure delivery of matching shares and performance shares within the framework of Ascelia Pharma's incentive programs, see below under "*Share-based incentive programs and convertibles*".

As per the date of the Prospectus, there are a total of 1,113,431 series C shares which are all held by the Company. Series C shares entitle to one tenth (1/10) vote per share at general meetings and do not entitle to dividends. In the event of dissolution of the Company, series C shares entitle to the same share of the Company's assets as other shares, but not in an amount higher than what corresponds to the share's nominal value. Series C shares held by the Company shall, following a decision by the board of directors, be converted into ordinary shares.

THE RIGHTS ISSUE

An extraordinary general meeting in the Company held on 14 August 2024 approved the resolution by the board of directors of 10 July 2024 to carry out the Rights Issue. The Rights Issue will, upon full subscription, lead to an initial capital raise of approximately MSEK 105 before deduction of issue costs, through the issue of a maximum of 20,773,992 units, consisting of ordinary shares (ISIN code SE0010573113) and warrants series TO 1 (ISIN code SE0022725438) at a subscription price of SEK 5.07 per unit. The warrants that are issued in connection with the Rights Issue are intended to be admitted to trading on Nasdaq Stockholm and recorded by Euroclear in the so-called record day register, which means that no warrant certificates will be issued. For complete terms and conditions for the warrants, please refer to "Terms and conditions for warrants series TO 1 in Ascelia Pharma AB" which are found on the Company's website, www.ascelia.com. The shares and warrants in the Rights Issue are issued in accordance with Swedish law and the currency for the Rights Issue is SEK. The Rights Issue is planned to be registered with the Swedish Companies Registration Office around week 37, 2024. The specified week is preliminary and may change.

CENTRAL SECURITIES DEPOSIT

The Company's articles of association contain a so-called record day provision and the Company's shares are connected to the electronic securities system with Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, as account operating institution. Consequently, no share certificates have been issued for the shares, and shares are transferred electronically. The ISIN code for the Company's ordinary share is SE0010573113 and the Company's ordinary shares are admitted to trading on Nasdaq Stockholm.

RIGHTS ATTACHED TO THE SHARES

VOTING RIGHTS

Each ordinary share entitles to one vote at general meetings and each series C share entitles to one tenth (1/10) vote per share at general meetings. At general meetings, each person entitled to vote may vote for the total number of shares owned or represented without limitation of the voting rights.

PREFERENTIAL RIGHTS TO NEW SHARES ETC.

If the Company resolves to issue new ordinary shares and series C shares, where payment is not to be made in kind, owners of ordinary shares and series C shares shall have a preferential right to subscribe for new shares of the same

share class in relation to the number of shares they already own (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential right). If thus offered shares are not sufficient for the subscription subscribed with subsidiary preferential rights, the shares shall be distributed among the subscribers in relation to the shares they already own, and if this cannot be done, by drawing of lots. If the Company resolves to issue only ordinary shares or only series C shares, where payment is not to be made in kind, all shareholders shall, regardless of whether their shares are ordinary shares or series C shares, have preferential right to subscribe for new shares in relation to the number of shares they already own. What is stated above, regarding shareholders' preferential rights, shall also apply to issues of warrants and convertibles.

However, there are no provisions in the Company's articles of association that limit the possibility to, in accordance with the provisions in the Swedish Companies Act, issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights.

RIGHT TO DIVIDENDS AND SURPLUS IN THE EVENT OF LIQUIDATION

Each ordinary share entitles equal rights to dividends and to any surplus in the event of liquidation. Series C shares do not entitle a right to dividend, but in the event of the Company's dissolution, series C shares entitle equal share in the Company's assets as other shares, however, not corresponding to a higher amount than the share's nominal value.

Dividends are normally paid as a cash amount per share, but can also be paid in other forms. Payment of cash dividends will be made through Euroclear Sweden AB. The right to dividends rests with a person who, on the specified record date, is entered in the share register and recorded in the Swedish Central Securities Depository (*Sw*. avstämningsregister). The record date for dividends and the date on which the dividend is to be paid shall be determined by the general meeting or by the board of directors after authorization from the general meeting. The right to dividends can accumulate and lapses according to a statutory limitation period of ten years, whereby the dividend amount accrues to the Company. There are no restrictions on dividends or special procedures for shareholders resident outside Sweden.

TRANSFERABILITY OF THE SECURITIES

There are no restrictions of the rights to freely transfer shares in the Company.

TAXATION

The tax legislation in the investor's home country and Sweden may have an impact on any income received from the Company's securities. Taxation of any dividend, as well as capital gains and provisions on capital losses on the sale of securities, depends on the specific situation of each individual shareholder. Special tax rules apply to certain types of taxpayers, such as investment companies and insurance companies, and certain types of investments. Each securities holder should therefore consult with a tax advisor for information on the specific consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

TRADING IN THE SHARES

The Company's ordinary share is admitted to trading on Nasdaq Stockholm under the ticker ACE. The new ordinary shares and warrants that are issued in the Rights Issue are expected to be admitted to trading on Nasdaq Stockholm around week 39, 2024. The Company's series C shares are not admitted to trading, and will not be admitted to trading on any trading platform.

DIVIDEND POLICY

Up to now, Ascelia Pharma has not paid any dividends and Ascelia Pharma's intention is to continue to focus on further development and expansion of the Company's project portfolio. In accordance with the dividend policy adopted by the board of directors, available financial resources and any reported results shall therefore be reinvested in the business to finance the Company's long-term strategy. Hence, the board of directors' intention is not to propose a dividend to shareholders before the Company is able to generate a long-term sustainable profitability and a long-term sustainable positive cash flow. Any future dividends and the size thereof will be determined based on the Company's long-term growth, earnings trend and capital requirements, taking into account, at all times applicable, objectives and strategies. Dividends shall, in so far as dividends are proposed, be well-balanced with

respect to the Company's objectives, scope and risk. At the annual general meeting on 6 May 2024, it was resolved not to pay any dividend for the financial year 2023.

OWNERSHIP STRUCTURE

The table below shows the Company's largest shareholders/shareholders with a shareholding corresponding to a least five (5) percent of the total number of shares and votes in the Company as per the date of the Prospectus, according to information from Modular Finance as per 30 June 2024 and changes thereafter known to the Company.

To the Company's knowledge, there are no shareholders' agreements or other agreements between the shareholders of the Company intended to exercise joint control over the Company. Nor is the Company aware of any agreements or equivalent arrangements that could lead to a change of control over the Company. The Company has not taken any specific measures in order to guarantee that the control over the Company is not changed. However, the rules for protection of minority shareholders in the Swedish Companies Act (2005:551) constitute a protection against a majority shareholder's potential misuse of its control over a company. The Company is not directly or indirectly controlled by an individual party or several parties jointly. All series C shares are held by the Company. All ordinary shares have the same voting right.

Shareholder	Number of ordinary shares	Number of series C shares	Percentage of share capital	Percentage of votes
Sunstone Life Science Ventures Fund II K/S	4,778,129	-	13.70%	14.11%
Fjärde AP-fonden	2,709,266	-	7.77%	8.00%
Other shareholders	*26,270,351*	-	*75.34%*	*77.56%*
Series C shares held by the Company	-	1,113,431	2.60%	0.30%
Total	**33,757,746**	**1,113,431**	**100.0%**	**100.0%**

NET ASSET VALUE PER SHARE

The table below shows the net asset value per share before and after the Rights Issue based on equity as of 30 June 2024. The subscription price in the Rights Issue has been set to SEK 5.07 per unit, corresponding to a subscription price of SEK 1.69 per share. The warrants are issued free of charge.

	Before the Rights Issue (as of 30 June 2024)	After the Rights Issue
Equity (TSEK)	47,687	152,687[1)]
Number of ordinary shares	33,757,746	96,079,722
Equity per ordinary share (SEK)	**1.41**	**1.59**

[1)] Refers to the Company's equity as of 30 June 2024 increased by the proceeds of the Rights Issue upon full subscription before deduction of issue costs.

RESOLUTION ON THE RIGHTS ISSUE AND DILUTION

An extraordinary general meeting on 14 August 2024 approved the board of directors' resolution of 10 July 2024 to carry out the Rights Issue. Upon full subscription in the Rights Issue, the share capital will increase by a maximum of SEK 62,321,976 to SEK 97,193,153 by the issuance of a maximum of 62,321,976 new ordinary shares, resulting in that the total number of outstanding shares in the Company will increase from 34,871,177 to 97,193,153, whereof 96,079,722 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to participate in the Rights Issue will, provided that the Rights Issue is fully subscribed, have their ownership of ordinary shares diluted by approximately 65 percent, but are able to financially compensate for this dilution by selling their unit rights. Upon full subscription in the Rights Issue, and if all warrants series TO 1 are exercised in full, the share capital will increase by an additional maximum of SEK 20,773,992 to SEK 117,967,145, by the issuance of an additional maximum of 20,773,992 ordinary shares, resulting in that the total number of outstanding shares in the Company will increase to 117,967,145, whereof 116,853,714 are ordinary shares and 1,113,431 are series C shares. Shareholders who choose not to exercise their warrants will, provided that the Rights Issue is fully subscribed and the warrants are exercised

in full, have their ownership diluted by an additional maximum of approximately 18 percent. The total dilution, upon full subscription in the Rights Issue and full utilization of all warrants, thereby amounts to a maximum of approximately 71 percent of the total number of ordinary shares in the Company after the Rights Issue.

INFORMATION ON PUBLIC TAKEOVER BIDS AND REDEMPTION OF MINORITY SHARES

The Act (2006:451) on public takeover bids on the stock market (*Sw*. lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden) ("**LUA**") applies to public takeover bids for the Company's shares. According to LUA, anyone making a public takeover bid must undertake to comply with the Takeover Rules for Nasdaq Stockholm (the "**Takeover Rules**"). Through the undertaking, anyone making a public takeover bid undertakes to comply with both the Takeover Rules and the Swedish Securities Council's decisions and statements on the interpretation and application of the Takeover Rules and on good practice in the stock market. The shares in the Company are not, and have never been, the subject of any public takeover bid.

AUTHORIZATIONS

AUTHORIZATION FOR ISSUES

The annual general meeting on 6 May 2024 resolved to authorize the board of directors to, at one or several occasions, during the time up until the next annual general meeting, with or without deviation from the shareholders' preferential rights, and with or without provisions regarding payment in kind or through set-off or other provisions, resolve to issue new ordinary shares, convertibles and/or warrants. The reason for that deviation from the shareholders' preferential rights shall be permitted is to enable the Company to raise working capital, to execute acquisitions of companies or operating assets as well as to enable issues to industrial partners within the framework of partnerships and alliances. The total number of ordinary shares that may be issued pursuant to the authorization (alternatively be issued through conversion of convertibles and/or exercise of warrants) shall be limited to a number that leads to a maximum dilution of 20 percent (calculated after full utilization of the authorization) of the total number of ordinary shares outstanding in the Company at the time of the first issue resolution pursuant to the authorization. To the extent an issue is made with deviation from the shareholders' preferential rights, the issue should be made on market terms.

AUTHORIZATION FOR ISSUE AND REPURCHASE OF SERIES C SHARES

As part of the implementation of LTI 2024 (see below under "*Share-based incentive programs and convertibles – Share saving programs*"), the annual general meeting on 6 May 2024 resolved to authorize the board of directors to, during the time up until the next annual general meeting, at one or several occasions, resolve to issue a maximum of 1,881,435 series C shares. The new shares shall, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value of the shares. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with the issue is to secure delivery of matching shares and performance shares in LTI 2024, and to, in terms of liquidity, secure payments of future social security contributions related to LTI 2024. It is noted that this shall be done by the Company repurchasing the issued series C shares in accordance with the repurchase authorization described below, after which the repurchased series C shares will be converted into ordinary shares and transferred to the participants.

The annual general meeting also resolved to authorize the board of directors to, during the time up until the next annual general meeting, at one or several occasions, resolve on repurchase of own series C shares. Repurchase may only be made through an acquisition offer directed to all holders of series C shares and shall include all outstanding series C shares in the Company. It will also be possible to repurchase interim shares, so-called paid subscribed shares (BTA), in respect of series C shares. Acquisitions shall be made at a price corresponding to the quota value of the share. The purpose of the repurchase authorization is to secure delivery of matching shares and performance shares in LTI 2024, and to secure, in terms of liquidity, payments of future social security contributions related to LTI 2024.

AUTHORIZATION FOR ISSUE TO GUARANTORS

The extraordinary general meeting on 14 August 2024 resolved to authorize the board of directors to, for the period until the next annual general meeting, on one or several occasions, with deviation from the shareholders' preferential rights and with or without provisions regarding set-off or other conditions, resolve on issue of ordinary shares and warrants to the guarantors in the Rights Issue. Upon exercise of the authorization, the terms and conditions for units shall be the same as in the Rights Issue, meaning that each unit shall consist of three (3) ordinary shares and one (1)

warrant series TO 1, however, the subscription price per unit shall correspond to the volume-weighted average share price of the Company's ordinary share on Nasdaq Stockholm during the subscription period in the Rights Issue (i.e. during the period 20 August – 3 September 2024), multiplied by three (3), but never lower than the subscription price in the rights issue.

The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights is to be able to carry out an issue of units as compensation to the guarantors in the Rights Issue. The number of ordinary shares and warrants that may be issued pursuant to the authorization may not exceed the total number of ordinary shares and warrants corresponding to the agreed underwriting fee that the company has to pay to the guarantors in the Rights Issue.

AUTHORIZATION FOR ISSUE OF CONVERTIBLES

The extraordinary general meeting on 14 August 2024 resolved to authorize the board of directors to, on one occasion during the period until the next annual general meeting, with deviation from the shareholders' preferential rights and with or without provisions regarding set-off or other conditions, resolve to issue convertibles. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights is to enable an issue of convertibles to Fenja Capital as part of the restructuring of the Company's existing loan agreement with Fenja Capital (for further information, see section "*Convertibles*" below and the section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital"*).

SHARE-BASED INCENTIVE PROGRAMS AND CONVERTIBLES

EMPLOYEE OPTION PROGRAM

At the extraordinary general meeting on 13 November 2023, it was resolved to implement an employee option program ("**Employee Option Program 2023**") for all employees in the Company. In Employee Option Program 2023, the participants were initially allotted 1,780,000 employee options free of charge. As per the date of the Prospectus, a total of 1,720,000 employee options are outstanding. The allotted employee options are vested in their entirety on 31 October 2024. Allotted and vested options can be exercised as from and including 1 November 2024 up to and including 31 December 2024. Each employee option entitles the participants right to acquire one new share in the Company against cash payment of a subscription price of SEK 3.6 per share, which corresponds to 125 percent of the volume-weighted average share price for the Company's ordinary share on Nasdaq Stockholm during ten trading days immediately prior to the extraordinary general meeting on 13 November 2023. In addition, Employee Option Program 2023 includes a maximum profit level with the implication that if, upon notification of exercise of an employee option, the price last paid for the Company's share at the stock exchange or trading venue where the share is then listed at closing on the trading day immediately preceding the notification of exercise would exceed SEK 25 per share, the number of shares that each employee option entitles to subscription of shall be reduced to such an extent that the participant cannot benefit from any profit that otherwise would exceed the above-mentioned closing price.

In order to enable the Company's delivery of shares under Employee Option Program 2023, the extraordinary general meeting on 13 November 2023 also resolved on a directed issue of a maximum of 1,880,000 warrants to the Company, of which the Company subscribed for 1,780,000 warrants. Thereto, the general meeting resolved to approve that the Company may transfer warrants to the participants free of charge in connection with the exercise of the employee options.

If all outstanding employee options as per the date of the Prospectus are exercised, a total of 1,720,000 new ordinary shares may be issued in the Company, which entails a dilution of the ordinary shares of approximately 4.80 percent based on the number of ordinary shares in the Company as per the date of the Prospectus.

SHARE SAVING PROGRAMS

The Company has four outstanding share saving programs (LTI 2021, LTI 2022, LTI 2023 and LTI 2024) which have been offered to all employees. For each ordinary share that is acquired by a participant ("**Saving shares**"), the participant has the right to receive one matching share ("**Matching shares**"). In addition, the participant also has the right to receive up to five performance shares ("**Performance shares**") for each Saving share. The receipt of Matching shares and Performance shares is conditional to the following terms and conditions:

a) that the participant has kept all Saving shares during the period from the end of the relevant investment period to the end of the relevant saving period (30 September 2024 for LTI 2021, 30 September 2025 for LTI 2022, 30 September 2026 for LTI 2023 and 30 September 2027 for LTI 2024);

b) that the participant is still employed by the Company at all times during the relevant saving period; and

c) that requirements related to the Company's share price development from the day for the annual general meeting when the programs were resolved upon (5 May 2021 for LTI 2021, 5 May 2022 for LTI 2022, 4 May 2023 for LTI 2023 and 6 May 2024 for LTI 2024) until the end of the saving period are fulfilled.

As per the date of the Prospectus, there are 1,113,431 series C shares issued for delivery of ordinary shares under the Company's share saving programs LTI 2021 – 2024. Within the framework of LTI 2021, LTI 2022 and LTI 2023, a total of 1,015,218 new ordinary shares may be issued to participants in the programs, which entails a dilution regarding the number of ordinary shares of approximately 2.92 percent of the number of ordinary shares in the Company as per the date of the Prospectus. As the relevant investment period (i.e. the period during which a participant's investment in Saving shares must be made, either by acquisition on the market or through allocation of ordinary shares owned by the participant) for LTI 2024 is still ongoing as per the date of the Prospectus, the total number of ordinary shares that can be issued to participants under LTI 2024 is not yet finally determined.

CONVERTIBLES

On 4 February 2024, the board of directors resolved, based on the authorization granted by the annual general meeting on 4 May 2023, on a directed issue of 1,424,501 convertibles to Fenja Capital II A/S (previously Formue Nord Fokus A/S), corresponding to a nominal amount of approximately MSEK 15. The issue of the convertibles was part of a financing which also referred to a loan facility (for further information, see section "*Legal considerations and supplementary information – Material agreements – Loan agreement with Fenja Capital*" below*).* The convertibles accrue interest at an annual rate of STIBOR 3M plus 10 percent. The interest is due for payment at the end of each calendar quarter. The convertibles may be converted into ordinary shares at a conversion rate of SEK 10.53 per ordinary share. Upon full conversion, a total of 1,424,501 ordinary shares will be issued, corresponding to a dilution of approximately 4.05 percent based on the number of ordinary shares in the Company before the Rights Issue. Conversion can be called for from and including the date of registration of the convertibles with the Swedish Companies Registration Office up to and including 20 May 2025 and each request for conversion must refer to an amount of at least MSEK 2. The convertibles shall, if not previously converted, be repaid no later than 20 May 2025.

In connection with the Rights Issue, Ascelia Pharma has renegotiated the outstanding financing from Fenja Capital and the Company will, in connection with the Rights Issue, repay parts of the convertibles with the issue proceeds. According to the revised loan agreement, the Company shall repay at least MSEK 7.5 of the nominal amount for the convertibles. Thereto, the Company and Fenja Capital have agreed that any nominal amount still outstanding under the convertibles after the above repayments shall be converted into new convertibles in the Company. The nominal amount for the new convertibles can thus amount to a maximum of MSEK 7.5, and the conversion rate amounts to SEK 3.38. Fenja Capital shall pay for the new convertibles by set-off against the nominal amount outstanding under the convertibles after repayment in accordance with the above. Conversion may be called for from and including the date of registration of the new convertibles up to and including 31 December 2025 and each request for conversion must refer to an amount of at least MSEK 2. The new convertibles shall, if not previously converted, be repaid no later than 31 December 2025.

The new convertibles will have the same interest terms as the existing convertibles, with the difference that the interest base (STIBOR 3M) cannot be lower than three (3) percent. In the event that the new convertibles issued after the Rights Issue amount to the highest nominal amount of MSEK 7.5, a maximum of 2,218,934 convertibles will be issued. Upon full conversion of the convertibles into shares, 2,218,934 ordinary shares will thus be issued, corresponding to a dilution of approximately 6.17 percent based on the number of ordinary shares in the Company prior to the Rights Issue. The new convertibles will be subject to customary recalculation terms in connection with new issues etc.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

COMPANY INFORMATION AND LEGAL STRUCTURE

The Company is a Swedish public limited liability company founded in Sweden on 17 May 1999 and registered with the Swedish Companies Registration Office on 4 June 1999. The name of the Company and its trading name is Ascelia Pharma AB. The Company's corporate registration number is 556571-8797 and its LEI code is 5493002YR9VCJJPWYN08. The Company has its registered office in the municipality of Malmö, and the general meeting will also be held in the municipality of Malmö. The Company conducts its business in accordance with the Swedish Companies Act (2005:551). The Company is the parent company of the wholly-owned subsidiaries Ascelia Incentive AB, Ascelia Pharma Inc. and Oncoral Pharma ApS.

The Company's website is www.ascelia.com. The information on the Company's website is not part of the Prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority, unless it is incorporated in the Prospectus by reference (see section "*Documents incorporated by reference*" below).

MATERIAL AGREEMENTS

The Company enters into various commercial agreements as part of the ordinary business, such as agreements with suppliers, contract manufacturers and Clinical Research Organizations (CROs). Thereto, during the two-year period preceding the publication of the Prospectus, the Company has not entered into any material agreement outside of its day-to-day operations, or otherwise entered into any agreement that contains an obligation or right that is material to the Company, other than the loan agreements that the Company entered into with Fenja Capital in February and July 2024, respectively, as further described below.

LOAN AGREEMENT WITH FENJA CAPITAL

On 4 February 2024, the Company entered into a loan agreement with Fenja Capital of a total of up to MSEK 20, divided into two tranches om MSEK 5 and up to MSEK 15, respectively. Both tranches have been paid to the Company. The board of directors of the Company also resolved on 4 February 2024 on a directed issue of convertibles to Fenja Capital (for further description of the convertibles, see section "*Share capital and ownership structure – Share-based incentive programs and convertibles").*

In connection with the Rights Issue, Ascelia Pharma has renegotiated the outstanding financing from Fenja Capital. Ascelia Pharma will, in connection with the Rights Issue, use at least MSEK 7.5 of the proceeds from the Rights Issue to repay the outstanding nominal amount under the convertibles (the "**Mandatory Repayment**"). Furthermore, if the gross proceeds received by the Company in the Rights Issue exceed MSEK 70, the Company may in its sole discretion resolve to repay additional amounts outstanding under the loans and convertibles (which in such case shall be made in connection with the Mandatory Repayment). In case the Company resolves to repay additional amounts in accordance with the foregoing, repayment shall be made firstly towards accrued interest and subsequently towards the outstanding nominal amount under the loans and lastly towards the outstanding nominal amount under the convertibles.

In addition to the above, the Company and Fenja Capital have agreed that any nominal amount still outstanding under the convertibles following the above repayments shall be converted into new convertibles (for further description of the convertibles, see section "*Share capital and ownership structure – Share-based incentive programs and convertibles*").

The loans carry an annual interest rate of STIBOR 3M plus 10 percent, however, the interest rate base (STIBOR 3M) cannot be lower than three (3) percent. The interest is due at the end of each calendar quarter. The loans must be repaid by 31 December 2025. However, the Company has the right to repay the loans in advance.

To the extent that the total outstanding amount under the convertibles and the loans at the end of a calendar quarter would exceed 15 percent of the Company's market value, the Company is obliged to repay a total amount of MSEK 3 under the convertibles and the loans. If the Company should carry out new issues of shares while the convertibles or loans are outstanding, the Company shall, with certain exceptions, use the net proceeds from such new issues to repay outstanding amounts under the convertibles and the loans (however, no additional repayment besides what is described above shall be made in connection with the Rights Issue). Upon exercise of the warrants TO 1, the

Company shall use an amount corresponding to 50 percent of the net proceeds (after deduction of transaction costs) received by the Company upon exercise of the warrants series TO 1 for repayment of the outstanding loans and convertibles. In the case of repayment, repayment must always be made primarily on loans and only after these have been repaid in full, on the convertibles.

As compensation for the restructuring of the loan terms in connection with the Rights Issue, Fenja Capital will receive a fee corresponding to eight (8) percent of the nominal amount of the loans and the new convertibles outstanding after the repayments in connection with the Rights Issue as set out above (however, the fee may under no circumstances be less than MSEK 1.2).

INTELLECTUAL PROPERTY RIGHTS AND PATENT PORTFOLIO

The Company is dependent on its ability to protect its product candidates and innovations through intellectual property rights, such as patents and trademarks, as well as through other forms of protection such as data exclusivity, which limits the use of data from clinical studies and gives the one conducting the study temporary exclusive rights to use such data to apply for market approval.

As per the date of the Prospectus, Ascelia Pharma has approved patents within three patent families, related to both of the Company's product candidates. Furthermore, the Company has filed three additional patent applications regarding the same patent families. Patent applications and approved patents are owned by Ascelia Pharma and its subsidiary Oncoral Pharma ApS. As part of the preparations for the acquisition of Oncoral in 2017, the Company carried out an FTO analysis (Freedom-to-Operate). The analysis did not identify any relevant intellectual property rights belonging to third parties that could pose a risk to the Company's business.

Ascelia Pharma also prepares documentation for projects that could lead to further patent applications within the Company's business area. In addition to patent protection, local authorities in many countries also offer extra protection in the form of market exclusivity for newly registered drugs. This means that the Company's product candidates can obtain exclusivity for at least seven years in the United States and at least ten years in Europe upon market approval, regardless of how much of the patent period that remains at the time of registration of the drug. As per the date of the Prospectus, the Company has an orphan drug designation approval in the United States for Orviglance. The Company also relies on trade secrets, know-how and continued technological innovation to maintain and strengthen its position in the market.

According to the board of directors, the Company is dependent on the patents to maintain an advantage over potential future competitors and to secure the value of the Company. The Company is also dependent on patents for continued protection of existing and future products. The Company conducts patent work on the basis of an internally determined patent strategy that covers all technologies and markets that are important to the Company. This patent strategy includes, among other things, active work to supplement the existing patent portfolio with new patent applications based on the Company's ongoing research and development.

See also section "*Risk factors*" which describes risks related to the Company's intellectual property rights and orphan drug designation.

The tables below outline Ascelia Pharma's approved patents and ongoing patent applications as per the date of the Prospectus.

APPROVED PATENTS

Patent family	Patent application number	Country	Priority date	Expiry date	Patent type
Chemotherapy with irinotecan (Oncoral)	15/112,157; 15700474.8; 2016-545356; 201580013710	The United States, Europe (The United Kingdom, Germany, France, Italy, the Netherlands, Spain, Switzerland, Turkey, Ireland), Japan, China	2014-01-17	2035	Formulation

Oral contrast medium (effervescent tablet) for use in MRI scans of the liver (Orviglance second generation)	16/895,263	The United States	2019-06-07	2040	Formulation

PATENT APPLICATIONS

Patent family	Patent application number	Country	Priority date	Expiry date	Patent type
Chemotherapy with irinotecan (Oncoral)	16/120,451; 201910899370.6; 10-2016-7022358	The United States, China, Korea	2014-01-17	2035	Formulation
Chemotherapy with irinotecan (Oncoral)	2973906	Canada	2017-01-17	2038	Formulation
Oral contrast medium (effervescent tablet) for use in MRI scans of the liver (Orviglance second generation)	PCT/EP2020/065805	International patent application	2019-06-07	2040	Formulation
Oral contrast medium (effervescent tablet) for use in MRI scans of the liver (composition and use in non-fasting patients)	PCT/EP2023/061741	International patent application	2023-09-11	2044	Composition and administration

AUTHORITY PROCEEDINGS, LEGAL PROCEEDINGS AND ARBITRATION

The Company has during the last twelve months not been part of any authority proceedings, legal proceedings or arbitration (including proceedings which are pending or which, to the best of the Company's knowledge, are likely to be initiated) that have had or are considered to have a significant impact on the Company's financial position or profitability.

TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties that have taken place after 31 December 2022 up to and including 31 December 2023 are described in the Company's annual report for the financial year 2023 under note 27 "Transactions with related parties". The annual report has been incorporated in the Prospectus by reference (see below under "*Documents incorporated by reference*"). After 31 December 2023 up until the date of the Prospectus, no significant transactions with related parties have occurred.

SUBSCRIPTION UNDERTAKINGS AND GUARANTEE COMMITMENTS

In connection with the Offering, Ascelia Pharma has received subscription undertakings from certain members of the board of directors and senior management of a total of approximately MSEK 2.2, corresponding to approximately 2 percent of the Rights Issue. Thereto, the Company has entered into agreements on guarantee commitments with a number of external investors amounting to approximately MSEK 67.8, corresponding to approximately 64 percent of the Rights Issue. In total, the Offering is thus covered by subscription undertakings and guarantee commitments amounting to MSEK 70, corresponding to approximately 66 percent of the Rights Issue.

SUBSCRIPTION UNDERTAKINGS

The Company has received subscription undertakings from certain members of the board of directors and senior management of a total of approximately MSEK 2.2, corresponding to approximately 2 percent of the Rights Issue. No remuneration is paid for subscription undertakings. Received subscription undertakings are not secured by bank guarantee, blocked funds, pledge, or similar arrangement. Consequently, there is a risk that the undertakings, in whole or in part, will not be fulfilled.

The parties that have entered into subscription undertakings are outlined in the table below.

Name	Amount (SEK)	Part of the Offering (%)
Peter Benson	500,000	0.47%
Niels Mengel	500,000	0.47%
Magnus Corfitzen	500,000	0.47%
Andreas Norlin	200,000	0.19%
Julie Waras Brogren	200,000	0.19%
Helena Wennerström	100,000	0.09%
Jennie Wilborgsson	100,000	0.09%
Marie Källström	70,000	0.07%
Carin Linde	50,000	0.05%
Total	**2,220,000**	**2.11%**

GUARANTEE COMMITMENTS

Through agreements entered into with Ascelia Pharma, a number of external investors have undertaken to subscribe for units in the Rights Issue up to an amount of approximately MSEK 67.8, corresponding to approximately 64 percent of the Rights Issue, in the event that the Rights Issue is not fully subscribed. The agreements on guarantee commitments were entered into during July 2024. The guarantee consortium has been coordinated by the Company's financial advisor ABGSC. Received guarantee commitments are not secured by advance transactions, bank guarantee, blocked funds, pledges or similar arrangement.

Compensation for the guarantee commitments is paid through cash payment amounting to eleven (11) percent of the guaranteed amount, or thirteen point five (13.5) percent of the guaranteed amount in the form of newly issued units in the Company, at the same terms and conditions as for units in the Rights Issue, however that the subscription price per unit shall correspond to the volume-weighted average price of the Company's share on Nasdaq Stockholm during the subscription period in the Rights Issue (i.e. during the period from and including 20 August 2024 up to and including 3 September 2024), multiplied by three (3), however not less than the subscription price in the Rights Issue.

In total, the Rights Issue is thus covered by subscription undertakings and guarantee commitments amounting to MSEK 70, corresponding to approximately 66 percent of the Rights Issue. Consequently, guarantee commitments will not be used for amounts exceeding MSEK 70.

Parties who have entered in guarantee commitments are outlined in the table below.

Name*	Amount (SEK)	Part of the Offering (%)
Fenja Capital II A/S[1)]	23,000,000	21.84%
Buntel AB[2)]	9,500,000	9.02%
Wilhelm Risberg	9,250,000	8.78%

Fredrik Lundgren	9,250,000	8.78%
Munkekullen 5 förvaltning AB[3)]	9,000,000	8.55%
Dariush Hosseinian	7,780,000	7.39%
Total	**67,780,000**	**64.35%**

* Natural persons who have entered into agreements on guarantee commitments can be reached via ABG Sundal Collier AB, address Regeringsgatan 25, SE-111 53 Stockholm, Sweden, or via the Company's address, Ascelia Pharma AB, Hyllie Boulevard 34, SE-215 32, Malmö, Sweden.

[1)] Østre Alle 102, 9000 Aalborg, Denmark.

[2)] Ingmar Bergmans gata 2, SE-114 34, Stockholm, Sweden.

[3)] Munkekullsvägen 5, SE-429 43, Särö, Sweden.

The issue guarantor Fenja Capital has provided a guarantee commitment of MSEK 23, which means that Fenja Capital may exceed ten percent of the votes in Ascelia Pharma after the Rights Issue. To the extent Fenja Capital's fulfilment of such guarantee entails that the investment must be approved by the Inspectorate of Strategic Products (ISP) in accordance with the Swedish Screening of Foreign Direct Investments Act (*Sw*. lagen (2023:560) om granskning av utländska direktinvesteringar), such part of the guarantee is conditional upon notification that the application of the transaction is left without action or that approval has been obtained from the Inspectorate of Strategic Products.

STATUTORY DISCLOSURES

The following is a summary of the information disclosed by the Company during the last twelve-month period in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (Market Abuse Regulation) and which, in the Company's opinion, is still relevant as per the date of the Prospectus.

REGULATORY DISCLOSURES

- On 10 July 2024, Ascelia Pharma announced that the board of directors, subject to the approval by the extraordinary general meeting on 14 August 2024, resolved to carry out the Rights Issue of units consisting of shares and warrants series TO 1 of approximately MSEK 105, and resolved on a restructuring of the Company's outstanding loans and convertibles from Fenja Capital.
- On 2 May 2024, Ascelia Pharma announced the result from the Phase 3 study SPARKLE which showed convincing visualization of focal liver lesions with the Company's product candidate Orviglance compared to unenhanced MRI, and that the product candidate thereby met the primary endpoint in the pivotal study.
- On 4 February 2024, Ascelia Pharma announced that the Company had resolved on a directed issue of convertibles to Fenja Capital of a total amount of MSEK 15, and entered into an agreement with Fenja Capital of a loan facility of up to MSEK 20.

ADVISORS

ABGSC is financial advisor and Setterwalls Advokatbyrå AB is legal advisor to the Company in connection with the Offering. Aqurat Fondkommission is issuing agent in connection with the Offering. ABGSC and Aqurat Fondkommission receive a pre-agreed compensation, which to a certain extent is dependent on the outcome of the Offering, for services provided in connection with the Offering. ABGSC has provided, and may in the future provide, various financial, investment, commercial and other services to Ascelia Pharma, for which they have received, and may come to receive, compensation. Other than that, ABGSC and Setterwalls Advokatbyrå AB have no financial or other interests in the Rights Issue. Setterwalls Advokatbyrå AB receives compensation for services provided on an ongoing basis and may provide additional legal services to the Company in the future.

COSTS FOR THE RIGHTS ISSUE

The Company's costs relating to the Rights Issue are estimated to amount to approximately MSEK 17. Such costs consist mainly of costs for guarantee commitments as well as remuneration to financial and legal advisors in relation to the Rights Issue and costs related to marketing material and other presentations.

DOCUMENTS INCORPORATED BY REFERENCE

The following accounting documents are incorporated in the Prospectus by reference. The documents are available at the Company's website, www.ascelia.com.

- Ascelia Pharma's interim report for the period 1 January – 30 June 2024, where reference is made to the Group's consolidated income statement (p. 16), the Group's consolidated statement of comprehensive income (p. 16), the Group's consolidated balance sheet (p. 17), the Group's consolidated statements of changes in equity (p. 18), the Group's consolidated cash flow statement (p. 19), notes (p. 22 – 23) and the auditor's report (p. 15).
- Ascelia Pharma's annual report for the financial year 2023 where reference is made to the Group's consolidated income statement (p. 51), the Group's consolidated statement of comprehensive income (p. 51), the Group's consolidated balance sheet (p. 52), the Group's consolidated statements of changes in equity (p. 53), the Group's consolidated cash flow statement (p. 54), notes (p. 59 – 84) and the auditor's report (p. 86 – 89).

REMARK FROM THE COMPANY'S AUDITOR

The auditor's report regarding the annual report for the financial year 2023, which was submitted prior to the Company's reporting of positive results from the SPARKLE study, deviates from the standard wording as it contains a notification of particular significance. The notification refers to a material uncertainty factor regarding the assumption of going concern, which indicates that there is a material uncertainty factor that could lead to significant doubts about the Company's ability to continue its operations. The notification in its entirety is presented below:

"Material uncertainty regarding the going concern assumption

Without prejudice to my statements above, I would like to draw attention to the Board of Directors' Report on page 34, which states that positive headline results from SPARKLE Phase 3 are an important parameter influencing Ascelia's share price and thus access to financing. This circumstance indicates that there is a material uncertainty that may lead to significant doubts about the company's ability to continue as a going concern."

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are, throughout the period of validity of the Prospectus, available on the Company's website, www.ascelia.com.

- The Company's articles of association.
- The Company's certificate of registration.
- Terms and conditions for warrants series TO 1 in Ascelia Pharma AB.

THE PROSPECTUS

This Prospectus has been approved by the Swedish Financial Supervisory Authority, as the competent authority according to Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority has approved this Prospectus only insofar it meets the standards of completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129. This approval of the Prospectus should not be taken as any form of endorsement, neither of the issuer or the quality of the securities referred to in this Prospectus. Investors should make their own assessment on whether it is appropriate to invest in these securities. The Prospectus has been prepared as a simplified prospectus in accordance with article 14 in Regulation (EU) 2017/1129.

DEFINITIONS

ANDA – An application to the FDA for the evaluation and potential approval of a generic drug.

Active substance – The substance in a pharmaceutical drug that is biologically active.

Acute kidney injury – An abrupt loss of kidney function.

Advanced cancer – Cancer that has grown outside the organ it started in.

Bioequivalence study - Studies to prove that a product is bioequivalent, i.e. pharmaceutically equivalent, to another drug. Bioequivalence studies are required in an ANDA.

Black-box warning – The highest safety-related warning that can be assigned to a pharmaceutical drug by the FDA. These warnings are intended to alert the user to the high risks of the drug.

Chemotherapeutic drugs – Chemotherapy-based drugs given to cure or slow down cancer.

Chemotherapy regimen – A plan for chemotherapy that defines, among other things, the drug to be used, the dosage of the drug, and the frequency and timeframe of the treatment.

Chronic kidney disease - Progressive deterioration of kidney function over a long period of time.

Clinical studies - Studies in healthy or diseased individuals aimed at studying the effectiveness of a drug or treatment.

Colorectal cancer - Cancer that develops in the large intestine, usually in the rectum or colon.

Contrast agent - A substance used to enhance contrast in medical imaging.

Computer Tomography (CT) – An X-ray method in which multiple two-dimensional images are digitally processed to create a three-dimensional image.

Cytotoxic – Substances that are toxic to body cells.

Cytotoxic drug – A type of drug used within chemotherapy.

Data exclusivity – In this context, a term to describe the time-period in which no ANDA can be approved based on the exclusive data for the drug.

Efficacy measure – The measure used in clinical studies to assess the effect, both positive and negative, of an intervention or treatment.

EMA (European Medicines Agency) – The European agency responsible for the evaluation of medicinal products.

FDA (Food and Drug Administration) – The US federal agency responsible for evaluation of medicinal products.

Focal liver lesions – Localized changes in liver tissue.

Food interaction study – Study to investigate how the circulation of a pharmaceutical drug in the bloodstream is affected by what the patient has eaten before taking the drug.

Gadolinium – A heavy metal used as a contrast agent, see '*Gadolinium-based contrast agent*' below.

Gadolinium-based contrast agent (GB contrast agent) – A contrast agent based on gadolinium as a contrast enhancer.

Generic player – Market players producing generic drugs, see "*Generic drug*" below.

Generic drug – A pharmaceutical that is equivalent to a registered drug in dosage, strength, route of administration, quality, performance and intended use.

Glomerular filtration rate – A common measure of kidney function. Indicates the speed at which imaging plasma travels as it is filtered through the kidney's glomeruli, small bundles of thin blood vessels.

Good Clinical Practice (GCP) – An international quality standard for the conduct of clinical studies.

Good Manufacturing Practice (GMP) – A set of manufacturing guidelines set by the authority that authorizes medical products. GMP may differ depending on the authorizing authority.

HER2 – A gene that can play a role in the development of certain cancers.

Incidence – A measure of the probability of occurrence of a medical condition within a population.

Infusion – Continuous injection of a substance into the body.

Intra-reader variability – Measurement differences between results read by the same readers.

Liver metastases – Cancerous tumors that have spread to the liver from another part of the body.

Market exclusivity – Used in this context to describe the period after market authorization of an orphan drug when no new market authorizations can be granted for the same therapeutic indication.

Metronomic dosing – A dosing schedule with low doses given frequently, usually daily.

MRI – An examination method based on a medical imaging technique used in radiology. Performed to detect diseases and visualize injuries in the body.

Nephrogenic Systemic Fibrosis (NSF) – A serious condition involving fibrosis of the skin, joints, eyes and internal organs.

Oncology – Medical branch for tumor diseases.

Off-label – When doctors prescribe an authorized drug for use in an unauthorized indication.

Orphan drug – A drug that has been developed specifically to treat a rare medical condition.

Paediatric population – The part of the population aged between 0 and 18 years.

Pharmacokinetics – Describes the relationship between a given dose of a drug and the concentration of the drug a patient receives in the blood.

Positron emission tomography (PET) – An imaging technique used to observe metabolic processes in the body.

Preclinical research – The research phase carried out before clinical studies where initial safety data for the drug is collected.

Prescription drugs – Drugs prescribed by a doctor on prescription, i.e. drugs that cannot be bought without a prescription.

Preoperative planning – Planning before an operation to assess a patient's ability to undergo surgery.

Prevalence – The proportion of a population suffering from a particular disease.

Primary cancer – The first cancerous tumor to form.

Prodrugs formulation – A drug that is metabolized to its pharmacologically active drug substance after administration.

Product candidates – Drugs under development with the intention of eventually commercializing the product.

Radiologist – Doctor specializing in radiology, which in medical technology is the study of methods for imaging the interior of the human body.

Therapeutic indication – A description of the disease to be treated with the drug and of the population that the drug will target.

Tolerability – The extent to which negative side effects from the drug can be tolerated by the patient.

ADDRESSES

THE COMPANY
ASCELIA PHARMA AB
Hyllie Boulevard 34
SE-215 32 Malmö, Sweden
Phone: +46 735 179 118
www.ascelia.com

FINANCIAL ADVISOR TO THE COMPANY
ABG SUNDAL COLLIER
Regeringsgatan 25, 8 fl.
SE-111 53 Stockholm, Sweden
www.abgsc.com

LEGAL ADVISOR TO THE COMPANY
SETTERWALLS ADVOKATBYRÅ AB
Stortorget 23
SE-211 34 Malmö, Sweden
www.setterwalls.se

ISSUING AGENT
AQURAT FONDKOMMISSION AB
P.O. Box 7461
SE-103 92 Stockholm, Sweden
www.aqurat.se

THE COMPANY'S AUDITOR
ÖHRLINGS PRICEWATERHOUSECOOPERS AB (PWC)
Anna Lindhs plats 4
SE-211 19 Malmö, Sweden
www.pwc.se