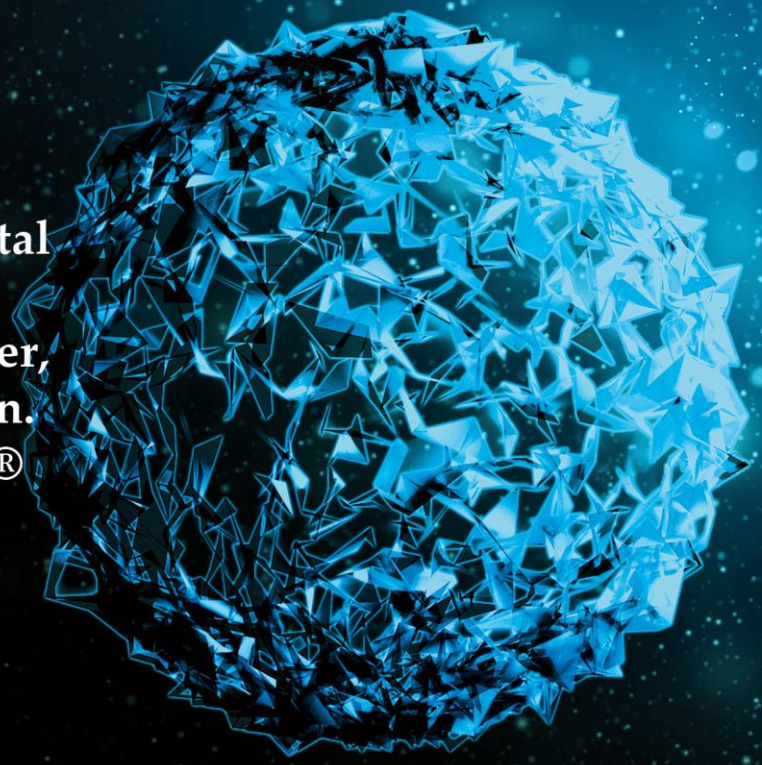
oncopeptides

Interim Report April - June 2017



"It is gratifying that our pivotal Phase III study OCEAN commenced during the quarter, according to our strategic plan. This is a milestone for Ygalo® and for us as a company, and takes us one step closer to making Ygalo® available for late-stage multiple myeloma patients."

Oncopeptides is a research and development stage pharmaceutical company developing drugs for the treatment of cancer. Since the founding of the company the focus has primarily been on the development of the lead product candidate Ygalo®, an innovative, peptidase-potentiated alkylator intended for effective and focused treatment of hematological cancers, and in particular multiple myeloma. Ygalo® is intended to demonstrate better results from treatment compared to established alternative drugs in the treatment of patients with multiple myeloma. Ygalo® could potentially provide physicians with a new treatment option for patients suffering from this serious disease.

Interim Report April - June 2017

SUMMARY OF Q2

April 1st – June 30th 2017

- Net sales amounted to 0.0 (0.0) MSEK
- Loss for the period was 67.3 (loss: 23.5) MSEK
- Loss per share, before and after dilution, was 1.69 (loss: 1.19) SEK
- On June 30th cash and cash equivalents amounted to 535.1 (15.9) MSEK

Significant events during the period April 1st to June 30th 2017

- In June, the first patient was dosed in the pivotal phase III study OCEAN. The study is targeting Late-Stage Relapsed Refractory (RRMM) patients with Multiple Myeloma.

  The study is designed as a head-to-head comparative study where the result will show whether Ygalo® is more effective, just as effective, or less effective than the current standard of care treatment option pomalidomide for RRMM patients

FINANCIAL OVERVIEW OF THE GROUP (SEK thousand):

Financial overview of the group (SEK thousand)

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Net sales	-	-	-	-	-
Operating loss	-67,260	-23,483	-129,343	-38,727	-114,482
Loss before tax	-67,260	-23,483	-129,343	-38,727	-114,446
Loss for the period	-67,260	-23,483	-129,343	-38,727	-114,446
Earnings per share before and after dilution (SEK)	-1.69	-1.19	-3.54	-2.01	-4.88
Cash flow from operating activities	-72,023	-19,538	-139,660	-32,669	-104,262
Cash and cash equivalents at the end of the period	535,069	15,919	535,069	15,919	40,251
Research & development costs/operating expenses %	74%	90%	75%	88%	78%

FINANCIAL CALENDAR

Interim Report Q3 2017	November 15th 2017
Full Year Report 2017	February 22nd 2018

CEO STATEMENT

Dear Shareholders,

In line with our commitments, we have increased the activity level from clinical studies to pharmaceutical manufacturing since the beginning of the year. In the financial reporting, this is reflected primarily by cost increases in R&D on a year to year basis. The increase in activity and cost is in accordance to our strategic plan as outlined in the IPO prospectus.

During the second quarter of 2017 we initiated our phase III study OCEAN in June accordance with earlier communication. The study is run across more than 80 hospitals in 14 countries (Europe, USA and Israel). In this study, we compare Ygalo® with standard-of-care pomalidomide head-to-head in late-stage relapsed and refractory multiple myeloma patients (i.e. in line with the pomalidomide label). We expect to recruit roughly 450 patients and to be able to communicate top-line results from the study in the middle of 2019. Pomalidomide had revenues of 1.3bn USD in 2016 with an annual growth of more than 30%. OCEAN is aimed at achieving market authorization of Ygalo® for the treatment of patients with multiple myeloma both in the USA as well as in Europe.

Clinical development on track

Patient recruitment has continued to be on track in HORIZON, our ongoing phase II single-arm study, throughout the second quarter. In addition, the preparations for dosing the first patient in ANCHOR, a phase I combination trial, in Q4 of 2017 is also on track. All clinical development activities are currently on target.

Manufacturing on track

In the second quarter of 2017, we also successfully manufactured the first batch of Ygalo® according to the commercial manufacturing process. This means that the last significant technical hurdle for commercial manufacturing of Ygalo® is behind us. While clinical study risks are the main risks in the development of new drugs, manufacturing risks are often underestimated. As a result, this is an important milestone for Oncopeptides and brings us one step closer to the planned launch of Ygalo®.

Preparations for the American Society of Hematology meeting in December 9th-12th 2017

We are currently concluding the submission work for American Society of Hematology (ASH) in December 2017. The scientific abstract book for ASH is normally published in the first half of November which means that it most likely will be public prior to the release of our Q3 report.

Looking ahead

This year continues with a very high work intensity. We are concluding the phase II study O-12-M1 and are running the clinical trials HORIZON and OCEAN at full speed. In addition, we initiate a new clinical trial in ANCHOR in the fourth quarter of 2017. All studies aim at fully characterize Ygalo® for the treatment of multiple myeloma to enable market authorization submissions. Furthermore, we are running multiple market research projects and surveys to detail our sales and marketing strategy including infrastructure build-up. I am looking forward to continuing to ensure that our clinical development program moves forward in line with our plans, the detailing of our sales and marketing strategy as well as to a successful ASH in December this year.

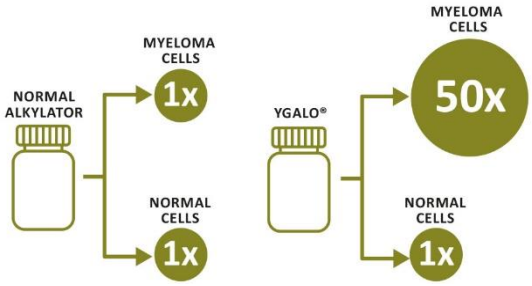
Stockholm, August 25th, 2017

Jakob Lindberg
CEO, Oncopeptides AB (publ)

YGALO® AND MULTIPLE MYELOMA OVERVIEW

About Ygalo®

Ygalo® is a next generation alkylator treatment that targets cancer cells through a mechanism called peptidase potentiation. While traditional alkylators target the bone marrow (which causes side effects) and cancer cells (which treats the disease) equally well, Ygalo® targets the cancer cells 50x better than the bone-marrow cells compared to traditional alkylators. This is expected to result in a better treatment of the cancer without corresponding increase in side effects.



Currently, Ygalo® is studied in three clinical trials for the treatment of a rare hematological cancer - multiple myeloma. The current studies are O-12-M1, HORIZON and OCEAN. The study ANCHOR will be initiated towards the end of 2017 to further investigate Ygalo® in multiple myeloma. See later sections for details around the four clinical studies.

About multiple myeloma

Multiple myeloma is a hematological cancer of the B-cells (antibody producing cells) with no cure. Currently, the median overall survival is roughly 5 years and improving.*

Today, roughly 170,000 patients live with multiple myeloma in the EU and the US while 57,000 patients get diagnosed and 26,000 patients die from the disease annually.* The underlying increase in number of multiple myeloma patients is a bit more than 1% per year where an aging population is the main driver of growth. However, the growth in late-stage multiple myeloma patients that Ygalo® is focused on is more than 10% per year due to improvements in earlier lines of therapy (i.e. more patients than ever before survive the first years with multiple myeloma – that remains incurable - and become late-stage multi-refractory patients with a significant medical need for more treatment options).

Treating multiple myeloma

Multiple myeloma is mainly treated through five different treatment modalities (see next page). Due to the high mutation frequency of myeloma cells, patients have several active cancers (cancer clones) at the same time with different protein expression patterns. Because of this heterogeneity of the disease in each patient, broad spectrum agents are the back-bone in multiple myeloma treatment. In the case of the new targeted agents, they will almost exclusively be used in combination with broad spectrum agents to ensure that all the patient's cancer cells get appropriately treated. Immuno-oncological compounds have so far had limited success in the treatment of multiple myeloma.

Definitions

Alkylating agent
A type of broad spectrum cytotoxic agent.

Multiple myeloma
Rare blood based cancer.

Pivotal study
Phase III registration study.

Refractory
Resistant to a treatment.

* Source: National Cancer Institute (seer.cancer.gov), Global Data 2015 (www.globaldata.com) and American Cancer Society (www.cancer.org).

Main treatment options in multiple myeloma

MODALITY	PHARMACEUTICAL DRUGS	COMBINED MYELOMA SALES 2016	% OF PATIENTS TREATED IN 2016 (US)
Broad Spectrum Agents			
Alkylating agents	Bendamustine, cyclophosphamide and melphalan	>10bn USD	93.9%
IMiDs	Lenalidomide, pomalidomide and thalidomide		
Proteasome inhibitors	Bortezomib, carfilzomib and ixazomib		
Steroids	Dexamethasone and prednisone		
Targeted Agents			
Anti-CD38	Daratumumab	>0.7bn USD	9.2%
Anti-SLAMF7	Elotuzumab		

Note: Only compounds with widespread use listed. Steroids excluded from '% patients treated' analysis. Patients on both broad spectrum cytotoxic and targeted agents are counted in both categories.

Source: Annual Reports, Global Data, internal analysis and IntrinsiQ data.

Patient segments in multiple myeloma

In the table below, the main patient segments in multiple myeloma are detailed. The main segments are 'Newly Diagnosed', 'Relapsed and Relapsed Refractory', 'Late-Stage Relapsed Refractory' and 'Quad- and Penta-Refractory' patients. An outline of what successful clinical results look like in the different patient segments can be seen in the table below. As shown, treatment results deteriorate quickly once a patient starts to become refractory. This is consequently the patient population with the largest medical need and the focus in the clinical development of Ygalo®. As mentioned previously, this is also the fastest growing patient segment due to recent advances in the treatment of the disease in earlier lines of therapy. In the table on the next page, the patient groups that the studies HORIZON and OCEAN target are shown by the study logotypes.

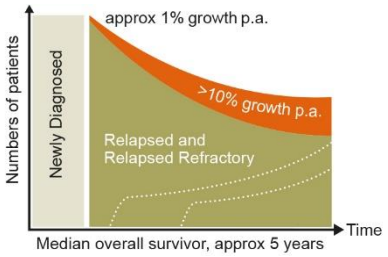
When evaluating clinical data in multiple myeloma a few standard measures are used:

- Progression Free Survival (PFS) measures for how long time the cancer is <u>not</u> growing from the start of the treatment (when the cancer is growing again the patient has relapsed in his/her disease)
- Overall Survival (OS) measures for how long time the patient survives from the start of the treatment
- Overall Response Rate (ORR) measures how many patients that have lost 50% or more of the tumor mass from the start of the treatment
- Clinical Benefit Rate (CBR) measures how many patients that have lost 25% or more of the tumor mass from the start of the treatment. CBR is only used in late-stage multiple myeloma patients where such a result is also seen as success when the disease has become very difficult to treat
- Duration of Response (DOR) measures for how long the cancer does not grow in a patient that responded to the treatment (i.e., for how long time the cancer does not grow in those patients that got rid of at least 50% of the tumor mass as measured from the time point that the patient was a responder to the treatment)

Patient segments and treatment results overview

PATIENT SEGMENT	MEDIAN PFS	MEDIAN OS	ORR	MEDIAN DOR
Newly Diagnosed	20-30 months	4-6 years	70-100%	20-30 months
Relapsed and Relapsed Refractory	15-30 months	2-4 years	60-90%	15-30 months
Late-Stage Relapsed Refractory	3-4 months	1-1.5 years	20-30%	7-8 months
Quad- and Penta-Refractory	2-3 months	~9 months	~20%	~5 months

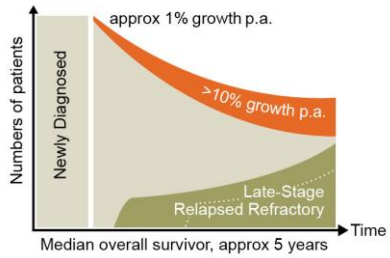
Source: Published clinical data and internal analysis.



Relapsed and Relapsed Refractory

TREATMENT	ORR	MEDIAN PFS	MEDIAN DOR
Carfilzomib + lenalidomide + dexamethasone	87%	26.3 months	28.6 months
Lenalidomide + dexamethasone	67%	17.6 months	21.2 months

Note: Representative examples of recent clinical trials (triple and double combination therapy).
Source: FDA Label.

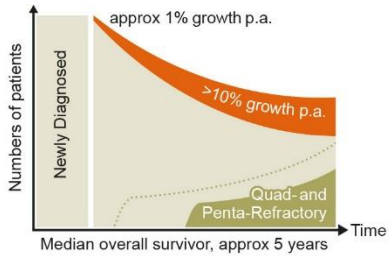


Late-Stage Relapsed Refractory

OCEAN

TREATMENT	ORR	CBR	MEDIAN PFS	MEDIAN DOR	MEDIAN OS
Pomalidomide + dexamethasone	24%	NR	3.6 months	7.0 months	12.4 months
Carfilzomib	23%	37%	3.7 months	7.8 months	15.6 months
Daratumumab	29%	34%	3.7 months	7.4 months	17.5 months
Ygalo® + dexamethasone	30%	50%	4.3 months	7.7 months	18.2 months

Note: NR=Not Reported. Ygalo® is not market approved.
Source: FDA Label.



Quad- and Penta-Refractory

HORIZON

TREATMENT	ORR	CBR	MEDIAN PFS	MEDIAN DOR	MEDIAN OS
Selinexor + dexamethasone	21%	32%	2.1 months	5.0 months	9.3 months

Note: Selinexor is not market approved.
Source: Blood 2016 128:491;

Clinical data in different multiple myeloma patient segments

In the graphics above, more details around the patient segments and recent clinical data are shown. The graphics also include a rough visual outline of the relative sizes of the different patient segments in multiple myeloma over time from diagnosis.

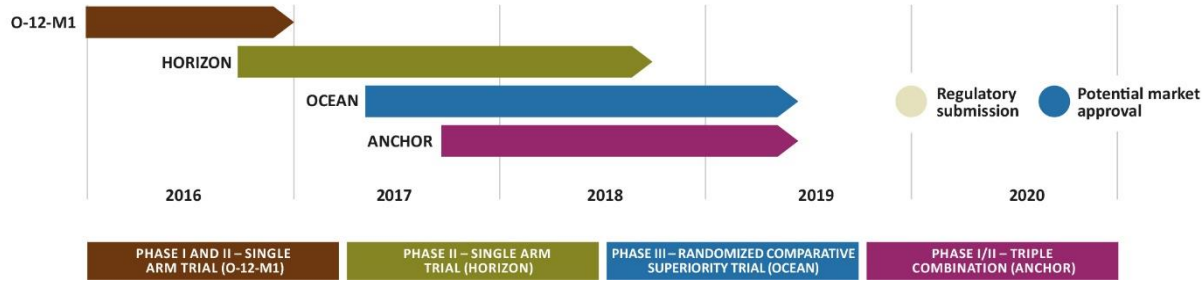
The first graphic shows the two main patient segments: 'Newly Diagnosed' patients and 'Relapsed and Relapsed Refractory' patients. Almost all clinical trials that are in 'Relapsed and Relapsed Refractory' patients are in patients that have relatively recently undergone initial therapy as newly diagnosed patients. This is reflected in the clinical data seen to the right of the graph. There is a very large number of trials in 'Relapsed and Relapsed Refractory' patients so only a representative sample of clinical trials are show for reference.

The second graphic shows the sub-population of patients that live up to the strict definition that FDA and EMA use in their label texts for 'Late-Stage Relapsed and Refractory patients'[1]. As shown in the second graphic most patients become 'Late-Stage Relapsed and Refractory patients' at some point in time but for some patients it happens very early during their disease and for others late in their disease. There is a limited number of trials in this patient population and to the right of the second graph those reference trials are shown. Treatment results deteriorate quickly in this 'Late-Stage Relapsed and Refractory' patient population compared to the earlier patients seen above. Consequently, these are patients with a significant unmet medical need. In our study OCEAN, Ygalo® is compared head-to-head with the current standard of care in this patient population, pomalidomide.

The last graphic shows the sub-population of patients that have received treatment as a 'Late-Stage Relapsed and Refractory patient' and subsequently become refractory to also that treatment. These patients are referred to as 'Quad- and Penta-Refractory Patients'. This is the study population for HORIZON. To the right of this graph, the only - to our knowledge – large trial in this patient population is shown for reference. Our study HORIZON will be assessed in comparison with these data.

1) 2+ prior lines of therapy, prior exposure to both IMiDs and proteasome inhibitors and disease progression while on therapy or within 60 days of last dose.

Clinical Development Plan



We are currently running or planning to run three clinical trials to fully characterize Ygalo® in multi-refractory late-stage multiple myeloma patients: OCEAN, HORIZON and ANCHOR. Recently, we ran a clinical phase I and II trial in 'Late-Stage Relapsed Refractory' patients where the clinical study report will be published during second half of 2017: O-12-M1.

OCEAN
OCEAN is a phase III clinical trial and a head-to-head comparison between Ygalo® + dexamethasone and the current standard of care in 'Late-Stage Relapsed Refractory' multiple myeloma patients: pomalidomide + dexamethasone. The trial is a multicenter study and will run in Europe, US and Israel. The first patient was reported dosed on June 14th 2017. Top-line results are expected summer 2019.

The OCEAN clinical trial protocol has undergone Special Protocol Assessment with the FDA and discussed and agreed in detail with European authorities.

HORIZON
HORIZON is a phase II clinical trial where Ygalo® + dexamethasone is studied in multiple myeloma patients that are refractory to pomalidomide and/or daratumumab (i.e. 'Quad- and Penta-refractory' patients). The trial is conducted in Italy, Spain and the USA. The first patient was reported dosed on January 19th 2017.

ANCHOR
ANCHOR is a phase I combination study where Ygalo® + dexamethasone is used in combination with bortezomib or daratumumab. First patient is expected to be dosed before year end 2017.

O-12-M1
O-12-M1 was a phase I and II clinical trial in 'Late-Stage Relapsed Refractory' multiple myeloma patients. In O-12-M1 we established the dose and dose modification schedule for Ygalo® as well as the activity of Ygalo® in 'Late-Stage Relapsed Refractory' multiple myeloma patients.

As mentioned previously O-12-M1 will be reported during second half of 2017.

ADDITIONAL OPPORTUNITIES
The Company is also exploring the possibility to use Ygalo® in conjunction with stem-cell transplantation in multiple myeloma, for the treatment of non-Hodgkin's lymphoma as well as for the treatment of amyloidosis.

FINANCIAL OWERVIEW

Revenue

Net sales amounted to 0.0 (0.0) MSEK during the quarter and 0.0 (0.0) MSEK for the first six months.

Operating expenses

Operating expenses for the second quarter amounted to 67.3 (23.5) MSEK and to 129.3 (38.7) MSEK for the first half of 2017. This relates primarily to research and development costs.

Research and development costs

During the quarter, research and development costs increased to 49.6 (21.0) MSEK and to 96.8 (34.2) MSEK for the first six months. The increase was mainly due to the clinical studies HORIZON and OCEAN.

Marketing and distribution costs

Marketing and distribution costs for the second quarter amounted to 3.6 (0.0) MSEK and to 6.8 (0.0) MSEK for the first half of 2017. Apart from the stock option program the increase was mainly explained by the continued work on developing a commercialization strategy for Ygalo®.

Administration costs

During the quarter, administration costs amounted to 14.1 (2.4) MSEK and to 25.8 (4.5) MSEK for the first six months. The main part of the increase is attributable to the stock option program and organizational structure build-up for the company's listing on Nasdaq OMX Stockholm Mid cap.

Costs for share-based incentive program

The recorded costs for the company's share-based incentive program increased during the period to 17.3 (0.6) MSEK and to 26.9 (0.6) MSEK for the first half year of 2017.

The cost for the period was divided among people within research and development, marketing and distribution and administration with 5.8 MSEK, 1.9 MSEK and 9.6 MSEK, respectively and for the first six months with 8.9 MSEK, 4.1 MSEK and 13.9 MSEK, respectively in above reported figures.

Of the 17.3 MSEK for the period, 16.8 MSEK consists of provisions for social security contributions, which has not affected the cashflow.

The increase in the period is attributable to the change in the underlying share price, which led to an increase of provisions for social security contributions.

The estimated social security provisions are covered by hedging measures through the issue of warrants. This means that the social security provisions will be covered from a cash flow perspective and will instead result in an additional dilution of present shareholders (see "Share-based incentive program").

Earnings

Loss for the period was -67.3 (-23.5) MSEK and -129.3 (-38.7) MSEK for the first half of 2017. This corresponds to earnings per share, before and after dilution of -1.69 (-1.19) SEK for the period and -3.54 (-2.01) SEK for the first six months.

Tax

No tax costs were reported for the quarter (-). The group has accumulated tax losses, as determined in the last tax assessment (year 2015), of 180.3 MSEK. The group's tax losses have not been valued and have not been recognized as deferred tax asset. These tax losses will be valued only when the group has established a level of earnings that management believes is likely to lead to tax costs.

Cash flow, investment and financial position

Cash flow from operating activities for the second quarter amounted to -72.0 (-19.5) MSEK and to -139.7 (-32.7) MSEK for the first half of 2017. This is mainly due to costs related to the expansion of the clinical program.

Cash flow from investing activities was -0.7 (0.0) MSEK for the quarter and -1.2 (0.0) MSEK for the first six months. This investment referred to equipment that will be used in the manufacture of Ygalo®.

Cash flow from financing activities amounted to 0.0 (15.3) MSEK for the quarter and to 636.8 (46.3) MSEK for the first six months, when the company raised 695.0 MSEK before issue costs of 58.2 MSEK in connection with the IPO in February 2017.

Cash flow for the quarter was -72.7 (-4.2) MSEK and 495.9 (13.6) MSEK for the first half of 2017.

As of June 30th 2017, cash and cash equivalents amounted to 535.1 (15.9) MSEK and equity to 533.4 (5.0) MSEK.

Share-based incentive programs

The purpose of share-based incentive programs is to promote the company's long-term interests by motivating and rewarding the company's senior management, founder, and other co-workers in line with the interest of the shareholders. Oncopeptides has currently five active programs that include part of the management team, certain board members, founders and employees.

In 2013, two option programs were implemented. "Founder Option Program" and "Employee option program 2012/2019" and in 2016 a program "Employee option program 2016/2023" was implemented. For more information about these programs see note 4.18 on pages 27-28 in the Swedish Annual Report 2016 or pages 73-74 in the company's prospectus dated February 7th 2017.

In accordance with a decision by the Shareholder's General Meeting in May 2017, two incentive programs; "Co-worker LTIP 2017" and "Board LTIP 2017" were introduced.

Co-worker LTIP 2017

This is a long-term incentive program for the company's senior management and key persons (including employees and consultants). The participants in this program will be granted, free of charge, options subject to three-year vesting that entitle to acquire not more than 1,618,939 shares in Oncopeptides in total. The board of directors will resolve upon allocation of options annually, so far 727,000 options have been allocated. Each option entitles the holder to acquire one share in the company for a pre-determined exercise price. The exercise price will correspond to the Volume Weighted Average Price of the Oncopeptides share for the five trading days preceding the granting date. The options expire seven years from the granting date.

Board LTIP 2017

This is a long-term performance based incentive program for certain members of the Board of Directors. The participants will be granted, free of charge, share awards subject to performance vesting that entitle to not more than 34,800 shares in Oncopeptides in total. The share awards are subject to performance vesting based on the development of the Oncopeptides share price over the period from the date of the Annual General Meeting up to and including May 31st 2020. The development of the share price will be measured based on the volume weighted average share price 90 trading days immediately following the Annual General Meeting 2017 and 90 trading days immediately preceding May 31st 2020. In the event the price of Oncopeptides' share has thereby increased by more than 60 percent, 100 percent of the share awards shall vest, and should the share price have increased by 20 percent, 33 percent of such share awards shall vest. In the event of an increase of the share price of between 20 and 60 percent, vesting of the share awards will occur linearly. Should the increase of the share price be less than 20 percent, no vesting will occur. Any shares will be allocated on June 1st, 2020.

In order to secure the delivery of shares to participants in the company's incentive program and to cover estimated social security payments upon utilization of the employee options, the company has issued warrants to a subsidiary, Oncopeptides Incentive AB, which entitle to subscription of a total of 4,459,888 shares in the company. See below table regarding allocation in respective program per June 30th, 2017.

Full utilization of issued options and share awards per June 30th 2017, corresponding to 2,495,200 shares, will result in a dilution of new shareholders with 5.64 percent. Full utilization of issued warrants, corresponding to 4,459,888 shares (i.e. including non-allocated employee options and hedge for social security contributions), will result in a dilution of new shareholders with 10.0 percent.

Number of shares allocated employee stock options entitles to:	
- *Employee option program 2012/2019*	*1,354,500*
- *Founder option program*	*102,600*
- *Employee option program 2016/2023*	*276,300*
- *Co-worker LTIP 2017*	*727,000*
Total number of shares allocated employee stock options entitles to:	2,460,400
Number of allocated share awards in program "Board LTIP 2017"	34,800
Total number of shares allocated employee stock options and share awards entitles to:	2,495,200
Total number of shares non-allocated employee stock options entitles to:	891,939

OTHER INFORMATION

Co-workers

As of June 30th 2017, the number of co-workers amounted to 25 (20).

Parent company

Since the operations of the parent company are consistent with those of the group in all material respects, the comments for the group are also largely relevant for the parent company.

Annual general meeting (AGM)

At the AGM held May 18th 2017, Alan Hulme, Jonas Brambeck, Luigi Costa, Cecilia Daun Wennborg, Ulf Jungnelius, Per Samuelsson and Olof Tydén were re-elected as board members. For further information, see the Bulletin from the AGM in Oncopeptides AB (publ), published May 18th 2017.

Other

As of January 1st 2017, Oncopeptides reports the operating expenses in the income statement classified by function. The historical comparative data has thus been reclassified on the basis of function.

Oncopeptides' shares

Oncopeptides was listed on Nasdaq OMX Stockholm Mid Cap segment February 22nd 2017. In total 15,108,340 new shares were issued. In connection with the listing, the company issued 2,655,781 new shares as a result of a conversion of the company's bridge loans.

In conjunction with the listing all existing preference shares, 18,766,800, were converted to ordinary shares.

As of June 30th 2017, the number of registered shares and votes in Oncopeptides amounted to 39,806,021.

Events after the end of the report period

No significant events have taken place after the end of the period.

The Board and the CEO confirm that the interim report provides a true and fair overview of the group's and the parent company's operations, position and earnings and describes the material risks and uncertainty factors faced by the parent company and the companies within the group.

This report has not been reviewed by the company's auditors.

Stockholm, August 25th 2017

Oncopeptides AB
Board of Directors

For further information, please contact:

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This information is information that Oncopeptides AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the persons above, 08.00 am CET on August 25th 2017.

FINANCIAL INFORMATION

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of comprehensive income (SEK thousand)

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Net sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Operating expenses					
Research and development costs	-49,569	-21,041	-96,785	-34 203	-89,725
Marketing and distribution costs	-3,564	-	-6,805	-	-630
Administrative expenses	-14,127	-2,442	-25,752	-4,524	-24,128
Total operating expenses	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,482**
Operating loss	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,482**
Net financial items	0	-	0	-	36
Loss before tax	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,446**
Tax	-	-	-	-	-
Loss for the period	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,446**
Earnings per share before and after dilution (SEK)	**-1.69**	**-1.19**	**-3.54**	**-2.01**	**-4.88**

Condensed consolidated statement of comprehensive income (SEK thousand)

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Loss for the period	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,446**
Other comprehensive income					
Translation differences on currency hedges	-3,786	-	-1,048	-	-
Total other comprehensive income, net of tax	**-3,786**	**-**	**-1,048**	**-**	**-**
Total comprehensive loss for the period[1)]	**-71,046**	**-23,483**	**-130,391**	**-38,727**	**-114,446**

[1)] Total comprehensive loss for the period is in total attributable to parent company shareholders

Condensed consolidated balance sheet

Condensed consolidated balance sheet (SEK thousand)

	Jun 30th 2017	Jun 30th 2016	Dec 31st 2016
Assets			
Non-current assets			
Tangible non-current assets	2,249	4	1,100
Financial non-current assets	263	163	263
Total non-current assets	**2,512**	**167**	**1,363**
Current assets			
Other current receivables	1,375	1,014	2,963
Prepaid expenses and accrued income	57,010	589	11,056
Cash and cash equivalents	535,069	15,919	40,251
Total current assets	**593,454**	**17,522**	**54,270**
Total assets	**595,965**	**17,689**	**55,633**
Equity and liabilities			
Equity			
Share capital	4,423	2,046	2,449
Additional paid-in capital	954,220	222,054	318,738
Retained earnings (including net profit/loss for the period)	-425,241	-219,131	-294,850
Total equity[1)]	**533,402**	**4,969**	**26,337**
Long term liabilities			
Provision for social security contributions, share based incentive program	339	-	-
Total long term liabilities	**339**	**-**	**-**
Current liabilities			
Trade payables	14,946	10,151	8,731
Provision for social security contributions, share based incentive program	35,985	625	10,200
Other current liabilities	489	1,016	715
Accrued expenses and deferred income	10,804	929	9,651
Total current liabilities	**62,224**	**12,720**	**29,296**
Total liabilities	**62,563**	**12,720**	**29,296**
Total equity and liabilities	**595,965**	**17,689**	**55,633**

[1)] Equity is in total attributable to parent company shareholders

Condensed consolidated statement of changes in equity

Consolidated statement of changes in equity (SEK thousand)

	Share capital	Additional paid-in capital	Retained earnings including net profit/loss for the period	Total equity
Opening balance January 1st 2016	2,046	175,759	-180,405	-2,600
Net loss for the period			-38,727	-38,727
Transactions with shareholders				
Mandatorily convertible bridge loans raised		46,295		46,295
Closing balance June 30th 2016	2,046	222,054	-219,131	4,969
Opening balance January 1st 2016	2,046	175,759	-180,405	-2,600
Net loss for the period			-114,446	-114,446
Transactions with shareholders				
Mandatorily convertible bridge loans raised		143,302		143,302
Value of participants in the incentive programs service		81		81
Conversion of bridge loans	403	-403		0
Closing balance December 31st 2016	2,449	318,738	-294,850	26,337
Opening balance January 1st 2017	2,449	318,738	-294,850	26,337
Net loss for the period			-130,391	-130,391
Transactions with shareholders				
Issue of new shares	1,679	693,305		694,984
Underwriting expenses		-58,223		-58,223
Conversion of bridge loans	295	-295		0
Value of participants in the incentive programs service		695		695
Closing balance June 30th 2017	4,423	954,220	-425,241	533,402

Condensed consolidated statement of cash flows

Condensed consolidated statement of cash flow (SEK thousand)

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Operating loss	-67,260	-23,483	-129,343	-38,727	-114,482
Adjustment for non-cash-items[1)]	17,305	629	26,907	629	10,304
Interest received	0	0	0	0	1
Interest paid	0	0	0	0	0
Cash flow from operating activities before change in working capital	**-49,955**	**-22,854**	**-102,436**	**-38,098**	**-104,177**
Cash flow from changes in working capital	-22,067	3,315	-37,224	5,429	-85
Cash flow from operating activities	**-72,023**	**-19,538**	**-139,660**	**-32,669**	**-104,262**
Cash flow from investing activities	-721	0	-1,235	0	-1,117
Cash flow from financing activities	0	15,346	636,761	46,295	143,302
Cash flow for the period	**-72,744**	**-4,192**	**495,866**	**13,626**	**37,923**
Cash and cash equivalents at beginning of period	611,599	20,111	40,251	2,293	2,293
Cange in cash and cash equivalents	-72,744	-4,192	495,866	13,626	37,923
Foreign exchange difference in cash and cash equivalents	-3,786	0	-1,048	0	35
Cash and cash equivalents at the end of period	**535,069**	**15,919**	**535,069**	**15,919**	**40,251**

[1] Pertains mainly to costs of share based incentive program including social security contributions

Condensed parent company statement of comprehensive income

Condensed parent company statement of comprehensive income (SEK thousand)

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Net sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Operating expenses					
Research and development costs	-49,569	-21,041	-96,785	-34,203	-89,725
Marketing and distribution costs	-3,564	-	-6,805	-	-630
Administrative expenses	-14,127	-2,442	-25,752	-4,524	-24,128
Total operating expenses	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,482**
Operating loss	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,482**
Net financial items	0	-	0	-	36
Loss before tax	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,446**
Tax	-	-	-	-	-
Loss for the period	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,446**

Condensed parent company statement of comprehensive income (SEK thousand)

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Loss for the period	**-67,260**	**-23,483**	**-129,343**	**-38,727**	**-114,446**
Other comprehensive income					
Translation differences on currency hedges	-3,786	-	-1,048	-	-
Total other comprehensive income, net of tax	**-3,786**	**-**	**-1,048**	**-**	**-**
Total comprehensive loss for the period	**-71,046**	**-23,483**	**-130,391**	**-38,727**	**-114,446**

Condensed parent company balance sheet

Parent company balance sheet (SEK thousand)

	Jun 30th 2017	Jun 30th 2016	Dec 31st 2016
Assets			
Non-current assets			
Tangible non-current assets	2,249	4	1,100
Financial non-current assets	313	213	313
Total non-current assets	**2,562**	**217**	**1,413**
Current assets			
Other current receivables	1,375	1,014	2,963
Prepaid expenses and accrued income	57,010	589	11,056
Cash and cash equivalents	535,019	15,869	40,201
Total current assets	**593,404**	**17,472**	**54,220**
Total assets	**595,965**	**17,689**	**55,633**
Equity and liabilities			
Restricted equity			
Share capital	4,423	2,046	2,449
Statutory reserve	10,209	10,209	10,209
Non-restricted equity			
Share premium account	911,247	179,080	275,764
Retained earnings (including net profit/loss for the period)	-392,476	-186,366	-262,085
Total equity	**533,402**	**4,969**	**26,337**
Long term liabilities			
Provision for social security contributions, share based incentive program	339	-	-
Total long-term liabilities	**339**	**-**	**-**
Current liabilities			
Trade payables	14,946	10,151	8,731
Provision for social security contributions, share based incentive program	35,985	625	10,200
Other current liabilities	489	1,016	715
Accrued expenses and deferred income	10,804	929	9,651
Total current liabilities	**62,224**	**12,720**	**29,296**
Total liabilities	**62,224**	**12,720**	**29,296**
Total equity and liabilities	**595,626**	**17,689**	**55,633**

KEY PERFORMANCE MEASURES

The company presents in this report certain key performance measures, including one measure that is not defined under IFRS, namely expenses relating to research and development / operating expenses %. The company believes that this ratio is an important complement because it allows for a better evaluation of the company's economic trends. This financial performance measure should not be viewed in isolation or be considered to replace the performance indicators that have been prepared in accordance with IFRS. In addition, such performance measure as the company has defined it should not be compared with other performance measures with similar names used by other companies. This is because the above-mentioned performance measure is not always defined in the same manner, and other companies may calculate the differently to Oncopeptides.

Key performance measures

	2017 Apr - Jun	2016 Apr - Jun	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Total registered shares at the beginning of period	38,828,115	20,460	22,041,900	20,460	20,460
Total registered shares at the end of period	39,806,021	20,460	39,806,021	20,460	22,041,900
Number of shares that the allocated employee options and share awards entitle to	2,495,200	1,866,600	2,495,200	1,866,600	1,733,400
Share capital at the end of period, SEK thousand	4,423	2,046	4,423	2,046	2,449
Equity at the end of period, SEK thousand	533,402	4,969	533,402	4,969	26,337
Earnings per share before and after dilution, SEK[1)]	-1.69	-1.19	-3.54	-2.01	-4.88
Operating expenses, SEK thousand	-67,260	-23,483	-129,343	-38,727	-114,482
Research and development costs, SEK thousand	-49,569	-21,041	-96,785	-34,203	-89,725
Research & development costs/operating expenses %[2)]	74%	90%	75%	88%	78%

1) Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the parent company by a weighted average number of outstanding shares during the period. Adjustments have been made to the calculation of earnings per share, since preference shares have existed during part of the previous periods. There is no dilution effect for the employee stock option program, as earnings for the periods have been negative.

2) Defined by dividing the research and development costs with total operating expenses. The key performance measure helps the users of the financial statements to get a quick opinion on the proportion of the company's expenses that are attributable to the company's core business.

NOTES

Note 1 General information

This report covers the Swedish parent company Oncopeptides AB (publ), Swedish corporate identity no. 556596-6438 and its subsidiary Oncopeptides Incentive AB, Swedish corporate identity no. 556931-5491. All the group's business operations are conducted in the parent company.

The parent company is a Swedish public limited company registered in and with its registered office in Stockholm. The head office is located at Västra Trädgårdsgatan 15, 111 53 Stockholm.

The interim report for the second quarter 2017 was approved for publication on August 25th 2017, in accordance with the board decision of August 24th 2017.

Note 2 Accounting policies

Oncopeptides applies International Financial Reporting standards (IFRS) as adopted by the European Union. Relevant accounting and valuation principles could be found on pages 13-18 of the Swedish Annual Report 2016 and on pages 109-112 in the company's prospectus dated February 7th 2017.

The interim report for the group has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company applies the Swedish Financial Reporting Board recommendation RFR2 Accounting for legal entities. None of the new or amended standards and interpretations that became effective January 1st 2017, have had a significant impact on the company's financial reporting.

As of January 1st 2017, Oncopeptides reports the operating expenses in the income statement classified by function. The historical comparative data has thus been reclassified on the basis of function.

Oncopeptides applies ESMA:s (European Securities and Markets Authority) guidelines on alternative performance measures.

Note 3 Risks and uncertainties in the group and the parent company

Operational risks
Research and drug development up to approved registration is subject to considerable risk and is a capital-intensive process. The majority of all initiated projects will never reach market registration due to the technological risk such as the risk for insufficiency efficacy, intolerable side effects or manufacturing problems. I competing pharmaceuticals capture market share or reach the market faster, or if competing research projects achieve better product profile, the future value of the product portfolio may be lower than expected. The operations may also be impacted negatively by regulatory decisions, such as approvals and price changes.

Financial risk management
Oncopeptides' financial policy governing the management of financial risks has been designed by the board of directors and represents the framework of guidelines and rules in the form of risk mandated and limits for financial activities. The company is primarily affected by foreign exchange risk since the development costs for Ygalo® are mainly paid in USD and EUR.

In accordance with the company's policy for financial risk, the company exchanges cash into USD and EUR in line with entered agreements for the period up to mid-2019 in order to manage currency exposure.

For more information about the group and parent company's financial risk management see note 3 on pages 17-18 in the Swedish Annual Report 2016 or page 112 in the company's prospectus dated February 7th 2017.

Note 4 Estimates and judgements

This report includes forward looking statement. Actual outcomes may deviate from what has been stated. Internal factors such as successful management of research projects, and intellectual property rights may affect future results. There are also external conditions, e.g. the economic climate, political changes and competing research projects that may affect Oncopeptides results.

Note 5 Related-party transactions

No transactions with related parties occurred during the second quarter (0.0 MSEK)