oncopeptides

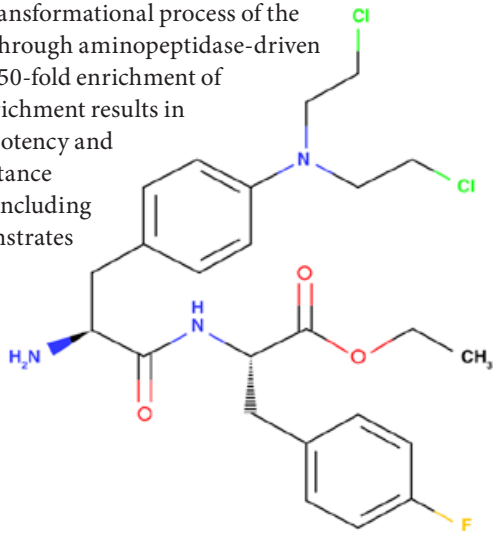
INTERIM REPORT APRIL - JUNE 2018

"General knowledge and understanding of Oncopeptides and our clinical strategy has greatly increased during the spring"

Oncopeptides is a research and development stage pharmaceutical company developing drugs for the treatment of cancer. The company focus on the development of the lead product candidate Ygalo®, an alkylating peptide, Peptidase Enhanced Compounds (PEnCs). Ygalo® is intended as an effective treatment of hematological cancers, and in particular multiple myeloma. The current clinical study program is intended to demonstrate better results from treatment with Ygalo® compared with established alternative drugs for patients with late-stage multiple myeloma. Ygalo® will potentially provide physicians with a new treatment option for patients suffering from this serious disease.

About Ygalo®

Ygalo®, an alkylating peptide, belongs to a novel class of peptidase-enhanced compounds (PEnCs) and targets the multiple myeloma (MM) tumor transformation process with a unique mechanism of action. Aminopeptidases are heavily over-expressed in MM and are key to the transformational process of the tumor cells. Ygalo® selectively targets MM through aminopeptidase-driven accumulation; in vitro experiments show a 50-fold enrichment of alkylating metabolites in MM cells. The enrichment results in selective cytotoxicity (increased on-target potency and decreased off-target toxicity), and that resistance pathways of existing myeloma treatments (including alkylators) are overcome. Ygalo® also demonstrates strong anti-angiogenic properties.



Financial calendar

Interim report Q3: October 26
Year-end report 2018: February 22, 2019

For further information

Jakob Lindberg, CEO, Oncopeptides AB
E-mail: jakob.lindberg@oncopeptides.se
Telephone: +46 (0)8 615 20 40

Rein Piir, Head of Investor Relations, Oncopeptides AB
E-mail: rein.piir@oncopeptides.se
Telephone: +46 (0)70 853 72 92

This information is information that Oncopeptides is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on July 13, 2018.

Interim Report April-June 2018

Summary of Q2

Financial overview April 1 – June 30 2018

- Net sales amounted to 0.0 (0.0) MSEK
- Loss for the period was 143.1 (loss: 67.3) MSEK
- Loss per share, before and after dilution, was 3.27 (loss: 1.69) SEK
- On June 30 cash and cash equivalents amounted to 568.2 (535.1) MSEK

Significant events during the period April 1 to June 30 2018

- First patient started treatment with Ygalo® in the Phase I/II study ANCHOR
- A Clinical Advisory Board consisting of internationally recognized researchers within the field of clinical development of hematology treatments was formed
- Updated interim data with Ygalo® from the ongoing HORIZON – trial (RRMM patients without any remaining treatment options) was presented at the European Hematology Association (EHA) meeting in Stockholm showing an Overall Response Rate (ORR) of 32.1% and a Clinical Benefit Rate (CBR) of 39.3%

Financial overview of the group

SEK thousand	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales	–	–	–	–	–
Operating loss	-143,075	-67,260	-205,107	-129,343	-247,620
Loss before tax	-143,075	-67,260	-205,107	-129,343	-247,620
Loss for the period	-143,075	-67,260	-205,107	-129,343	-247,620
Earnings per share before and after dilution (SEK)	-3.27	-1.69	-4.91	-3.54	-6.44
Cash flow from operating activities	-96,479	-72,023	-130,607	-139,660	-271,497
Cash and cash equivalents at the end of the period	568,212	535,069	568,212	535,069	404,050
Research & development costs/ operating expenses %	69%	74%	75%	75%	80%

The understanding of Ygalo® and its clinical strategy has greatly increased during the spring

During the spring and early summer, the knowledge about Oncopeptides has increased greatly. In June, the European Hematology Association (EHA) meeting was held in Stockholm, which made it particularly exciting to present updated data on Ygalo® from the ongoing study HORIZON. The appointment of a Clinical Advisory Board in April has given us access to an even stronger international network of clinicians and drug developers.

The preparations and organizational build-up for a future launch of Ygalo® continues

The newly appointed Clinical Advisory Board as well as our two new Board members will furhter support our development of Ygalo® to market registration and subsequent launch. In a short period of time, we have been able to leverage these highly experienced individuals in terms of their know-how and networks. It is critical to us – as a small organization – to prioritize the right activities in order to maximize the possibilities for Ygalo® to help suffering patients. During EHA, we received positive feed-back about the available data-sets and our development pathway for Ygalo® - and therefore the likelihood of success – which was both stimulating and rewarding.

EHA was an important milestone for us

It felt extra rewarding to be able to present updated data with all the associated attention close to our home in Stockholm. The updated interim data are from the ongoing phase II study HORIZON. As many of you already know, in HORIZON we study the activity of Ygalo® in myeloma patients with no or few remaining available treatment options. Half of the patients in the study are of ISS stage III and half of the patients have high-risk cytogenetics. Both factors point out how severely ill these patients are. To our knowledge, the combination of ISS stage and high-risk cytogenetics in HORIZON represents the highest percentage of severely ill myeloma patients in a clinical study to date.

In the updated interim data, we observed a tumor response rate in 32.1% (ORR) of the patients and disease stabilization or better in 84% of the patients. These are very encouraging results. We have made the decision to expand the HORIZON study to further understand the activity of Ygalo® in this very hard-to-treat patient population.

Our clinical studies

Since January 2017, we have started three new clinical studies and are well underway to initiate a fourth during the coming quarter. We have also finalized and reported our phase II study O-12-M1. The study showed good activity with Ygalo® in late-stage relapsing and refractory myeloma patients (RRMM) at the same time with manageable toxicity. The studies will in combination give us both the platform for the regulatory process toward market authorization as well as guide the future clinical development pathway for Ygalo® (post potential market authorization).

OCEAN is Oncopeptides' phase III registration trial where Ygalo® is directly compared with pomalidomide, the current standard-of-care in late-stage RRMM patients. OCEAN continues to develop in accordance to plan.

The phase II study HORIZON, continues to develop well with positive interim results. The study will be expanded in number of patients and the objective is to present more data at the American Society of Hematology (ASH) meeting in December.

ANCHOR is a phase I/II study that was initiated in April where Ygalo® is given in combination with either bortezomib or daratumumab in RRMM patients. The results from this study aims at establishing the administration schedule for combination regimens with Ygalo® as well guide us for future studies in earlier myeloma patient populations.

In parallel with these studies we are preparing to initiate an important positioning study in BRIDGE where we want to study myeloma patients with various degree of renal insufficiency. The plan is to initiate BRIDGE in the coming quarter.

Our objective is to report updated data from HORIZON and a first interim data report from ANCHOR at ASH in December 2018.

In the aftermath of our directed share issue the interest among international investors has increased significantly

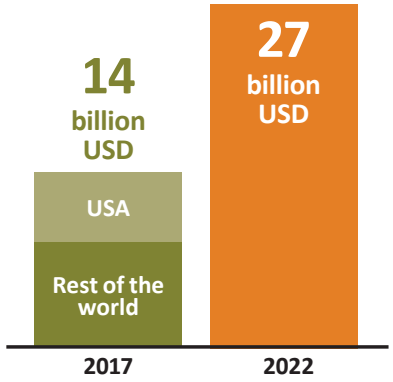
We have observed a significant increase in Oncopeptides as a company since our directed share issue in March from both European but especially American investors. We will continue to participate in partnering and investment conferences. It is important to increase the knowledge about us as a company. In June, we participated in both ASCO in Chicago and at the BIO meeting in Boston. We have continued to build relationships with specialty investors through the arrangement of so called non-deal roadshows. Maximizing the transparency around the development of Ygalo® is a work stream that we continuously work on.

Stockholm July 13, 2018

Jakob Lindberg
CEO, Oncopeptides

The market for treatment of multiple myeloma

In 2017, approximately **14 billion USD** worth of pharmaceuticals were sold. The market is expected to continue to grow rapidly to an expected market value of approximately **27 billion USD** in 2022.



Source: EvaluatePharma and Annual reports

Broad-spectrum agents dominate the treatment landscape

Despite the launch of several new drugs, the market continues to be dominated by broad-spectrum agents (alkylators, IMiDs and proteasome inhibitors, PI:s) and the trend is expected to continue. The reason for this is that the disease is highly heterogeneous, and modern antibody agents cannot treat the entire disease due to a lack of any target proteins common to all myeloma tumor cells. Consequently, increased usage of antibody drugs is primarily linked to their combination with broad-spectrum agents to ensure the targeting of all tumor cells. This is demonstrated in the graph on the right.

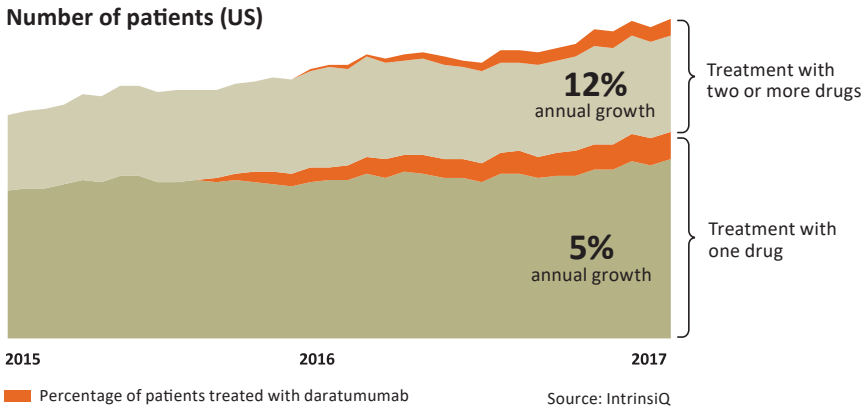
The present clinical development with Ygalo® addresses all relevant segments of the RRMM market

The treatment landscape and market segments for multiple myeloma in the US and Europe – and how Ygalo® and our development program address these different segments – is summarized on the next page. The center of the graph shows the patient timeline, from diagnosis to the later stages of the disease. At the top of the graph, the market size is distributed between newly diagnosed patients and relapsed and relapsed-refractory (the latter RRMM) patients (and between the US and the rest of the world). Ygalo's clinical development program addresses the relapsed refractory (RRMM) market segment. The overall market for RRMM amounted to 8.2 billion USD in 2017, with sales of pomalidomide corresponding to 1.6 billion USD of this.

The lower segment of the graph below shows that the majority of the RRMM market consists of the treatment of patients with one drug at a time (in combination with or without steroids).

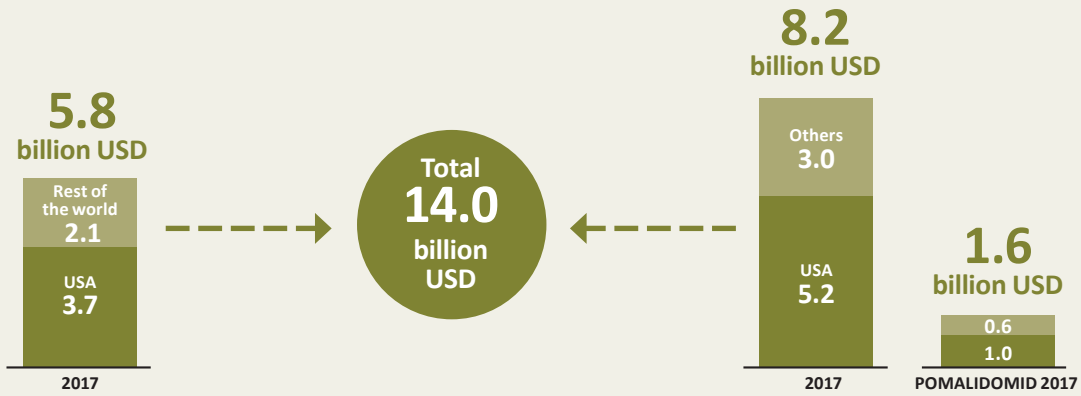
Ygalo's clinical development program addresses all relevant segments of the RRMM market. This is achieved by us conducting a direct comparison with pomalidomide in our phase III study OCEAN in patients previously treated with IMiDs and proteasome inhibitors (which is nearly all patients). As mentioned, most RRMM patients are treated with one drug at a time. In addition, we intend to prove through ANCHOR that Ygalo® can be combined with other myeloma therapies (daratumumab and bortezomib) for the minority of patients receiving more than one drug, apart from steroids, in late-stage disease.

The clinical development program also opens the possibility for treatment of second-line patients (early RRMM patients) through the ANCHOR trial, since IMiDs and proteasome inhibitors are already used together upon diagnosis for the majority of patients today.



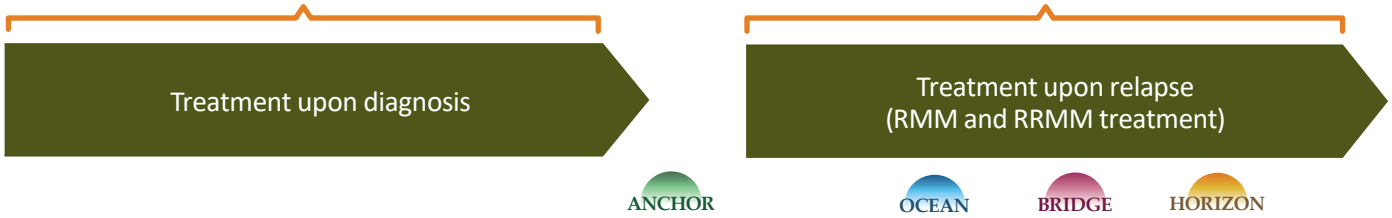
Source: IntrinsiQ

Treatment phase

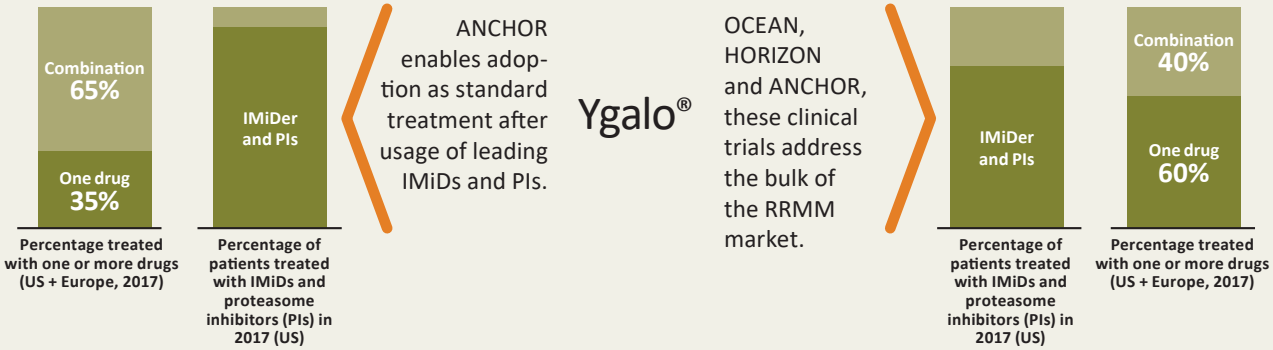


Source: EvaluatePharma

Treatment phase



Drug usage data 2017



ANCHOR

EXPLORATIVE

- Evaluating Ygalo® in combination with other myeloma drugs in patients treated with IMiDs and PIs.
- Started in Q2, 2018.
- Data 2019/2020.

OCEAN

PIVOTAL TRIAL

- Direct comparison with pomalidomide in patients treated with IMiDs and PIs, and who have developed resistance.
- Started in Q2, 2017.
- Top line data Q3, 2019.

HORIZON

SUPPORTING

- RRMM patients without any remaining treatment options.
- Started in Q1, 2017.
- Data 2018 and follow-up data 2019/2020.

BRIDGE

SUPPORTING

- RRMM patients with impaired renal function.
- Planned for Q3, 2018
- Data Q4, 2019.

Summary – our clinical trials

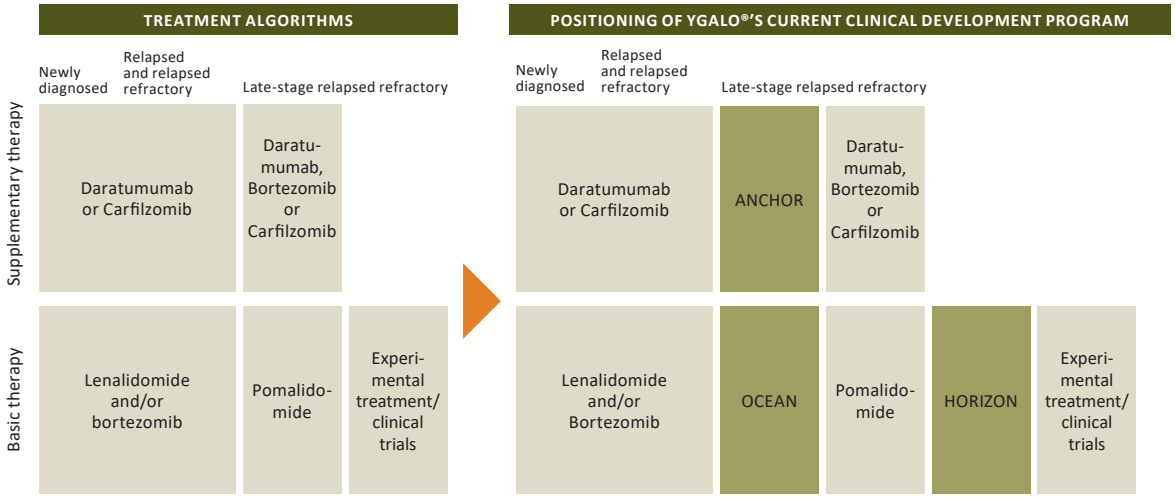
Our phase III trial, OCEAN, and phase II trial, HORIZON, are key studies for the submission of an NDA/MAA application to potentially obtain marketing authorization for Ygalo® in the US and in the EU for the treatment of late-stage RRMM.

In addition to proving Ygalo's efficacy in relation to standard of care (i.e pomalidomide) in late-stage RRMM, as evaluated by OCEAN, the development program also aims to demonstrate, through HORIZON, the activity of Ygalo® in patients with late-stage RRMM with few or no remaining treatment options.

With the initiation of the phase I/II trial, ANCHOR, the development program will demonstrate how Ygalo® can be administered in combination with other multiple myeloma drugs. This study will genarate knowledge and understanding among physicians about how Ygalo® can be used for patients with RRMM in combination therapy, and to open up Ygalo® as a treatment option, as early as in second-line of therapy of patients (meaning relapsed patients).

During Q3, 2018, a fourth study - BRIDGE, will start. This is a positioning study, in which Ygalo® will be studied in patients with impaired renal function.

The current clinical development program is designed to identify how Ygalo® can help myeloma patients in the late stage of their illness



Note: The figure represents treatment algorithms for the majority of patients in the US.

OCEAN

- Ongoing phase III trial in 450 patients.
- Inclusion of late-stage RRMM patients who are refractory to lenalidomide.
- The trial is designed to demonstrate benefit in comparison with pomalidomide. To obtain approval in Europe, the only requirement is to demonstrate that Ygalo® has the same benefit.
- Results expected in Q3 2019.

HORIZON

- Ongoing phase II trial for up to 80 patients.
- Including patients with few or no remaining treatment options.
- Supports OCEAN for market approval.
- Potential for conditional approval if data are exceptionally strong.
- Results expected in 2018, with follow-updata in 2019.

ANCHOR

- Ongoing phase I/II trial in up to 64 patients.
- Demonstrates how Ygalo® can be given as a combination therapy used with daratumumab and with bortezomib.
- Also opens up the possibility for potentially using Ygalo® in earlier lines of therapy.
- Will significantly increase Ygalo's market potential as combination therapy.
- Results from phase I and phase II expected in 2019 and 2020 respectively.

BRIDGE

- Phase II trial of up to 25 patients.
- Single armed, open label study in patients with impaired renal function.
- Positioning study to show Ygalo® treatment profile in these patients.
- Results expected Q4 2019.

Oncopeptides' clinical development program

We are in process of conducting four clinical trials to characterize Ygalo® in multi-refractory multiple myeloma patients: OCEAN, HORIZON, ANCHOR and BRIDGE.

Recently, our clinical phase I and II trial, O-12-M1, was completed in *Late-Stage Relapsed Refractory* multiple myeloma patients. The final results were presented at the annual American Haematology Meeting (ASH) in December 2017.

OCEAN

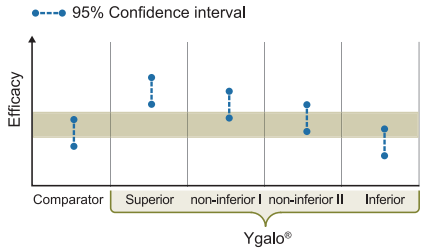
OCEAN is a phase III clinical trial and a head-to-head comparison between Ygalo® + dexamethasone (steroid) and the current standard of care in *Late-Stage Relapsed Refractory* multiple myeloma patients, which is pomalidomide + dexamethasone. The trial is a multicenter, pivotal study and is being run in Europe, USA and Israel. The study started in June 2017 and the top-line results are expected late summer 2019.

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

The primary read-out in OCEAN is a comparison between Ygalo® and pomalidomide regarding PFS (Progression Free Survival). This comparison can simplistically result in three different outcomes i.e. that Ygalo® is superior, non-inferior or inferior to pomalidomide. As seen in the graphic below, the non-inferior outcome can be broken down in different scenarios with stronger or weaker data to support marketing efforts of Ygalo®. OCEAN has been powered to show superiority of Ygalo® over pomalidomide based on historical data for the two compounds.

A superiority outcome is expected to result in approval both in the US and the EU. A non-inferiority result is expected to result in approval in the EU and a discussion with the FDA in the US regarding the totality of data from all clinical studies in RRMM. In a non-inferiority scenario, HORIZON data in pomalidomide refractory late-stage RRMM patients will be a key point for the case to receive approval also in the US.

Outcome scenario for OCEAN



HORIZON

HORIZON is a phase II clinical trial where Ygalo® + dexamethasone is being studied in multiple myeloma patients that are refractory to pomalidomide and/or daratumumab (i.e. *Quad- and Penta-refractory* patients). The trial is being conducted in Italy, Spain and the USA. During the last year we have presented interim data on two occasions. At ASH in December 2017 and in June 2018 at EHA in Stockholm. The ambition is to present additional interim data at the forthcoming ASH meeting in December 2018.

ANCHOR

ANCHOR is a phase I/II combination study where Ygalo® + dexamethasone is used in combination with bortezomib or daratumumab. The first patient started treatment in April 2018 and last patient out from the study is estimated in Q1 2020.

BRIDGE

BRIDGE is a Phase II study that will evaluate pharmacokinetics, safety and also efficacy in treatment with Ygalo + dexamethasone in patients with impaired renal function.

25 RRMM patients with renal impairment are scheduled to be included. The first patient is expected to start treatment during Q3 2018 and the last patient is expected to complete treatment during Q3 2019.

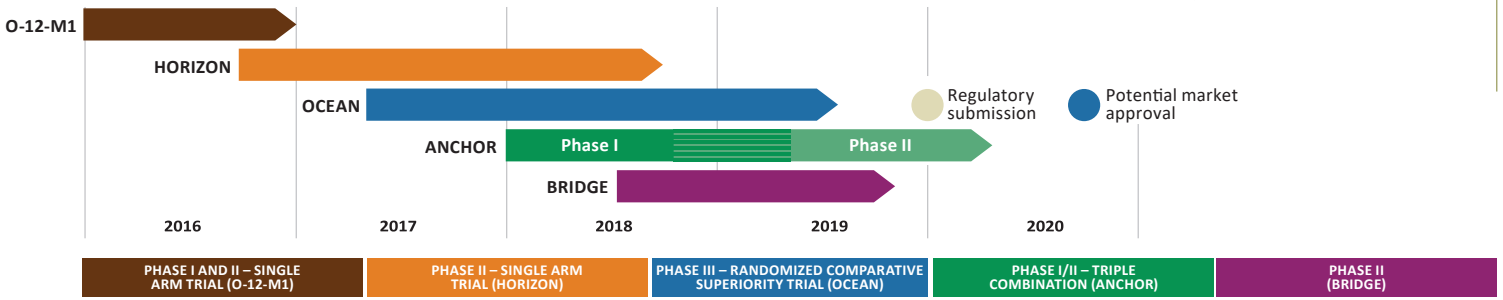
O-12-M1

O-12-M1 is a completed 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.

Final O-12-M1 data were presented at the American Haematology meeting (ASH) in December 2017.

Additional opportunities

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



Financial overview and other information

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

Operating expenses
Operating expenses for the second quarter amounted to 143.1 (67.3) MSEK and to 205.1 (129.3) MSEK for the first six months.

Research and development costs
During the second quarter, research and development costs increased to 98.3 (49.6) MSEK and to 154.6 (96.8) MSEK for the first six months. The majority of the cost increase is explained by the increased activity in the three ongoing clinical studies. The costs attributable to provision for social security contributions linked to share-based incentive programs amounted to 17.7 (5.6) MSEK for the second quarter and 18.4 (8.7) MSEK for the first six months.

Marketing and distribution costs
Marketing and distribution costs for the second quarter amounted to 16.0 (3.6) MSEK and to 21.7 (6.8) MSEK for the first six months. The main reason for the cost increase is the continued expansion of the medical relations and marketing functions and related activities. The costs attributable to provision for social security contributions linked to share-based incentive programs amounted to 5.7 (1.8) MSEK for the second quarter and 5.9 (4.0) MSEK for the first six months.

Administration costs
During the second quarter, administration expenses amounted to 34.2 (14.1) MSEK and to 40.6 (25.8) MSEK for the first six months. The cost that is not attributable to social security contributions relates to the company´s continued high activity level. The costs attributable to provision for social security contributions linked to share-based incentive programs amounted to 23.2 (9.4) MSEK for the second quarter and 23.7 (13.4) MSEK for the first six months.

Costs for share-based incentive program
During the second quarter, these costs have increased significantly as an effect of the positive stock price trend. The costs for social security contributions may vary quarterly due to the change in the underlying share price for the current quarter. Related provisions are reported as long- and short-term liabilities.

The cost in the second quarter amounted to 47.9 (17.3) MSEK and for the first six months to 50.3 (26.8) MSEK. The cost has not affected cash flow. The company holds warrants which are allocated as hedge for social security contributions arising from the exercise of employee stock options.

The cost of 47.9 (17.3) MSEK for the second quarter consists of provisions for social security contributions of 46.6 (17.3) MSEK and IFRS 2 classified costs of 1.3 (0.5) MSEK. Approximately 80 percent of these costs are attributable to employee stock option programs launched prior to the company's listing.

Earnings
Loss for the period was -143.1 (-67.3) MSEK and -205.1 (-129.3) MSEK for the first six months. This corresponds to earnings per share, before and after dilution of -3.27 (-1.69) SEK for the period and -4.91 (-3.54) SEK for the first six months.

Tax
No tax was reported for the quarter (-). The group's tax-loss carryforwards according to the latest estimated taxation in 2018 (related to the income year 2017) amounted to 542.2 MSEK. The group's tax-loss carryforwards have not been recognized as a deferred tax asset. These tax-loss carryforwards 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 -96,5 (-72.0) MSEK and to -130.6 (-139.7) MSEK for the first six months. The continued negative cash flow is according to plan and is explained by the company's increased clinical activities as well as work within the company's medical affairs and marketing functions.

Cash flow from investing activities was -0.3 (-0.7) MSEK for the second quarter and to -0.3 (-1.2) MSEK for the first six months. This mainly relates to office equipment.

Cash flow from financing activities amounted to 0.0 (0.0) MSEK for the second quarter and to 295.0 (636.8) MSEK for the first six months, when the company raised 314.4 MSEK before issue costs of 19.4 MSEK in connection with the directed share issue in March 2018.

Number of shares granted employee stock options may entitle 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	992,038
Total number of shares granted employee stock options may entitle to:	**2,725,438**
Number of granted share awards in program "Board LTIP 2017"	23,200
Number of granted share awards in program "Board LTIP 2018"	33,931
Total number of shares granted employee stock options and share awards may entitle to:	**2,782,569**

Cash flow for the second quarter was -96,7 (-72.7) MSEK and 164.2 (495.9) MSEK for the first six months. As of June 30 2018, cash and cash equivalents amounted to 568.2 (535.1) MSEK and equity to 510.2 (533.4) 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, founders, and other co-workers in line with the interest of the shareholders. Oncopeptides has currently seven 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. At the 2017 Annual General Meeting two additional incentive programs; "Co-worker LTIP 2017" and "Board LTIP 2017" were introduced. For more information about these programs see note 21 in the Annual Report 2017.

In accordance with a decision by the Shareholder's General Meeting in May 2018, two new share-based incentive programs; "Co-worker LTIP 2018" and "Board LTIP 2018" were introduced. For further information about these programs, see the minutes of the Annual General Meeting 2018 published on the company's website, www.oncopeptides.se.

Full utilization of granted options and share awards per June 30 2018, corresponding to 2,782,569 shares, will result in a dilution for shareholders of 6.0 percent. Full utilization of mandated options, corresponding to 4,922,244 shares (i.e. including non-allocated employee options and hedge for social security contributions), will result in a dilution for shareholders of 10.1 percent.

Co-workers

As of June 30 2018, the number of co-workers amounted to 40 (25).

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.

Oncopeptides' shares

Oncopeptides completed a directed share issue in March 2018, where a total of 3,980,000 new shares were issued.

As of June 30 2018, the number of registered shares and votes in Oncopeptides amounted to 43,786,021.

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 auditor.

Stockholm, July 13, 2018

Oncopeptides AB
Board of Directors

Condensed consolidated statement of comprehensive income

SEK thousand	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan - Jun	2017 Jan - Dec
Net sales	–	–	–	–	–
Gross profit	–	–	–	–	–
Operating expenses					
Research and development costs	-98,269	-49,569	-154,562	-96,785	-197,771
Marketing and distribution costs	-15,996	-3,564	-21,673	-6,805	-15,160
Administrative expenses	-34,192	-14,127	-40,613	-25,752	-34,688
Other operating income[1)]	5,534	–	11,953	–	–
Other operating expenses[1)]	-152	–	-212	–	–
Total operating expenses	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Operating loss	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Net financial items	0	0	0	0	0
Loss before tax	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Tax	–	–	–	–	–
Loss for the period	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Earnings per share before and after dilution (SEK)	**-3.27**	**-1.69**	**-4.91**	**-3.54**	**-6.44**

Condensed consolidated statement of comprehensive income

SEK thousand	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan - Jun	2017 Jan - Dec
Loss for the period	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Other comprehensive income					
Translation differences on currency hedges	–	-3,786	-8	-1,048	8
Total other comprehensive income, net of tax	–	**-3,786**	**-8**	**-1,048**	**8**
Total comprehensive loss for the period[2)]	**-143,075**	**-71,046**	**-205,115**	**-130,391**	**-247,612**

[1)] Exchange rate differences on assets and liabilities in operational activities.

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

Condensed consolidated balance sheet

SEK thousand	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Assets			
Non-current assets			
Tangible non-current assets	2,430	2,249	2,339
Financial non-current assets	263	263	263
Total non-current assets	**2,693**	**2,512**	**2,601**
Current assets			
Other current receivables	2,987	1,375	1,189
Prepaid expenses and accrued income	68,524	57,010	71,982
Cash and cash equivalents	568,212	535,069	404,050
Total current assets	**639,723**	**593,454**	**477,221**
Total assets	**642,416**	**595,965**	**479,822**
Equity and liabilities			
Equity			
Share capital	4,865	4,423	4,423
Additional paid-in capital	1,252,951	954,220	956,044
Retained earnings (including net profit/loss for the period)	-747,578	-425,241	-542,462
Total equity[1)]	**510,239**	**533,402**	**418,005**
Long term liabilities			
Provision for social security contributions, share based incentive program	11,553	339	1,825
Total long term liabilities	**11,553**	**339**	**1,825**
Current liabilities			
Trade payables	11,570	14,946	15,681
Provision for social security contributions, share based incentive program	74,527	35,985	36,306
Other current liabilities	1,667	489	954
Accrued expenses and deferred income	32,861	10,804	7,053
Total current liabilities	**120,625**	**62,224**	**59,993**
Total liabilities	**132,177**	**62,563**	**61,818**
Total equity and liabilities	**642,416**	**595,965**	**479,822**

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

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 1, 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 30, 2017	**4,423**	**954,220**	**-425,241**	**533,402**
Opening balance January 1, 2017	**2,449**	**318,738**	**-294,850**	**26,337**
Net loss for the period			-247,612	-247,612
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		2,519		2,519
Closing balance December 31, 2017	**4,423**	**956,044**	**-542,462**	**418,005**
Opening balance January 1, 2018	**4,423**	**956,044**	**-542,462**	**418,005**
Net loss for the period			-205,115	-205,115
Transactions with shareholders				
Issue of new shares	442	313,978		314,420
Underwriting expenses		-19,390		-19,390
Value of participants in the incentive programs service		2,319		2,319
Closing balance June 30, 2018	**4,865**	**1,252,951**	**-747,578**	**510,239**

Condenced consolidated statement of cash flow

SEK thousand	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan - Jun	2017 Jan - Dec
Operating loss	-143,075	-67,260	-205,107	-129,343	-247,620
Adjustment for non-cash-items[1)]	47,951	17,305	50,429	26,907	30,684
Interest received	0	0	0	0	0
Interest paid	0	0	0	0	0
Cash flow from operating activities before change in working capital	**-95,124**	**-49,955**	**-154,678**	**-102,436**	**-216,936**
Cash flow from changes in working capital	-1,355	-22,067	24,071	-37,224	-54,562
Cash flow from operating activities	**-96,479**	**-72,023**	**-130,607**	**-139,660**	**-271,497**
Cash flow from investing activities	-252	-721	-252	-1,235	-1,472
Cash flow from financing activities	0	0	295,030	636,761	636,761
Cash flow for the period	**-96,731**	**-72,744**	**164,171**	**495,866**	**363,791**
Cash and cash equivalents at beginning of period	664,944	611,599	404,050	40,251	40,251
Cange in cash and cash equivalents	-96,731	-72,744	164,171	495,866	363,791
Foreign exchange difference in cash and cash equivalents	0	-3,786	-8	-1,048	8
Cash and cash equivalents at the end of period	**568,212**	**535,069**	**568,212**	**535,069**	**404,050**

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

Condensed parent company statement of comprehensive income

SEK thousand	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan - Jun	2017 Jan - Dec
Net sales	–	–	–	–	–
Gross profit	–	–	–	–	–
Operating expenses					
Research and development costs	-98,269	-49,569	-154,562	-96,785	-197,771
Marketing and distribution costs	-15,996	-3,564	-21,673	-6,805	-15,160
Administrative expenses	-34,192	-14,127	-40,613	-25,752	-34,688
Other operating income[1)]	5,534	–	11,953	–	–
Other operating expenses[1)]	-152	–	-212	–	–
Total operating expenses	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Operating loss	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Net financial items	0	0	0	0	0
Loss before tax	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Tax	–	–	–	–	–
Loss for the period	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**

Condensed parent company statement of comprehensive income

SEK thousand	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan - Jun	2017 Jan - Dec
Loss for the period	**-143,075**	**-67,260**	**-205,107**	**-129,343**	**-247,620**
Other comprehensive income					
Translation differences on currency hedges	–	-3,786	-8	-1,048	8
Total other comprehensive income, net of tax	–	**-3,786**	**-8**	**-1,048**	**8**
Total comprehensive loss for the period	**-143,075**	**-71,046**	**-205,115**	**-130,391**	**-247,612**

[1)] Exchange rate differences on assets and liabilities in operational activities.

Parent company balance sheet

SEK thousand	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Assets			
Non-current assets			
Tangible non-current assets	2,430	2,249	2,339
Financial non-current assets	313	313	313
Total non-current assets	**2,743**	**2,562**	**2,651**
Current assets			
Other current receivables	2,987	1,375	1,189
Prepaid expenses and accrued income	68,524	57,010	71,982
Cash and cash equivalents	568,162	535,019	404,000
Total current assets	**639,673**	**593,404**	**477,171**
Total assets	**642,416**	**595,965**	**479,822**
Equity and liabilities			
Restricted equity			
Share capital	4,865	4,423	4,423
Statutory reserve	10,209	10,209	10,209
Non-restricted equity			
Share premium account	1,252,951	954,220	956,044
Retained earnings (including net profit/loss for the period)	-747,578	-425,241	-542,462
Total equity	**510,239**	**533,402**	**418,005**
Long term liabilities			
Provision for social security contributions, share based incentive program	11,553	339	1,825
Total long term liabilities	**11,553**	**339**	**1,825**
Current liabilities			
Trade payables	11,570	14,946	15,681
Provision for social security contributions, share based incentive program	74,527	35,985	36,306
Other current liabilities	1,667	489	954
Accrued expenses and deferred income	32,861	10,804	7,053
Total current liabilities	**120,625**	**62,224**	**59,993**
Total liabilities	**132,177**	**62,563**	**61,818**
Total equity and liabilities	**642,416**	**595,965**	**479,822**

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.

	Apr-Jun, 2018	Apr-Jun, 2017	Jan - Jun, 2018	Jan - Jun, 2017	Jan - Dec, 2017
Total registered shares at the beginning of period	43,786,021	38,828,115	39,806,021	22,041,900	22,041,900
Total registered shares at the end of period	43,786,021	39,806,021	43,786,021	39,806,021	39,806,021
Number of shares that the allocated employee options entitle to	2,782,569	2,495,200	2,782,569	2,495,200	2,631,200
Share capital at the end of period, SEK thousand	4,865	4,423	4,865	4,423	4,423
Equity at the end of period, SEK thousand	510,239	533,402	510,239	533,402	418,005
Earnings per share before and after dilution, SEK[1)]	-3.27	-1.69	-4.-91	-3.54	-6.44
Operating expenses, SEK thousand	-143,075	-67,260	-205,107	-129,343	-247,620
Research and development costs, SEK thousand	-98,269	-49,569	-154,562	-96,785	-197,771
Research & development costs/operating expenses %[2)]	69%	74%	75%	75%	80%

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 and Oncopeptides Inc, USA.

The parent company is a Swedish public limited company registered in Stockholm.

The interim report for the second quarter 2018 was approved for publication on July 13, 2018, in accordance with the board decision of July 12, 2018.

Note 2 Accounting policies

Oncopeptides applies International Financial Reporting standards Oncopeptides applies International Financial Reporting standards (IFRS) as adopted by the European Union. Relevant accounting and valuation principles could be found on pages 46-51 of the Annual Report for 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 2018, have had a significant impact on the company's financial reporting

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Since the first quarter 2018 the company has decided to discontinue hedge accounting.

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. If 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. A more detailed description of the company's risk exposure and risk management can be found in the Annual Report for 2017 on pages 32-33.

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.

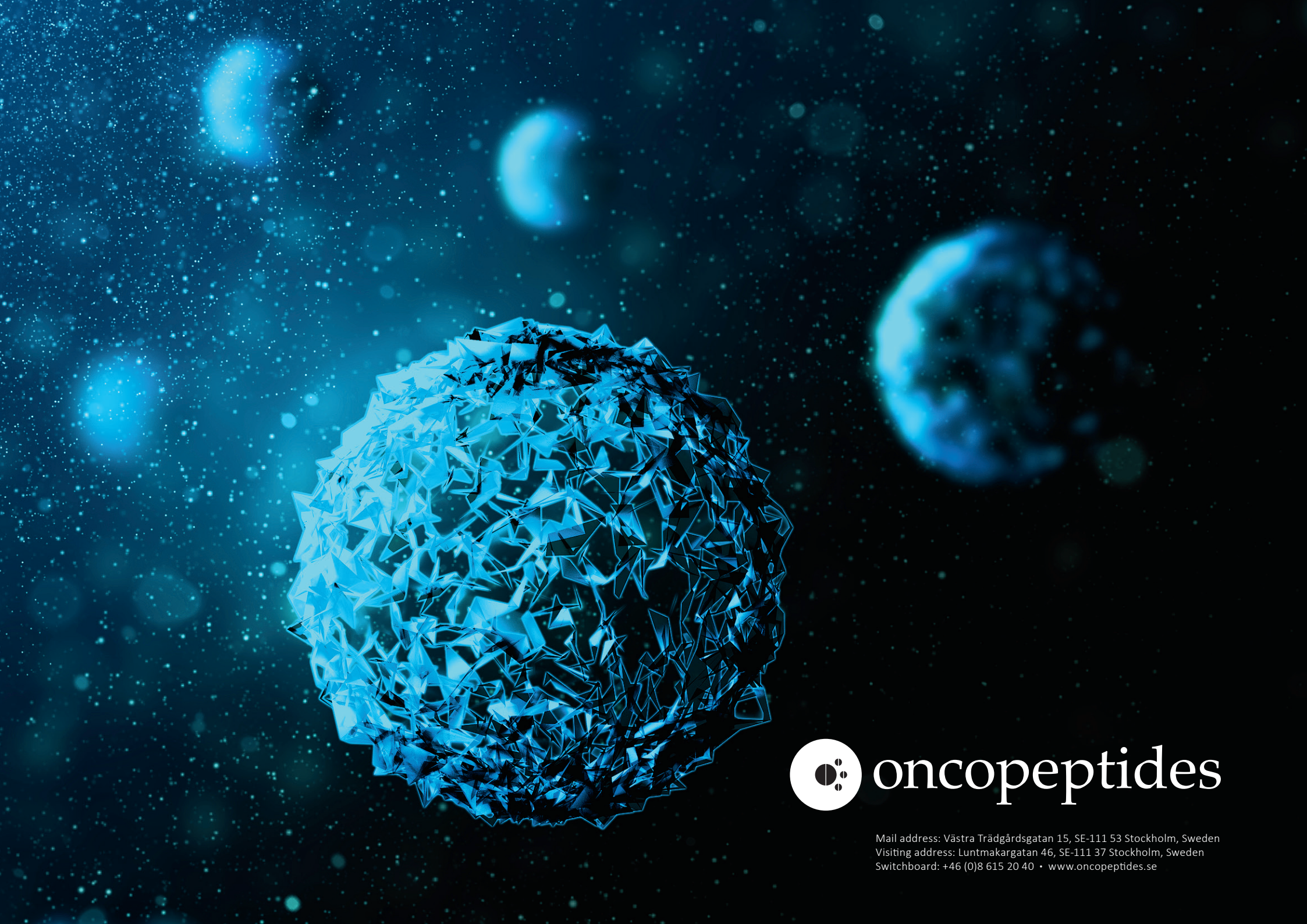
For more information about the group and parent company's financial risk management see note 3 on pages 51-52 in the Annual Report for 2017.

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.

Not 5 Related-party transactions

No transactions with related parties occurred during the second quarter.



Mail address: Västra Trädgårdsgatan 15, SE-111 53 Stockholm, Sweden
Visiting address: Luntmakargatan 46, SE-111 37 Stockholm, Sweden
Switchboard: +46 (0)8 615 20 40 • www.oncopeptides.se