oncopeptides

Interim Report January - March 2017

"Our IPO received strong interest both from Sweden and internationally, including several well-renowned institutional long term investors. We are now fully financed to drive our broad clinical development program in late-stage multiple myeloma patients, including a phase II trial to be initiated and the ongoing phase II trials and the pivotal phase III trial OCEAN."

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 January - March 2017

SUMMARY OF Q 1

January 1st – March 31st 2017

- Net sales amounted to 0.0 (0.0) MSEK
- Loss for the period was 62.1 (loss: 15.2) MSEK
- Loss per share, before and after dilution, was 1.89 (loss: 0.92) SEK
- On March 31st, cash and cash equivalents amounted to 611.6 (20.1) MSEK

Significant events during the period January 1st to March 31st 2017

- Oncopeptides was listed in the Mid Cap segment on Nasdaq OMX Stockholm, raising 695.0 MSEK (approx. 77 MUSD) before transaction costs
- On March 15th 'Intention to grant' letter was received from the European Patent Office extending the patent life for Ygalo® in Europe to 2032 without extensions

FINANCIAL OVERVIEW OF THE GROUP (SEK thousand):

Financial overview of the group (SEK thousand)

	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Net sales	-	-	-
Operating loss	-62,083	-15,244	-114,482
Loss before tax	-62,083	-15,244	-114,446
Loss for the period	-62,083	-15,244	-114,446
Earnings per share before and after dilution (SEK)	-1.89	-0.92	-4.88
Cash flow from operating activities	-67,637	-13,130	-104,262
Cash and cash equivalents at the end of the period	611,599	20,111	40,251
Research & development costs/operating expenses %	76%	86%	78%

FINANCIAL CALENDAR

Annual General Meeting 2017	May 18th 2017
Interim Report Q2 2017	August 25th 2017
Interim Report Q3 2017	November 15th 2017
Full Year Report 2017	February 22nd 2018

CEO STATEMENT

Dear Shareholders,

We are passionate about bringing Ygalo® - our next generation targeted alkylator - to the market for the treatment of multiple myeloma. The first quarter of 2017 was an important milestone towards making that happen both regarding momentum in clinical development activities as well as our successful IPO on Nasdaq OMX Stockholm. The Initial Public Offering (IPO) fully financed our broad clinical development program in late-stage multiple myeloma patients and allows us to initiate the pivotal phase III trial OCEAN as well as conclude the ongoing phase II trials HORIZON and O-12-M1. O-12-M1 is our previous phase I and II trial where we will finalize the clinical study report during second half of 2017. In addition, the financing allows us to initiate our combination study ANCHOR according to plan late 2017.

Clinical development on track

On January 19th, we reported that the first patient had been dosed in our study HORIZON in accordance to plan. Patient recruitment has continued to be on track in HORIZON throughout the period. We will also initiate our pivotal phase III trial, OCEAN in accordance to plan in the second quarter of 2017. All clinical development activities are currently on track.

Oncopeptides AB completed IPO

On February 22nd Oncopeptides completed its IPO and was listed as a Mid Cap company on Nasdaq OMX Stockholm. The IPO was several times oversubscribed and received strong interest both from Sweden and internationally. The existing main shareholders all subscribed for new shares in the offering alongside several well-renowned institutional long term investors. There was also significant interest from retail investors. In total, we have more than 2,000 shareholders today.

Clinical development plan for Ygalo® fully financed

Total costs during the first quarter of the year amounted to 62.1 MSEK (15.2). The increase was mainly due to an increase of clinical R&D activities with close to 100 hospitals participating, or in the process of participating, in our clinical studies. The IPO on February 22nd including the overallotment option on March 26th resulted in total proceeds before transaction costs of 695.0 MSEK (approx. 77 MUSD). This means that we have secured sufficient funding to take the entire clinical development plan, including the pivotal phase III trial OCEAN, to data read-out in 2019.

Additional patent protection for Ygalo® will be granted in the EU

Oncopeptides received an 'intention to grant' letter from the European Patent Office on March 15th. Consequently, Ygalo® will receive additional patent protection in the EU covering the formulation until 2032.

Looking ahead

I am looking forward to continuing to develop Oncopeptides. We feel confident about our clinical development plan and hope to be able to execute the clinical studies in accordance to our plans. In parallel, we will continuously communicate relevant and important information along the way.

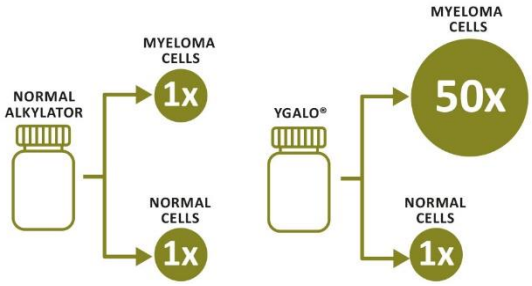
Stockholm, May 18th, 2017

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 two clinical trials for the treatment of a rare hematological cancer - multiple myeloma. The current studies are O-12-M1 and HORIZON. The study OCEAN will be initiated during the second quarter of 2017 and 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, the patient groups that the studies HORIZON and OCEAN target are shown by the study logotypes.

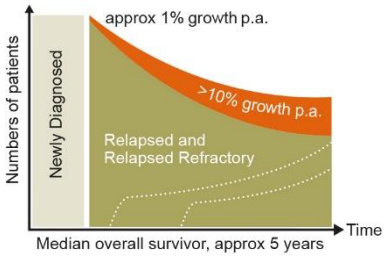
When evaluating clinical data in multiple myeloma a few standard measures are used:

- 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

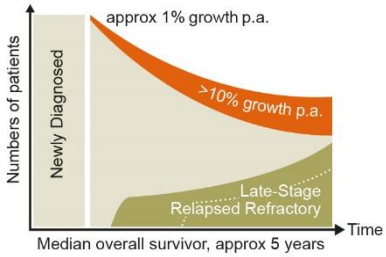
Source: Published clinical data and internal analysis.



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.

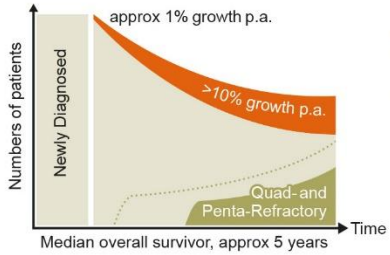


Late-Stage Relapsed Refractory

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.

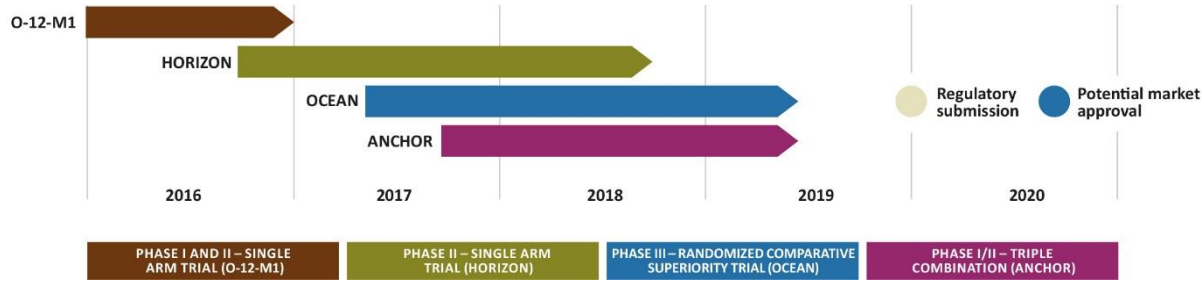
The first graphic shows the two main patient segments: 'Newly Diagnosed' patients and 'Relapsed and Relapsed Refractory' patients. Almost all clinical trials that are in 'Relapsed and Relapsed Refractory' patients are in patients that have relatively recently undergone initial therapy as newly diagnosed 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 and is expected to start during the second quarter of 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

Revenues, expenses and earnings for the first quarter of 2017

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.

Revenue

Sales amounted to 0.0 (0.0) MSEK during the period.

Operating expenses

Operating expenses for the first quarter amounted to 62.1 (15.2) MSEK. This relates primarily to research and development costs.

The recorded costs for the company's employee stock option program also increased significantly to 9.6 (0.0) MSEK. This cost is divided between research and development, marketing and distribution and administration with 3.1 MSEK, 2.2 MSEK and 4.3 MSEK, respectively in below reported figures.

Research and development costs

During the quarter, research and development costs increased to 47.2 (13.2) MSEK. The increase was mainly due to increased activity in the clinical programs 39.3 (7.3) MSEK.

Marketing and distribution costs

Marketing and distribution costs for the first quarter amounted to 3.2 (0.0) MSEK. Apart from the stock option program the difference was mainly explained by the fact that the company has initiated its work on developing a commercialization strategy for Ygalo®. As part of this, the company's Chief Commercial Officer (CCO) was recruited in October 2016.

Administration costs

During the quarter, administration costs amounted to 11.6 (2.1) MSEK. Apart from the stock option program the increase is mainly attributable to non-recurring costs in connection with the IPO of 3.8 (0.0) MSEK and to organizational structure costs.

Earnings

Loss for the period was -62.1 (-15.2) MSEK, resulting in earnings per share, before and after dilution of -1.89 (-0.92) SEK.

Tax

No tax was 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 first quarter amounted to -67.6 (-13.1) MSEK, which is mainly due to costs related to the expansion of the clinical program.

Cash flow from investing activities was -0.5 (0.0) MSEK for the quarter. This investment referred to equipment that will be used in the manufacture of Ygalo®.

Cash flow from financing activities amounted to 636.8 (30.9) MSEK for the quarter, attributable to new share issues in connection with the IPO in February. In total, 695.0 MSEK was raised before issue costs of 58.2 MSEK.

Cash flow for the quarter was 568.6 (17.8) MSEK. As of March 31st 2017, cash and cash equivalents amounted to 611.6 (20.1) MSEK and equity to 604.0 (13.1) 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 executives, founder, and other co-workers. Oncopeptides has currently employee stock option programs that include part of the management team, certain board members, founders and employees that entitle to a subscription of a total of 1,733,400 shares at full utilization.

Program costs, which have no cash impact, of 9.3 (0.0) MSEK has been charged to earnings for the first quarter based on estimated social security costs

underlying benefit value of issued employee stock options, and a cost related to value of employees' service of 0.2 (0.0) MSEK.

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 which entitle to subscription of a total of 2,288,088 ordinary shares in the company.

Full utilization of issued warrants, corresponding to 2,288,088 shares, will result in a dilution of new shareholders with 5.43 percent. The calculation is based on the total number of shares in the company including the 977,906 subscribed shares under registration attributable to the over-allotment in connection with the listing.

OTHER INFORMATION

Co-workers

As of March 31st 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.

Oncopeptides' shares

Oncopeptides was listed on Nasdaq OMX Stockholm Mid Cap segment February 22nd 2017. In total 15,108,340 new shares were issued, of which 977,906 attributable to the over-allotment option were registered after the end of the report period. 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 March 31st 2017, the number of registered shares and votes in Oncopeptides amounted to 38,828,115.

Events after the end of the report period

A further 977,906 shares were registered April 7th 2017, attributable to the over-allotment option in connection with the listing. After this the total number of shares are 39,806,021.

Annual general meeting

The annual general meeting of Oncopeptides AB (publ) will be held in the Banquet room at IVA Conference center, Grev Turegatan 16, Stockholm, Sweden, Thursday May 18th 2017 at 4.00 pm CET.

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, May 18th 2017

Oncopeptides AB
Board of Directors

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This 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 May 18th 2017.

FINANCIAL INFORMATION

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of comprehensive income (SEK thousand)

	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Net sales	-	-	-
Gross profit	**-**	**-**	**-**
Operating expenses			
Research and development costs	-47,216	-13,162	-89,725
Marketing and distribution costs	-3,241	-	-630
Administrative expenses	-11,625	-2,082	-24,128
Total operating expenses	**-62,083**	**-15,244**	**-114,482**
Operating loss	**-62,083**	**-15,244**	**-114,482**
Net financial items	0	-	36
Loss before tax	**-62,083**	**-15,244**	**-114,446**
Tax	-	-	-
Loss for the period	**-62,083**	**-15,244**	**-114,446**
Earnings per share before and after dilution (SEK)	**-1.89**	**-0.92**	**-4.88**

Condensed consolidated statement of comprehensive income (SEK thousand)

	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Loss for the period	**-62,083**	**-15,244**	**-114,446**
Other comprehensive income			
Translation differences on currency hedges	2,739	-	-
Total other comprehensive income, net of tax	**2,739**	**-**	**-**
Total comprehensive loss for the period[1)]	**-59,344**	**-15,244**	**-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)

	Mar 31st 2017	Mar 31st 2016	Dec 31st 2016
Assets			
Non-current assets			
Tangible non-current assets	1,572	7	1,100
Financial non-current assets	1	1	1
Total non-current assets	**1,573**	**8**	**1,101**
Other non-current receivables	**262**	**196**	**262**
Current assets			
Other current receivables	3,417	894	2,963
Prepaid expenses and accrued income	34,377	0	11,056
Cash and cash equivalents	611,599	20,111	40,251
Total current assets	**649,393**	**21,005**	**54,270**
Total assets	**651,228**	**21,209**	**55,633**
Equity and liabilities			
Equity			
Share capital	4,314	2,046	2,449
Share capital (subscribed and paid, under registration)	109	-	-
Additional paid-in capital	953,767	206,708	318,738
Retained earnings (including net profit/loss for the period)	-354,195	-195,649	-294,850
Total equity[1)]	**603,995**	**13,105**	**26,337**
Current liabilities			
Trade payables	19,064	6,392	8,731
Provision for social security contributions, employee stock option program	19,518	0	10,200
Other current liabilities	1,903	882	715
Accrued expenses and deferred income	6,748	830	9,651
Total current liabilities	**47,233**	**8,104**	**29,296**
Total liabilities	**47,233**	**8,104**	**29,296**
Total equity and liabilities	**651,228**	**21,209**	**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	Share capital under registration	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				-15,244	-15,244
Transactions with shareholders					
Mandatorily convertible bridge loans raised			30,949		30,949
Closing balance March 31st 2016	2,046		206,708	-195,649	13,105
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 employees' 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				-59,344	-59,344
Transactions with shareholders					
Issue of new shares	1,570	109	693,305		694,984
Underwriting expenses			-58,223		-58,223
Conversion of bridge loans	295		-295		0
Value of employees' service			242		242
Closing balance March 31st 2017	4 314	109	953,767	-354,195	603,995

Condensed consolidated statement of cash flows

Condensed consolidated statement of cash flow (SEK thousand)

	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Operating loss	-62,083	-15,244	-114,482
Adjustment for non-cash-items[1)]	9,602	0	10,304
Interest received	0	0	1
Interest paid	0	0	0
Cash flow from operating activities before change in working capital	**-52,481**	**-15,244**	**-104,177**
Cash flow from changes in working capital	-15,156	2,114	-85
Cash flow from operating activities	**-67,637**	**-13,130**	**-104,262**
Cash flow from investing activities	-514	0	-1 117
Cash flow from financing activities	636,761	30,949	143,302
Cash flow for the period	**568,610**	**17,818**	**37,923**
Cash and cash equivalents at beginning of period	40,251	2,293	2,293
Change in cash and cash equivalents	568,610	17,818	37,923
Foreign exchange difference in cash and cash equivalents	2,739	0	35
Cash and cash equivalents at the end of period	**611 599**	**20 111**	**40 251**

[1)] Pertains mainly to costs of employee stock option program including social security contributions

Condensed parent company statement of comprehensive income

Condensed parent company statement of comprehensive income (SEK thousand)

	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Net sales	-	-	-
Gross profit	-	-	-
Operating expenses			
Research and development costs	-47,216	-13,162	-89,725
Marketing and distribution costs	-3,241	-	-630
Administrative expenses	-11,625	-2,082	-24,128
Total operating expenses	**-62,083**	**-15,244**	**-114,482**
Operating loss	**-62,083**	**-15,244**	**-114,482**
Net financial items	0	-	36
Loss before tax	**-62,083**	**-15,244**	**-114,446**
Tax	-	-	-
Loss for the period	**-62,083**	**-15,244**	**-114,446**

Condensed parent company statement of comprehensive income (SEK thousand)

	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Loss for the period	**-62,083**	**-15,244**	**-114,446**
Other comprehensive income			
Translation differences on currency hedges	2,739	-	-
Total other comprehensive income, net of tax	**2,739**	**-**	**-**
Total comprehensive loss for the period	**-59,344**	**-15,244**	**-114,446**

Condensed parent company balance sheet

Parent company balance sheet (SEK thousand)

	Mar 31st 2017	Mar 31st 2016	Dec 31st 2016
Assets			
Non-current assets			
Tangible non-current assets	1,572	7	1,100
Financial non-current assets	51	51	51
Total non-current assets	**1,623**	**58**	**1,151**
Other non-current receivables	**262**	**196**	**262**
Current assets			
Other current receivables	3,417	894	2,963
Prepaid expenses and accrued income	34,377	0	11,056
Cash and cash equivalents	611,549	20,061	40,201
Total current assets	**649,343**	**20,955**	**54,220**
Total assets	**651,228**	**21,209**	**55,633**
Equity and liabilities			
Restricted equity			
Share capital	4,314	2,046	2,449
Share capital (subscribed and paid, under registration)	109	0	0
Statutory reserve	10,209	10,209	10,209
Non-restricted equity			
Share premium account	910,793	163,734	275,764
Retained earnings (including net profit/loss for the period)	-321,430	-162,884	-262,085
Total equity	**603,995**	**13,105**	**26,337**
Current liabilities			
Trade payables	19,064	6,392	8,731
Provision for social security contributions, employee stock option program	19,518	0	10,200
Other current liabilities	1,903	882	715
Accrued expenses and deferred income	6,748	830	9,651
Total current liabilities	**47,233**	**8,104**	**29,296**
Total liabilities	**47,233**	**8,104**	**29,296**
Total equity and liabilities	**651,228**	**21,209**	**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 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Total registered shares at the beginning of period	22,041,900	20,460	20,460
Total registered shares at the end of period [1)]	38,828,115	20,460	22,041,900
Number of shares that the outstanding employee options entitle to[2)]	1,733,400	1,359,000	1,733,400
Share capital at the end of period, SEK thousand[1)]	4,314	2,046	2,449
Equity at the end of period, SEK thousand	603,995	13,105	26,337
Earnings per share before and after dilution, SEK[3)]	-1.89	-0.92	-4.88
Operating expenses, SEK thousand	-62,083	-15,244	-114,482
Research and development costs, SEK thousand	-47,216	-13,162	-89,725
Research & development costs/operating expenses %[4)]	76%	86%	78%

1) A further 977,906 shares were registered April 7th, 2017, attributable to the over-allotment option in connection with the listing. As a result, the share capital increased by 109 TSEK to 4,423 TSEK.
2) As of March 31st, 2017, the company has a total of 554,688 additional warrants to cover social security contributions linked to employee stock option program.
3) 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 period. There is no dilution effect for the employee stock option program, as earnings for the periods have been negative.
4) 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 first quarter 2017 was approved for publication on May 18th 2017, in accordance with the board decision of May 17th 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, which may lead to minor deviations compared with previously reported financial information.

As of this interim report, 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 has exchanged 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

The consultancy agreement with chairman of the board Alan Hulme, through Techgen Corporate Development Ltd has referred to remuneration for conducted services historically relating to participation in business development related matters, including in connection with capital raising rounds.
During quarter one these costs amounted to 0.2 (0.2) MSEK.

In accordance with the agreement between the parties, the consultancy agreement ceased in connection with the listing of the company February 22nd 2017.

In connection with the listing, all bridge loans from related parties in the form of main shareholders and the CEO and chairman of the board amounting to 81.6 MSEK were converted in full. As of March 31st 2017, the company has no remaining loans from related parties.