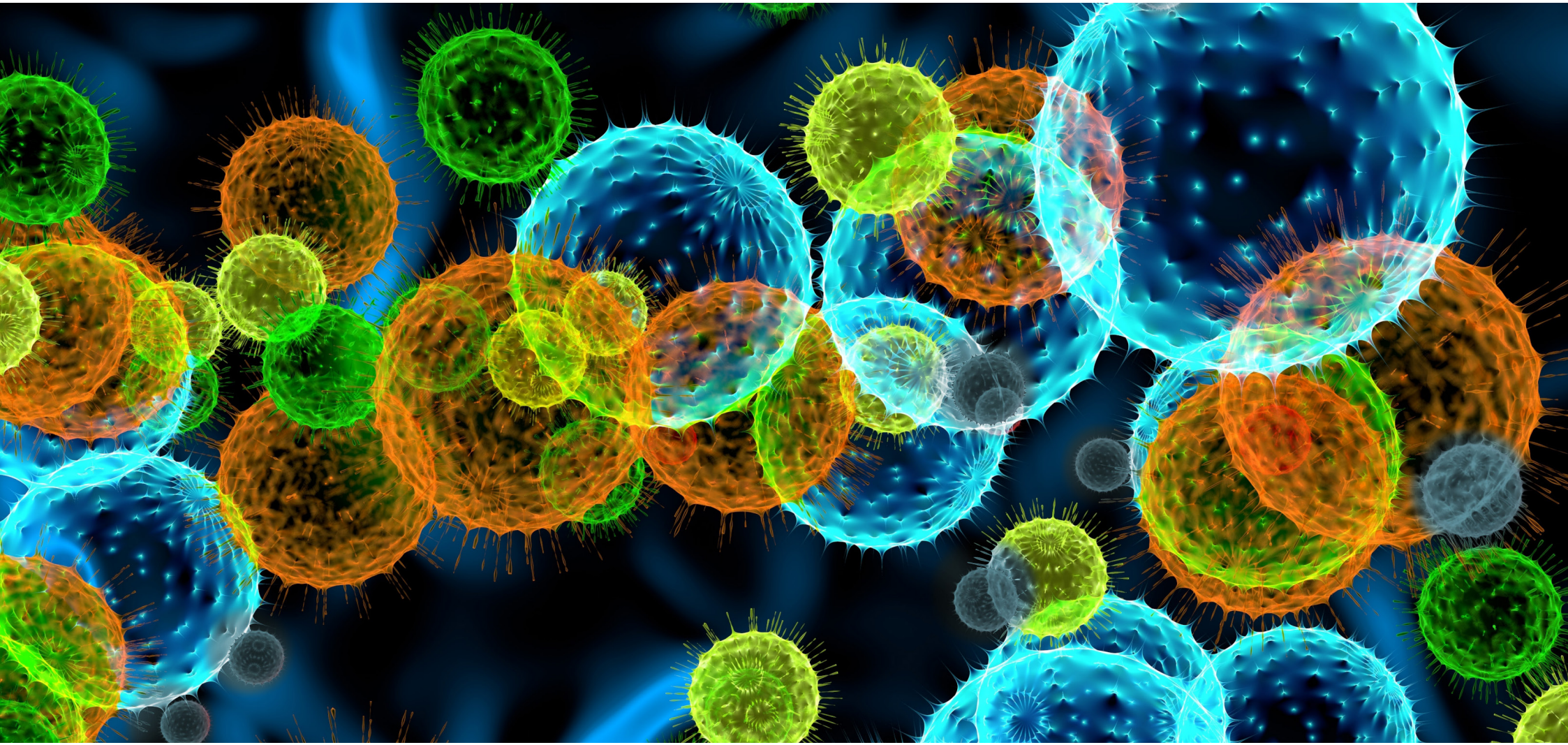
oncopeptides



Oncopeptides is a pharmaceutical company developing drugs for the treatment of cancer. The company is focusing on the development of the lead product candidate melflufen, a novel lipophilic peptide-conjugated alkylator, belonging to a new class of drugs called Peptidase Enhanced Cytotoxics (PEnC). Melflufen is in development as a new treatment for the hematological cancer multiple myeloma and is currently being tested in a global pivotal phase 3 trial called OCEAN, a phase 2 trial called HORIZON and in two additional supporting clinical trials. Oncopeptides' headquarters is located in Stockholm, Sweden and the company is listed in the Mid Cap segment on Nasdaq Stockholm with the ticker ONCO.

INTERIM REPORT Q1 2019

About melflufen

Melflufen is a lipophilic peptide-conjugated alkylator that rapidly delivers a highly cytotoxic payload into myeloma cells through peptidase activity. It belongs to the novel class Peptidase Enhanced Cytotoxics (PEnC), which is a family of lipophilic peptides that exhibit increased activity via peptidase cleavage and have the potential to treat many cancers. Peptidases play a key role in protein homeostasis and feature in cellular processes such as cell-cycle progression and programmed cell death. Melflufen is rapidly taken up by myeloma cells due to its high lipophilicity and is immediately cleaved by peptidases to deliver an entrapped hydrophilic alkylator payload. In vitro, melflufen is 50-fold more potent in myeloma cells than the alkylator payload itself due to the peptidase cleavage, and induces irreversible DNA damage and apoptosis. Melflufen displays cytotoxic activity against myeloma cell lines resistant to other treatments, including alkylators, and has also demonstrated inhibition of DNA repair induction and angiogenesis in preclinical studies.

Financial calendar

Annual General Meeting 2019:	May 21, 2019
Interim Report Q2, 2019:	August 28, 2019
Interim Report Q3, 2019:	November 19, 2019
Year-end Report 2019:	February 20, 2020

Conference call for investors, analysts and the media

The Interim Report Q1 2019 and an operational update will be presented by CEO Jakob Lindberg and members of Oncopeptides management team, Tuesday May 21, 2019 at 10:00 (CET). The conference call will also be streamed via a link on the website: www.oncopeptides.com.

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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 May 21, 2019.

Summary of Q1

Financial overview January 1 – March 31, 2019

- Net sales amounted to SEK 0.0 M (0.0)
- Loss for the period was SEK 122.2 M (loss: 62.0)
- Loss per share, before and after dilution, was SEK 2.57 (loss: 1.56)
- On March 31 cash and cash equivalents amounted to SEK 747.5 M (664.9)

Significant events during the period January 1 – March 31, 2019

- In January, Oncopeptides completed a directed share issue of SEK 546.2 M (USD 60.0 M) before issue costs
- At the end of March, data were presented at AACR annual meeting from Oncopeptides' clinical studies, HORIZON and ANCHOR, where melflufen is evaluated in multiple myeloma patients

Significant events after the reporting period

- In April, melflufen was granted additional patent protection in the US until 2033
- In April it was announced that the last patient in the OCEAN trial is estimated to be enrolled during Q1 2020
- In May it was announced that Oncopeptides will apply for accelerated approval in the US

Financial overview of the group

SEK thousand	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Net sales	–	–	–
Operating loss	-121,934	-62,032	-419,300
Loss before tax	-122,068	-62,032	-419,302
Loss for the period	-122,199	-62,032	-419,449
Earnings per share before and after dilution (SEK)	-2.57	-1.56	-9.77
Cash flow from operating activities	-142,821	-40,547	-333,727
Cash and cash equivalents at the end of the period	747,471	664,944	375,617
Research & development costs/operating expenses %	78%	91%	77%

CEO statement

The initiation of the submission process for melflufen in the US is a major milestone for Oncopeptides. The New Drug Application (NDA) will seek accelerated approval of melflufen for the treatment of triple-class refractory RRMM patients. This positive news will compress timelines for us and we will return with more information regarding our development plans over the coming quarters. However, what is clear is that with the feedback from the FDA, the regulatory risk has decreased significantly with regard to melflufen becoming a potential treatment option for patients with RRMM in the US.

Already at the end of last year, we communicated a revised target for 2019 with a higher level of activity for our clinical strategy. As a first step to enable the strategy, we strengthened our balance sheet by completing a directed share issue to Swedish and international specialist investors at the beginning of the year. We are approaching an intense summer period as we are engaged in planning and preparation to start new clinical studies during the second half of the year. At the same time, we are preparing for upcoming presentations at scientific meetings, in particular this year's European Hematology Meeting (EHA), which will be an important milestone for us. We will present new updated data from two of our studies, HORIZON and ANCHOR, as well as two additional presentations regarding melflufen. During the quarter, our formulation patent was granted in the US in addition to Japan and Europe where it had been granted earlier. This is important from a strategic perspective for the value of melflufen.

> *The initiation of the submission process for melflufen in the US is a major milestone for Oncopeptides.*

Clinical study status

The four studies we are currently conducting are aimed at broadening our knowledge about melflufen and positioning the therapy against currently approved drugs. The studies we prepare and plan to start during the second half of 2019 will broaden melflufen's market potential. LIGHTHOUSE will be a pivotal phase 3 combination study in refractory relapsed multiple myeloma (RRMM) patients and the second trial will study melflufen's activity in patients with AL amyloidosis which is the first step for melflufen outside multiple myeloma.

At the end of April, we provided an update on the ongoing clinical studies in a webcast. The status of patient recruitment for our phase 3 study OCEAN was updated and we now estimate that the last patient in will take place during Q1 2020. The background for the delay is that pomalidomide is increasingly used as a second line treatment option for patients with multiple myeloma. This is a strong positive for melflufen and its future sales potential based on the OCEAN trial design as a head-to-head comparison with pomalidomide. At the same time as being positive for the value of OCEAN, this development also represents a patient recruit-

ment challenge since more patients have been exposed to pomalidomide in earlier lines and cannot be part of the OCEAN study.

In the phase 2 study HORIZON we will recruit 150 patients in total and we expect the last patient in during early autumn 2019, in line with our forecast. The data we presented in 2018 showed that melflufen can provide good treatment results in patients who are completely lacking treatment options or only have a few treatment options left. The study is generating increasing interest among physicians following the data we presented during 2018. During the spring, we have been engaged in dialogue with the FDA to explore whether melflufen could be eligible for accelerated approval based on the promising data generated in the ongoing HORIZON clinical trial. The target indication would be treatment of patients with relapsed refractory multiple myeloma whose disease is triple-class refractory (i.e. refractory to at least one IMiD, one proteasome inhibitor and one anti-CD38 antibody). In the discussions, the FDA has requested and received all available clinical data at hand for melflufen. As a result of the dialogue with the FDA, we initiated preparations for an NDA submission based on the available HORIZON data. The detailed plan for the filing process is still under development, but Oncopeptides currently targets to submit the application during the first quarter of 2020. This could then lead to the first melflufen market approval in the US in 2020.

Both the phase 1/2 combination study ANCHOR and the phase 2 study BRIDGE in patients with impaired renal function are continuing according to plan. The experience from the part of the ANCHOR study that studies melflufen's activity in combination with daratumumab, is guiding us in our planning for an upcoming phase 3 study that we call LIGHTHOUSE.

Several studies to be presented at this year's EHA

This year's EHA will be a big and important milestone for the company, as well as for our studies and opportunities to spread the knowledge about melflufen. It feels like we have a tailwind and that the investments we make to spread the knowledge about melflufen start to pay off in a positive way. Oncopeptides will arrange a symposium at the conference entitled "Challenging the Treatment Paradigm in Multiple Myeloma", which will be exciting and important for the continued education about melflufen and Oncopeptides among clinicians and other stakeholders. When the abstract book recently was published, we announced that we will have four presentations at the meeting, three of which will be presented as posters and one oral presentation of the HORIZON data. The data shown in the abstract book for HORIZON and ANCHOR are based on a data cut from early February which only represents a few additional patients compared to the presentations we held at the American Hematology meeting (ASH) in December last year. It is encouraging to see the stability of HORIZON data as more patients are treated, with an overall response rate (ORR) of 30%. The ANCHOR data are also in line with those presented in December. The number of patients was still low but an ORR of 100% for those patients treated with melflufen in combination with bortezomib (proteasome inhibitor) and a steroid and a 78% ORR for those treated with melflufen in combination with daratumumab and steroid are positive and encouraging.

The data we will present at the EHA will be from a later data cut with a significant increase in the number of patients compared to the abstracts. We look forward to an exciting EHA.

Looking ahead

This spring and summer will be a very intense period for us. We will attend ASCO in Chicago and EHA in Amsterdam, manage our current trials and plan for the upcoming clinical trials. The outcome of the regulatory discussions concerning HORIZON during the spring is even better than we anticipated. Potential approval will of course depend on the formal FDA review once we have submitted the application, but based on the discussions and the data at hand we believe we have very good chance to get an approval, provided that the results that we generate in the HORIZON trial continue to be in line with the data we have seen so far. It will therefore be very exciting to present updated HORIZON data at EHA in Amsterdam on June 16. In parallel with this, we continue to strengthen the company by hiring key personnel with specialist skills to be able to handle all the activities that we are running or planning to start.

Stockholm May 21, 2019

Jakob Lindberg
CEO, Oncopeptides AB

Summary – our clinical trials

Our clinical development program will provide us with a broad set of data and information about melflufen's efficacy in various patient groups. We initiated preparations for an NDA submission based on the available HORIZON data. The overall regulatory risk will decrease considerably given that the FDA grants a conditional market approval.

The clinical development program

We are currently conducting four clinical trials to characterize melflufen in multi-refractory multiple myeloma patients: OCEAN (OP-103), HORIZON (OP-106), ANCHOR (OP-104) and BRIDGE (OP-107).

The program will provide a clear picture of how melflufen can be used for relapsed refractory multiple myeloma (RRMM) patients in various stages of the disease. This has lowered the development risk and given rise to several potential paths for obtaining approval for melflufen.

Melflufen has previously undergone both preclinical trials and clinical phase 1 and 2 trials with positive results in terms of both safety and efficacy in patients with multiple myeloma. Based on these results, the next logical step was to further develop melflufen through the trials OCEAN, HORIZON, ANCHOR and BRIDGE, and the planned additional pivotal combination trial LIGHTHOUSE.

Our phase 3 trial, OCEAN, and phase 2 trial, HORIZON, are key studies for the submission of an NDA/MAA to potentially obtain marketing authorization for melflufen in the US and the EU for the treatment of RRMM. In addition to proving melflufen's efficacy in relation to the existing standard treatment for RRMM (meaning pomalidomide), as evaluated by OCEAN, the development program also aims to demonstrate, through HORIZON, the activity of melflufen in patients with relapsed refractory multiple myeloma whose disease is triple-class refractory (i.e. refractory to at least one IMiD, one proteasome inhibitor and one anti-CD38 monoclonal antibody). Our phase 1/2 trial, ANCHOR, is aimed at demonstrating how melflufen can be administered in combination with other multiple-myeloma drugs. It is important to generate knowledge and understanding among physicians about how melflufen can be used together with dexamethasone and either bortezomib or daratumumab in relapsed refractory MM patients. BRIDGE is a phase 2 pharmacokinetic trial to study melflufen's safety in patients with reduced renal function. We are also preparing to start a pivotal phase 3 study called LIGHTHOUSE, which is planned to start in the second half of 2019, for more information read the annual report for 2019 page 26.

The regulatory path ahead

The initiated submission process in the US for accelerated approval for melflufen for the treatment of RRMM patients with triple-class refractory disease, is the first step in building a potential label for melflufen within myeloma. A potential accelerated approval results in a regulatory approval that later needs to be confirmed with clinical data from a randomized trial. Both OCEAN and LIGHTHOUSE can independently act as confirmatory trials for a potential accelerated approval. Additionally, both OCEAN and LIGHTHOUSE – assuming positive outcome from the trials – can result in broadening of the label into less advanced RRMM patient populations (both trials) as well as in combination with daratumumab (LIGHTHOUSE).

Oncopeptides has collaborated with leading experts and held discussions with governing medical agencies and professional bodies in the US and Europe to create the development program for melflufen in RRMM. Upon receiving approval of the phase 3 OCEAN study design through the FDA Special Protocol Assessment in August 2016, detailed preparations commenced for the development program of melflufen. The program aims to fully characterize melflufen in the treatment of RRMM and thereby maximize the product candidate's market potential.

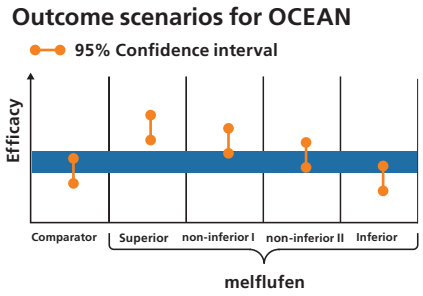
The OCEAN pivotal phase 3 trial is expected to lay the foundation for an application to broaden the indication for melflufen late 2020. The application can act as a confirmatory trial after a potential accelerated approval - including label extension into RRMM patients with only single class refractory disease (compared to the potential accelerated approval for the treatment of RRMM patients with triple-class refractory disease) – as well as act as an independent application for market authorization across markets.

In the OCEAN clinical phase 3 trial, the efficacy of Oncopeptides' product candidate, melflufen, is compared with pomalidomide, both are administered in combination with the steroid dexamethasone. Pomalidomide is currently the market-leading medication for the treatment of RRMM, with sales of 2.0 billion USD in 2018. The objective of the OCEAN trial is to prove that melflufen has a superior efficacy and safety profile compared with pomalidomide.

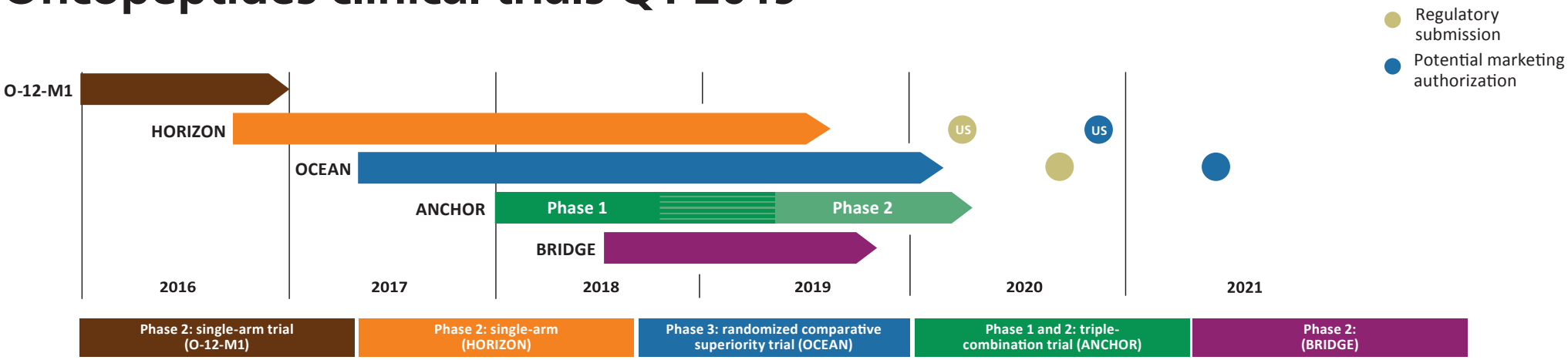
The primary read-out in OCEAN is a comparison between melflufen and pomalidomide regarding PFS (Progression Free Survival). This comparison can simplistically result in three different outcomes i.e. that melflufen is superior, non-inferior or inferior to pomalidomide. As seen in the graphic below, the non-inferior outcome can be broken down in different scenarios with stronger or weaker data to support marketing efforts of melflufen. OCEAN has been statistically powered to show superiority of melflufen 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 probably also in the US assuming that the forthcoming application for conditional market approval based on HORIZON data is approved by the FDA.

The planned LIGHTHOUSE pivotal phase 3 trial is designed to further broaden the indication for melflufen. The application can act as a confirmatory trial after a potential accelerated approval - including label extension where melflufen is approved also in combination with daratumumab for the treatment of RRMM patients – as well as act as an independent application for market authorization across markets.



Oncopeptides clinical trials Q1 2019



O-12-M1

SUPPORTING

- Completed phase 2 clinical trial with 45 patients
- Included RRMM patients who had received a median of 4 prior lines of therapy, and became refractory to lenalidomide (immunomodulatory pharmaceutical – IMiD) and bortezomid (proteasome inhibitor – PI)
- Completed enrollment late 2016 and presented final results in 2017

HORIZON

SUPPORTING

- Ongoing phase 2 trial with up to 150 patients
- RRMM patients with few or no remaining treatment options
- Patients have received ≥2 earlier lines of therapy with IMiDs and PIs and are refractory to pomalidomide and/or daratumumab
- Supports OCEAN for marketing authorization
- Potential for FDA accelerated approval if data is exceptionally strong
- Started in Q1 2017, data reporting in 2018/2019 and follow-up 2019/2020

OCEAN

PIVOTAL TRIAL

- Ongoing phase 3 trial with up to 450 patients, including RRMM patients who are refractory to lenalidomide
- Direct comparison with pomalidomide in patients treated with IMiDs and PIs, and who have become refractory to their last line of therapy
- The trial is designed to demonstrate benefit in comparison with pomalidomide
- To obtain approval in Europe, the only requirement is to demonstrate that melflufen has the same benefit
- Started in Q2 2017 with last patient in expected in Q1 2020

ANCHOR

EXPLORATIVE

- Ongoing phase 1/2 trial with up to 64 patients
- The patients have received 1–4 earlier lines of therapy including IMiDs and PIs
- Demonstrates how melflufen can be administered as a combination therapy with daratumumab or bortezomib
- Explores potential for using melflufen in earlier lines of therapy
- May significantly increase melflufen's market potential as a combination therapy
- Started in Q2 2018, data reporting in 2018/2019, with the results from phase 1 and phase 2 expected in 2019 and 2020, respectively

BRIDGE

SUPPORTING

- Ongoing phase 2 trial with up to 25 patients
- Open-label, single-arm trial for patients with reduced renal function
- Positioning trial to show melflufen's treatment profile within this patient group
- Started in Q3 2018, with the initial results expected in Q4 2019

The market for treatment of multiple myeloma

The market is expected to continue to grow rapidly to an expected market value of approximately USD 22 billion in 2023. During 2018, approximately USD 17 billion worth of pharmaceuticals were sold.

The market is growing sharply

As treatment results for a disease with a poor prognosis improve – even marginally – the market for later lines of therapy grows significantly. The driving factor for this growth is the fact that patients live longer, which means that more patients will receive additional treatments, compared with before.

Broad-spectrum agents dominate the market

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.

The market in USD

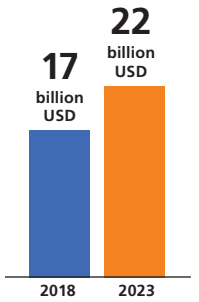
The global market for myeloma drugs amounted to USD 17 billion in 2018. The market for the treatment of myeloma patients after the first line of therapy totaled USD 10 billion. Due to the growth in the number of patients in later lines of therapy as well as drug launches, the myeloma market is expected to reach USD 22 billion in 2023.

The number of cases of multiple myeloma in second line plus treatment is growing rapidly

Roughly 170,000 patients are living with multiple myeloma in the EU and the US, while 57,000 patients are newly diagnosed and 26,000 patients die from the disease annually.* The number of patients diagnosed with multiple myeloma is growing approximately with 1 percent per year, mainly caused by an aging population. However, the number of patients with multiple myeloma who have undergone several previous lines of therapy is increasing exponentially, which is boosting the need for drugs with new modes of action, such as melflufen.

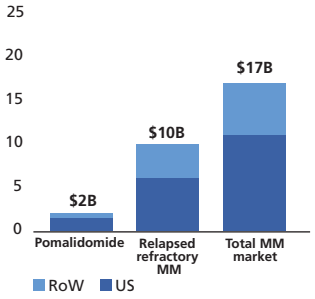
Oncopeptides' pivotal trial, OCEAN, is focused on addressing the needs of these patients, whose numbers are increasing sharply due to recent improvements in earlier lines of therapy. Despite these therapeutic improvements, multiple myeloma remains incurable. This means that more patients than ever are living with the disease for longer periods of time and becoming multi-refractory patients with a significant need for additional treatment options. For the average growth rate in the US over the past three years, see diagram below.

Global growth, 2018 to 2023



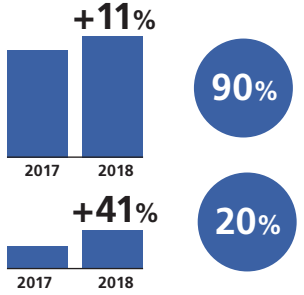
Source: EvaluatePharma and Annual reports

Size of the multiple myeloma market



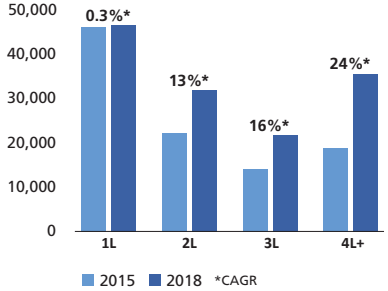
Broad-spectrum agents used in nine out of ten myeloma therapies*

MODALITY	PHARMACEUTICAL DRUGS	GROWTH IN TREATED PATIENTS IN THE US, 2017/2018	% OF TREATED PATIENTS IN THE US, 2018*
Broad-spectrum agents		+11%	90%
Alkylating agents	Bendamustine, cyclophosphamide and melphalan		
IMiDs	Lenalidomide, pomalidomide and thalidomide		
Proteasome inhibitors	Bortezomib, carfilzomib and ixazomib		
Steroids	Dexamethasone and prednisone		
Targeted agents		+41%	20%
Anti-CD38	Daratumumab		
Anti-SLAMF7	Elotuzumab		



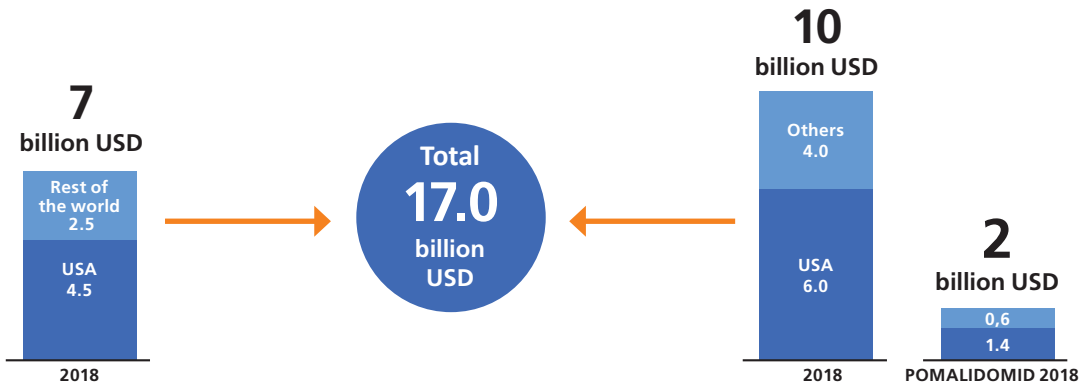
*Excluding steroids
Source: Annual reports from Global Data, internal analysis and IntrinsiQ.

Distribution of multiple myeloma patients by lines of therapy in the US



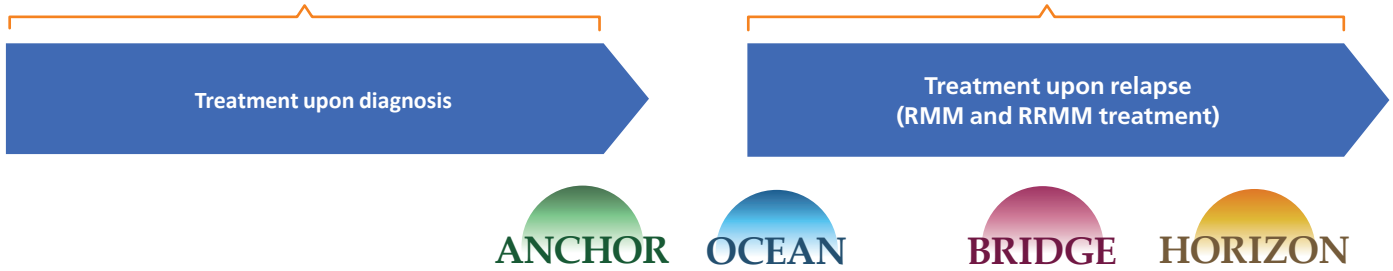
Source: Intrinsiq december 2018, MAT
Note: 3-year annual growth rate for 2015-2018

Market size 2018



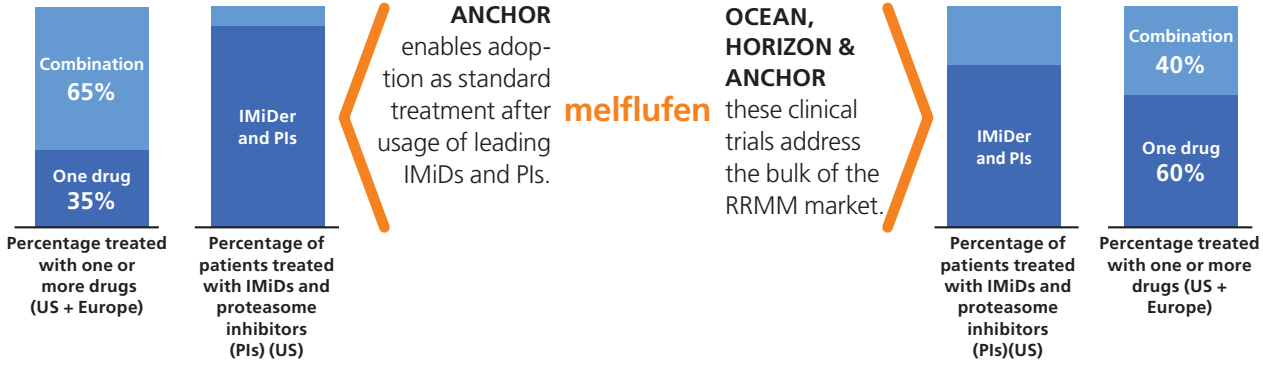
Source: EvaluatePharma

Treatment phase



Source: EvaluatePharma

Drug usage data 2018



Financial overview

Revenue

Net sales amounted to SEK 0.0 M (0.0) during the first quarter.

Operating expenses

Operating expenses for the first quarter amounted to SEK 121.9 M (62.0).

Research and development costs

During the quarter, research and development costs increased to SEK 94.9 M (56.3). The increase is mainly explained by a rise in clinical costs due to increased activity in the ongoing pivotal study OCEAN and in the clinical studies ANCHOR and BRIDGE.

The costs for share-based incentive programs related to R&D amounted to SEK 3.3 M (1.1).

Marketing and distribution costs

Marketing and distribution costs for the first quarter amounted to SEK 17.9 M (5.7). The main reason for the cost increase is the continued expansion of the medical relations and marketing functions and related activities.

The costs for share-based incentive programs related to marketing and distribution amounted to SEK 2.1 M (0.5).

Administration expenses

During the first quarter, administration expenses amounted to SEK 11.3 M (6.4). The increase that is not attributable to costs for the share-based incentive programs is due to the company´s continued high business activity level and growing organization.

The costs for share-based incentive programs related to administration amounted to SEK 2.5 M (0.8).

Share-based payments

The costs for social security contributions related to share-based incentive programs vary from quarter to quarter due to the change in the underlying share price. Related provisions are reported as long- and short-term liabilities.

The total costs for the share-based incentive programs in the first quarter amounted to SEK 7.9 M (2.4) out of which SEK 1.6 M (1.4) was provisions for social security contributions and SEK 6.3 M (1.0) was IFRS 2 classified salary costs. These costs have no cash impact. The company holds warrants that are allocated as cash flow hedge hedge for social security contributions arising from the exercise of employee stock options.

Earnings

The loss for the fourth quarter was SEK 122.2 M (62.0). This corresponds to a loss per share, before and after dilution of SEK 2.57 (1.56).

Cash flow, investments and financial positiong

Cash flow from operating activities amounted to a negative SEK 142.8 M (neg: 40.5). The continued negative cash flow is according to plan and is explained by the company's expanded clinical programs as well as activities within the company's medical affairs and marketing functions.

Cash flow from investing activities was SEK 0.0 M (0.0).

Cash flow from financing activities amounted to SEK 514.0 M (295.0). In January 2019 the company completed a directed share issue raising SEK 546.2 M (USD 60.0 M) before issue costs amounting to SEK 31.4 M.

Cash flow for the first quarter was SEK 371.2 M (254.5). As of March 31, 2019, cash and cash equivalents amounted to SEK 747.5 M (664.9) and equity to SEK 714.8 M (652.0).

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 eight active programs that include the management team, certain board members, founders and employees.

In 2013, the option programs "Founder Option Program" and "Employee option program 2012/2019" were implemented. In 2016 the program "Employee option program 2016/2023" was implemented. In 2017 two incentive programs were established; "Co-worker LTIP 2017" and "Board LTIP 2017". At the AGM in May 2018, two additional incentive programs were adopted: "Co-worker LTIP 2018" and "Board LTIP 2018". For more information about these programs see note 24 in the Annual Report 2018. An Extraordinary General Meeting in December 2018 resolved to implement the program "Board LTIP 2018.2". For further information about this program, see the minutes of the Extraordinary General Meeting 2018 published on the company's website, www.oncopeptides.com.

Full utilization of granted options and share awards per March 31, 2019, corresponding to 3,249,634 shares, would result in a dilution for shareholders of 6.2 percent. Full utilization of issued warrants, corresponding to 4,618,514 shares (i.e. including non-granted employee options and hedge for social security contributions), would result in a dilution for shareholders of 8.6 percent.

During the first quarter 2,170 share awards have been granted in Board LTIP 2018.2. No options or share awards have been exercised or lapsed.

Below follows a summary of the total number of shares that granted employee stock options and share awards may entitle to as of March 31, 2019.

Number of shares allocated employee stock options may entitle to	
- Employee option program 2012/2019	1,133,100
- Founder option program	81,000
- Employee option program 2016/2023	276,300
- Co-worker LTIP 2017	1,618,939
- Co-worker LTIP 2018	80,994
Total number of shares allocated employee stock options may entitle to	**3,190,333**
Number of allocated share awards in program Board LTIP 2017	23,200
Number of allocated share awards in program Board LTIP 2018	33,931
Number of allocated share awards in program Board LTIP 2018.2	2,170
Total number of shares allocated employee stock options and share awards may entitle to	**3,249,634**

Other information

Co-workers
As of March 31, 2019, the number of co-workers amounted to 50 (32).

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.

The Oncopeptides share
Oncopeptides completed a directed share issue in January 2019, where a total of 4,750,000 new shares were issued. As of March 31, 2019, the number of registered shares and votes in Oncopeptides amounted to 48,841,921.

Events after the end of the report period
In April, melflufen was granted additional patent protection in the US until 2033, and it was announced that the last patient in the pivotal trial OCEAN is estimated to be enrolled during Q1 2020. In May it was announced that Oncopeptides will apply for accelerated approval in the US.

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

Stockholm, May 21, 2019

Jakob Lindberg
CEO, Oncopeptides AB

Condensed consolidated income statement

SEK thousand	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Net sales	–	–	–
Gross profit	–	–	–
Operating expenses			
Research and development costs	-94,927	-56,293	-322,051
Marketing and distribution costs	-17,879	-5,677	-51,126
Administrative expenses	-11,329	-6,421	-55,298
Other operating income/expenses[1)]	2,201	6,359	9,175
Total operating expenses	**-121,934**	**-62,032**	**-419,300**
Operating loss	**-121,934**	**-62,032**	**-419,300**
Net financial items	-134	0	-2
Loss before tax	**-122,068**	**-62,032**	**-419,302**
Tax	-131	–	-147
Loss for the period	**-122,199**	**-62,032**	**-419,449**
Earnings per share before and after dilution (SEK)	**-2.57**	**-1.56**	**-9.77**

Condensed consolidated statement of comprehensive income

SEK thousand	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Loss for the period	**-122,199**	**-62,032**	**-419,449**
Other comprehensive income			
Items to be reclassified to profit or loss			
Translation differences from foreign operations	33	–	22
Translation differences on currency hedges	–	-8	-8
Total other comprehensive income, net of tax	**33**	**-8**	**14**
Total comprehensive loss for the period[2)]	**-122,166**	**-62,040**	**-419,435**

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 statement of financial position

SEK thousand	Mar 31st 2019	Mar 31st 2018	Dec 31st 2018
Assets			
Non-current assets			
Tangible non-current assets	11,084	2,271	2,363
Financial non-current assets	1,034	263	851
Total non-current assets	**12,118**	**2,534**	**3,214**
Current assets			
Other current receivables	3,437	1,857	2,456
Prepaid expenses and accrued income	78,304	69,705	63,243
Cash and cash equivalents	747,471	664,944	375,617
Total current assets	**829,212**	**736,506**	**441,316**
Total assets	**841,330**	**739,040**	**444,530**
Equity and liabilities			
Equity			
Share capital	5,427	4,865	4,899
Additional paid-in capital	1,793,467	1,251,671	1,272,830
Retained earnings (including net profit/loss for the period)	-1,084,063	-604,503	-961,897
Total equity[1)]	**714,831**	**652,033**	**315,832**
Long term liabilities			
Provision for social security contributions, share based incentive program	17,312	3,217	14,858
Other long term liabilities (note 6)	5,082	–	–
Total long term liabilities	**22,394**	**3,217**	**14,858**
Current liabilities			
Provision for social security contributions, share based incentive program	55,727	36,284	56,600
Trade payables	18,727	23,349	25,270
Other current liabilities	5,997	630	4,056
Accrued expenses and deferred income	23,654	23,525	27,914
Total current liabilities	**104,105**	**83,789**	**113,840**
Total liabilities	**126,499**	**87,006**	**128,698**
Total equity and liabilities	**841,330**	**739,040**	**444,530**

1) Equity is in total attributable to parent company shareholders

Condensed consolidated statement of changes in equity

SEK thousand	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Opening balance	315,832	418,005	418,005
Profit/loss of the period	-122,199	-62,032	-419,449
Other comprehensive income	33	-8	14
Comprehensive income (loss) for the period	**-122,166**	**-62,040**	**-419,435**
Transaction with owners			
New issue of ordinary shares	546,250	314,420	314,420
Cost attributable to new share issue	-31,409	-19,390	-19,390
Share based payments	6,324	1,039	12,368
Exercise of warrants under the company's incentive programs	–	–	9,864
Total transaction with owners	**521,165**	**296,068**	**317,262**
Closing balance	**714,831**	**652,033**	**315,832**

Condenced consolidated statement of cash flow

SEK thousand	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Operating loss	-121,934	-62,032	-419,300
Adjustment for non-cash-items[1)]	8,219	-3,941	44,727
Interest received	–	–	–
Interest paid	-134	0	-2
Cash flow from operating activities before change in working capital	**-113,849**	**-65,973**	**-374,575**
Cash flow from changes in working capital	-28,972	25,426	40,848
Cash flow from operating activities	**-142,821**	**-40,547**	**-333,727**
Cash flow from investing activities	-42	0	-907
Cash flow from financing activities	514,032	295,030	304,893
Cash flow for the period	**371,169**	**254,483**	**-29,741**
Cash and cash equivalents at beginning of period	375,617	404,050	404,050
Change in cash and cash equivalents	371,169	254,483	-29,741
Foreign exchange difference in cash and cash equivalents	685	6,411	1,308
Cash and cash equivalents at the end of period	**747,471**	**664,944**	**375,617**

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

Condensed parent company income statement

SEK thousand	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Net sales	–	–	–
Gross profit	–	–	–
Operating expenses			
Research and development costs	-94,958	-56,293	-322,051
Marketing and distribution costs	-18,559	-5,677	-51,844
Administrative expenses	-11,342	-6,421	-55,298
Other operating income/expenses[1)]	2,201	6,359	9,175
Total operating expenses	**-122,658**	**-62,032**	**-420,018**
Operating loss	**-122,658**	**-62,032**	**-420,018**
Net financial items	10	0	18
Loss before tax	**-122,648**	**-62,032**	**-420,000**
Tax	–	–	–
Loss for the period	**-122,648**	**-62,032**	**-420,000**

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

Condensed parent company statement of comprehensive income

SEK thousand	2019 Jan - mar	2018 Jan - mar	2018 Jan - dec
Loss for the period	**-122,648**	**-62,032**	**-420,000**
Other comprehensive income			
Items to be reclassified to profit or loss			
Translation differences on currency hedges	–	-8	-8
Total other comprehensive income, net of tax	–	**-8**	**-8**
Total comprehensive loss for the period	**-122,648**	**-62,040**	**-420,008**

Parent company balance sheet

SEK thousand	Mar 31st 2019	Mar 31st 2018	Dec 31st 2018
Assets			
Non-current assets			
Tangible non-current assets	2,277	2,271	2,363
Financial non-current assets	901	313	901
Total non-current assets	**3,178**	**2,584**	**3,264**
Current assets			
Other current receivables	3,437	1,857	2,279
Prepaid expenses and accrued income	78,018		62,468
Cash and bank balances	744,362	664,894	375,513
Total current assets	**825,817**	**736,456**	**440,260**
Total assets	**828,995**	**739,040**	**443,524**
Equity and liabilities			
Restricted equity			
Share capital	5,427	4,865	4,899
Statutory reserve	10,209	10,209	10,209
Non-restricted equity			
Share premium account	1,761,966	1,237,823	1,247,653
Retained earnings (including net profit/loss for the period)	-1,063,828	-600,863	-947,503
Total equity	**713,774**	**652,033**	**315,258**
Long term liabilities			
Provision for social security contributions, share based incentive program	17,312	3,217	14,858
Total long term liabilities	**17,312**	**3,217**	**14,858**
Current liabilities			
Provision for social security contributions, share based incentive program	55,727	36,284	56,600
Trade payables	17,443	23,349	23,261
Other current liabilities	1,743	630	5,815
Accrued expenses and deferred income	22,996	23,525	27,732
Total current liabilities	**97,909**	**83,789**	**113,408**
Total liabilities	**115,221**	**87,006**	**128,266**
Total equity and liabilities	**828,995**	**739,040**	**443,524**

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, shares

	2019 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec
Total registered shares at the beginning of period	44,091,921	39,806,021	39,806,021
Total registered shares at the end of period	48,841,921	43,789,021	44,091,921
Number of shares that the outstanding employee options entitle to	3,249,634	2,760,238	3,247,464
Share capital at the end of period, SEK thousand	5,427	4,865	4,899
Equity at the end of period, SEK thousand	714,831	603,995	315,832
Earnings per share before and after dilution, SEK[1)]	-2.57	-1.56	-9.77
Operating expenses, SEK thousand	-121,934	-62,032	-419,300
Research and development costs, SEK thousand	-94,927	-56,293	-322,051
Research & development costs/operating expenses %[2)]	78%	91%	77%

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. 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 and with its registered office in Stockholm.

The interim report for the first quarter 2019 was approved for publication on May 21, 2019.

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 49-53 of the Annual Report for 2018. 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.

IFRS 16 replaces IAS 17 and has been implemented for the group from January 1, 2019. The effect of the implementation of IFRS 16 is presented in Note 6. No other the new or amended standards that became effective January 1st 2019, have had a significant impact on the company's financial reporting.

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 2018 on pages 35-36.

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 Melflufen 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 in order to manage currency exposure. For more information about the group and parent company's financial risk management see note 3 on page 54 in the Annual Report for 2018.

Note 4 Estimates and judgements

This report includes forward looking statements. 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

During the period, remuneration to group management has been paid in accordance with relevant policies. No other transactions with related parties occurred during the period.

Note 6 IFRS 16 Leasing

IFRS 16 is applied by the Group as of January 1, 2019. IFSR 16 replaces IAS 17, and according to the new standard, lessees must report the obligation to pay lease payments as a lease debt in the balance sheet. The right to use the underlying asset during the leasing period is reported as an asset. Depreciation of the asset is recognized in profit or loss as well as an interest on the lease debt. Leasing fees paid are reported partly as interest payment and partly as amortization of the lease liability. The standard excludes leasing agreements with a lease term of less than 12 months (short-term leases) and leasing agreements for assets that have a low value.

The standard means that the majority of existing leases are reported as assets and liabilities in the balance sheet. This means that the cost for these is reported divided into interest expenses and depreciation. In the parent company, the exception is applied in RFR 2 regarding leasing agreements. This means that the parent company's principles for reporting leases are unchanged. Oncopeptides applies the simplified transition method. The transition to IFRS 16 meant that the Group had the right to use assets and leasing liabilities of SEK 8.1 M as of January 1, 2019. The transition to IFRS 16 also meant that the operating profit for the Group for the period ended March 31, 2019 improved by SEK 0.1 M, and that the result for the period was decreased by SEK 0.1 M, compared with if the corresponding accounting principles from the previous year had been applied.

Leasing agreements

SEK thousand	Right of use assets	Lease liabilities
Opening balance January 1, 2019	**8,053**	**8,053**
Additional agreements	1,585	1,585
Depreciation	-874	
Amortization		-808
Closing balance March 31, 2019	**8,764**	**8,830**

Reconciliation of operational leasing commitments

Commitments for operational leasing agreements December 31, 2019	**8,352**
Discounting effects	-299
Reported leasing liabilities January 1, 2019	**8,053**

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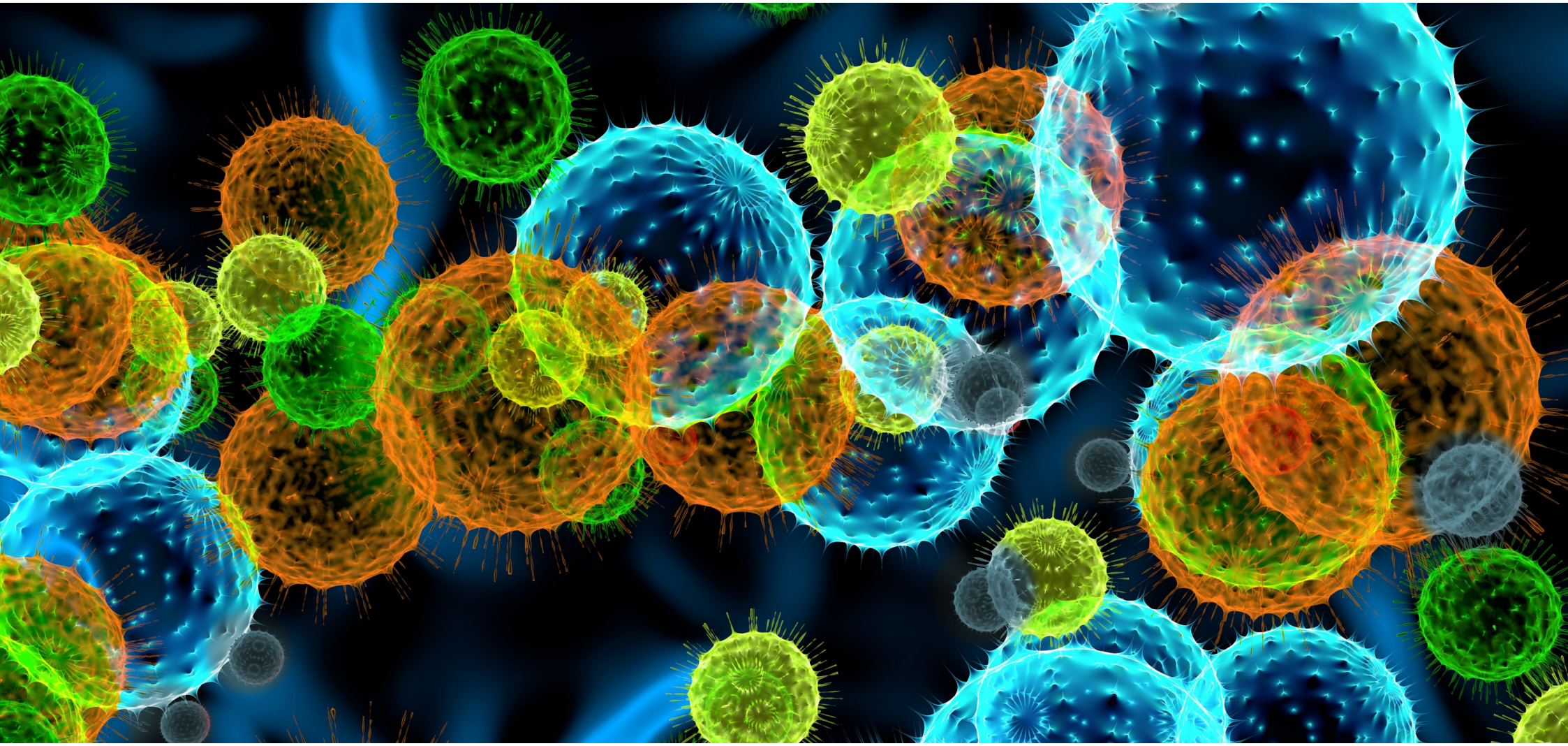

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