oncopeptides

ANNUAL REPORT 2020

Bringing HOPE through science

Celebrating 20 years

Content

Celebrating 20 years

of dedicated research and clinical development

Marty J Duvall, CEO

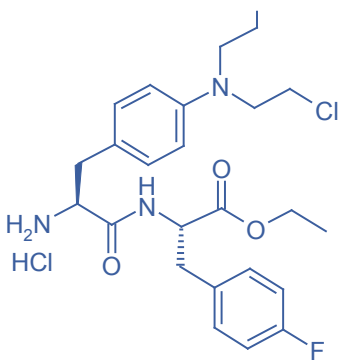
"This past year has been a transformational one for Oncopeptides highlighted by the FDA acceptance and priority review of our NDA submission for melflufen, leading to the FDA approval in the beginning of 2021. Not many emerging biotech companies cross the finish line in terms of launching a product that can make a significant difference for patients."

Read more on page 4.

Melflufen

Melflufen is our first in class anti-cancer peptide drug conjugate, PDC, targeting aminopeptidases and rapidly releases alkylating agents into tumor cells.

Read more on page 15.



A unique technology platform

Our proprietary PDC-platform gives us a unique competitive advantage because it enables us to build a robust flexible drug candidate pipeline.

Read more on page 22.

Oncopeptides brings hope to patients through passionate people, innovative science, and transformative medicines.

This is Oncopeptides

In brief

Oncopeptides is a global biotech company focused on the development of targeted therapies for difficult-to-treat hematological diseases. The company uses its proprietary peptide-drug conjugate (PDC) platform to develop compounds that rapidly and selectively deliver cytotoxic agents into cancer cells.

Key figures

(SEK thousand)	2020	2019
Net sales	–	–
Operating loss	-1,591,279	-739,392
Loss before tax	-1,592,442	-739,920
Loss for the period	-1,594,693	-740,705
Earnings per share before and after dilution (SEK)	-25.57	-14.33
Cash flow from operating activities	-1,296,509	-690,566
Cash and cash equivalents at the end of the period	840,255	926,186
Research & development costs/operating expenses, %	54%	74%

On February 26 2021, the U.S. Food and Drug Administration, FDA, approved PEPAXTO® (melphalan flufenamide) known as melflufen during clinical development, in combination with dexamethasone, for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior lines of therapy.

2020 – A year of TRANSFORMATION

2020 was a transformational year for Oncopeptides. The major milestones were the submission of melflufen for accelerated approval and FDA's descision to do a priority review. We made significant progress in our research and development programs, advanced our organizational capabilities, strategic direction, and company culture. In 2020, we delivered on all major milestones, despite exceptionally challenging conditions caused by the ongoing global pandemic. These milestones include:

STRENGTHENED FINANCIAL POSITION
We completed a directed share issue of SEK 1,414M (USD 144M) to leading life science investors in May and secured a EUR 40M loan agreement with the European Investment Bank in Q3.

PRIORITY REVIEW GRANTED
We submitted an NDA to the FDA for accelerated approval of melflufen in combination with dexamethasone in adult patients with triple-class refractory multiple myeloma by the end of June. The submission was based on data from the pivotal phase 2 HORIZON study and was granted a priority review with a target date of February 28, 2021.

STRENGTHENED COMMERCIAL AND SCIENTIFIC LEADERSHIP
The day after the NDA submission to the FDA, Marty J Duvall was appointed CEO of Oncopeptides, and Jakob Lindberg assumed the role of Chief Scientific Officer. Marty brings extensive global commercialization skills from senior executive roles in pharma and biotech including unique experience from the hematology and oncology segments. Jakob will lead the development of our R&D strategy to fully leverage the proprietary PDC-platform and broaden our scientific agenda beyond melflufen.

INDICATION BEYOND MYELOMA
In the fall, we initiated the phase 1/2 ASCENT study in AL amyloidosis, which is the first melflufen study outside multiple myeloma. AL amyloidosis is a rare clonal plasma cell disease. There is currently a significant unmet medical need. Patients have poor prognosis and limited treatment alternatives.

PREPARING FOR MARKET LAUNCH IN THE US
In Q3, Mohamed Ladha was appointed General Manager of our US Business Unit. Prior to joining Oncopeptides, Mohamed headed the commercial organization in the US. During 2020, our US organization grew from just 16 to 136 employees. This includes a sales organization of around 50 people who have extensive commercial experience in hematology and oncology.

PAVING THE WAY FOR EARLIER LINES OF THERAPY
We advanced our clinical development program significantly during 2020 by building the data sets needed to support the potential use of melflufen in earlier lines of therapy in multiple myeloma.

Patient enrolment in the phase 3 OCEAN study was completed with 495 patients. The study is a direct comparison with pomalidomide in patients with relapsed refractory multiple myeloma. Top line results are expected in Q2 2021.

We presented phase 2 ANCHOR data at the American Society of Hematology (ASH) annual meeting. This data showed that a triplet regimen – with melflufen and dexamethasone in combination with daratumumab or bortezomib in heavily pretreated patients with relapsed refractory multiple myeloma – was well tolerated and had a similar safety profile as when used as a doublet regimen.


The establishement of our drug development laboratory will help the build-up of future drug pipeline.

The first patient was enrolled in our phase 3 LIGHTHOUSE study in multiple myeloma. The study will evaluate the efficacy and safety of the combination therapy with melflufen and subcutaneous daratumumab, compared to daratumumab alone.

NEW CLINICAL CANDIDATE FROM PDC PLATFORM
During the third quarter, we established a preclinical drug development laboratory, with leading researchers to strengthen the proprietary PDC platform and build future drug pipeline. We progressed with OPD5, the second drug to come out of our PDC platform, and the FDA accepted our IND application to initiate clinical studies in OPD5.

FOUNDATIONS LAID FOR GEOGRAPHIC EXPANSION
We announced the decision to submit an application for conditional marketing authorization of melflufen in the EU in Q2 of 2021.

ADVANCED COMPANY CULTURE
Our number of co-workers grew from 88 to 280 in 2020. We also improved our organizational capabilities and further developed our strong company culture with a new vision and core values that leverage our heritage and support our continued growth. We are a science-driven company, passionate about making a difference for patients.

2020 in Brief

Q1

January 1-March 31

- Top line results from pivotal phase 2 HORIZON study presented, including 26% Overall Response Rate of melflufen in triple-class refractory multiple myeloma patients
- The Lancet Hematology published detailed results from international multi¬center study, O-12-M1
- We announced that Covid-19 would not significantly affect ongoing pivotal studies, temporary pause to recruitment for new and explorative studies
- Management team strengthened with senior leaders appointed within legal, regulatory and communication appointments

Q2

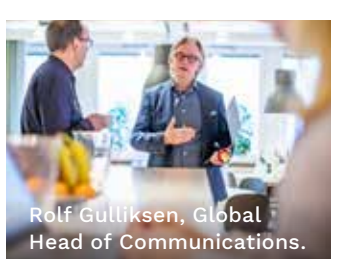
April 1-June 30

- NDA for accelerated approval of melflufen submitted to FDA
- A preclinical drug development laboratory was established to strengthen PDC technology platform and build future pipelines
- Directed share issue of SEK 1,414M (USD 144M) to leading life science investors.
- Enrolment in phase 3 OCEAN study continued after the initial recruitment of 450 patients to ensure number of disease progression events needed to complete the study
- Final data from pivotal phase 2 HORIZON study presented to European Hematology Association
- Patient enrolment in exploratory clinical studies that was paused in March due to Covid-19 pandemic, was resumed after two months

Q3

July 1-September 30

- Marty J Duvall appointed CEO, effective July 1; Jakob Lindberg became Chief Scientific Officer
- FDA granted priority review of melflufen in patients with triple-class refractory multiple myeloma. Target review date (PDUFA) was set for February 28, 2021
- Patient enrolment in phase 3 OCEAN study completed; 495 patients enrolled
- First patient enrolment in phase 1/2 ASCENT study in AL amyloidosis, first melflufen trial outside multiple myeloma
- Phase 2 PORT study evaluating alternative administration of melflufen and dexamethasone in multiple myeloma started
- We strengthened our global and US organizational structures and appointed Mohamed Ladha as General Manager of our US business unit



Q4

October 1–December 31

- First patient enrolled in phase 3 LIGHTHOUSE combination study in multiple myeloma
- New phase 2 ANCHOR data, 11 abstracts, including an oral presentation presented at the annual ASH meeting
- Announcement that a conditional marketing authorization application of melflufen in EU will be submitted in Q2 2021
- IND application to initiate clinical studies with OPD5 accepted by FDA
- Capital markets day arranged with more than 250 online participants
- Full data set from phase 2 HORIZON study published in Journal of Clinical Oncology
- EUR 40M loan agreement made with European Investment Bank
- Performance-based long-term incentive program for US employees introduced

Bringing hope through science

This past year has been a transformational one for Oncopeptides highlighted by the FDA acceptance and priority review of our NDA submission for melflufen which resulted in accelerated approval and US launch in the beginning of 2021. Not many emerging biotech companies cross the finish line in terms of launching a product that can make a significant difference for patients.

From an idea back in 2000 to being on the verge of a product launch at the end of 2020 it is quite an achievement and speaks to the perseverance and commitment of a core group of leaders at the company. Across 2020, we focused on the key milestones, and delivered as one global team. The progress made to date is a source of pride for our team and further bolsters our commitment to do more, focused to fully realize the promise of our technology.

Thinking back to my decision to join an emerging oncology company last year, Oncopeptides was the perfect match. It was the technology, or simply the science, that first attracted me. Oncopeptides' peptide drug conjugate platform, its unique characteristics, and the considerable opportunities it offers to develop multiple drug candidates is exciting. Secondly, it was the broad development program of melflufen. With the data on the product already looking likely to result in regulatory approval – it subsequently received accelerated approval by the FDA by the end of February 2021 – it was exhilarating to join the company knowing that we were nearing a potential launch. To play a part in building a global biotech company to launch drugs to meet the unmet needs of patients with cancer have been a lifelong pursuit. And finally, joining the company was about the people. My thanks and gratitude to the talented, passionate, and collaborative people at Oncopeptides. I would once again like to thank Jakob Lindberg for his fantastic work with Oncopeptides. Without Jakob the company would not be where it is today.

And the people are fantastic. We have a highly skilled group of talented individuals focused on a shared goal: transforming science into hope for patients. Furthermore, our expertise and our technological platform

ensured that we were able to largely mitigate the effects of the pandemic and keep on track with our efforts to ensure that we alleviate suffering in a growing population of patients in the years ahead.

RESILIENCE IN THE FACE OF THE PANDEMIC

While the pandemic did of course impact us in 2020, we were able to mitigate its most severe consequences on the company. We experienced some impact on our clinical studies and their execution and we paused studies for several months during the spring. However, we were able to execute on all our near-term goals, including the NDA submission of melflufen for accelerated approval in the US in June.

In terms of our OCEAN clinical study, we were particularly concerned about the impact of patients' ability to visit oncology and hematology clinics. We mitigated that risk by extending patient enrolment to ensure that we could meet the statistical needs of the trial and complete the study within a reasonable timeframe. But, ultimately, the impact was minimal and temporary. The way we responded to the pandemic, and effectively minimize its impact, is a testament to the perseverance of our team.

RAPID GROWTH TO SUPPORT US LAUNCH

During 2020 we had a rapid growth of our employee base to ensure launch readiness. We welcomed physicians, clinicians, and technicians, as well as an experienced commercial team. Our personnel growth has further broadened the diversity of thought and expertise in the company and offers fantastic opportunities. During the year, we took steps to align our US and Swedish teams in terms of shared vision and values, one common culture and working routines.

Despite our rapid growth in headcount, we remain focused on maintaining our biotech start-up advantages. Being small, nimble, and functioning as a learning organization will continue to be key components of our company going forward. The right company culture retains people. We want our people to feel that they can play a role in our future success, and they can leverage the size of a small company. So, we ensure that our people see the impact we are already having on patients and will continue to do so in the future.

For all of us at Oncopeptides, the well-being of our colleagues and the societies in which we operate is of utmost importance and it influences our daily choices. Operating sustainably as a company means that we play a positive societal role and that we are committed to make a difference for people and the planet. Going forward, we aim at developing our work in all environmental, social, and governance-related areas, striving to make beneficial contributions to society, while minimizing our environmental footprint and ultimately to bring hope to patients through our science.

A UNIQUE PRODUCT, GREAT PEOPLE, AND A HIGH UNMET NEED

Our first drug candidate, melflufen – known commercially as PEPAXTO – has a unique capability to focus on cancer cells, deliver toxic "payloads" into these cells, and minimize effects on healthier cells. Melflufen is easy to administer requiring only a 30-minute infusion every 28 days which makes it a convenient treatment option for healthcare professionals and patients.

Melflufen has a predictable impact on blood cells that are easy for oncologists and hematologists to manage. The benefit-risk profile of melflufen enables us to compete with much larger rivals on the market because our product address a substantial unmet medical need – and we have a smart, experienced team in place to ensure that we make an impact on the market.

ENSURING THAT PATIENTS AROUND THE WORLD BENEFIT FROM OUR DRUGS

In 2021, we will continue our commercialization efforts in the US, and work towards launching in European markets. We recently hired a General Manager for Europe and a Head of Medical Affairs Europe who are heading dedicated teams with extensive experience in the multiple myeloma space and we recently submitted the file for a Conditional Marketing Authorization with the European Medicines Agency.

We will complete our phase 3 OCEAN study with the ambition to file a supplemental new drug application of melflufen to the FDA. If approved, this may potentially make the product available for treatments at earlier stages of the disease, thereby increasing the number of patients that can potentially benefit from PEPAXTO.

Looking ahead, we remain focused on bringing new products forward. We already have a second drug in early clinical development stage – OPD5 – and we have an internal commitment to bring new indications to clinical trials in the years ahead. We continue to build the pipeline through our pre-clinical drug development group to create the next candidate drugs to bring forward. We also want to improve the peptide drug conjugate itself, making it an even more effective at damaging tumor cells and minimizing impact on healthy cells.

More broadly, we want to expand into other geographies, by partnership outside Europe and the US, so that we keep ensuring that more patients around the world can benefit from our drugs once approved.

DRIVEN BY THE SCIENCE

We have a unique drug development platform and strong pipeline, our first regulatory approval under our belts, and more data sets on a variety of indications set to emerge in the months and years ahead. We have a great product that addresses a substantial unmet medical need. And we have a smart, experienced team, with skills and expertise to ensure that we make an impact on the market. In short, we have all the right elements in place for the next phase of our growth journey.

Lastly, I would like to thank all our physicians, partners, patients, and colleagues for their fantastic efforts in what was a uniquely challenging year. I would also like to express my gratitude to our shareholders for your continued support. Together, driven by the science, we have the tools we need to fulfill our potential and become a commercial global biotech company, bringing hope to growing numbers of patients.

April 26, 2021
Marty J Duvall, CEO

20 years of DEDICATED research and CLINICAL development

Something old, something new. When I joined as a CEO of Oncopeptides in 2011, we were in a cramped basement room with one molecule. We knew we had something very special that could improve the lives of patients, even if not everyone shared our enthusiasm. Dr. Joachim Gullbo had synthesized a molecule called J1, that was not only an alkylator, an old and effective drug, but also something new and unique. He had added a peptide-link to a known alkylator to make it target cancer cells more effectively. This was the utterly science-based, albeit unglamorous start of Oncopeptides back in 2000. Big pharma it was not. And we've always gone our own way, says Jakob Lindberg, CEO 2011–2020.

Everything that Oncopeptides has done since then builds on Joachim's breakthrough. For almost 10 years – and for much of that time in a single room, with virtually no money, IKEA shelves groaning under the weight of files, an aging computer, and with our tiny but devoted team being forced to make phone calls from the restrooms – we focused on pre-clinical development research. This work was funded by early-stage venture capital fund, Industrifonden, and Karolinska Development. Additional funding were raised to continue our clinical studies and life sciences venture capital fund HealthCap stepped in. Both Industrifonden and HealthCap are still shareholders of Oncopeptides.

BUILDING OUR REPUTATION

The first clinical studies of J1 were conducted on solid tumors at Uppsala Academic Hospital between 2009 and 2011, often with Joachim racing between laboratories to keep things on track. Encourging data of J1 on solid tumors resulted in the development of melflufen and confirmed what we knew all along: the mechanism was simple, the mechanism worked.

We rapidly made a name for ourselves and went about establishing collaborations with leading research institutions such as the Dana-Faber Cancer Institute at Harvard Medical School and leading universities in Europe. These collaborations have been vital to the development of melflufen, and convinced us to dedicate our research and development program to multiple myeloma.

In 2012 and 2013, we initiated a phase 1/2 study in late-stage multiple myeloma patients together with leading researchers at Dana-Farber Cancer Institute and Harvard Medical School. These studies were funded by HealthCap, Industrifonden, and members of the Oncopeptides board of directors and management team. In 2015, melflufen was granted Orphan Designation in the US and EU.

In 2016, the clinical research and regulatory engagement continued. The phase 2 part of our O-12-M1 study was presented at the European Hematology Association Congress and several meetings were held with the US Food and Drug Administration (FDA) and European regulatory authorities. The design of the phase 3 study OCEAN was approved by the FDA through a Special Protocol Assessment process.

In February 2017 – and in record time – Oncopeptides was listed on the main Nasdaq Stockholm Stock Exchange, supported by a majority of Swedish equity funds. A key driver for the IPO was to finance the OCEAN and HORIZON studies.

POISED FOR FUTURE GROWTH

In the months following our stockmarket listing, we broadened the strategic scope to evaluate melflufen and to initiate a number of other studies. HORIZON successfully made the transition to pivotal study based on data we generated and the expanded size and scope of studies we were able to conduct. Later in 2017 and the years after, we obtained additional patent protection for the formulation of melflufen in Europe, the US and Japan.

And in 2020, the US FDA granted a priority review for the submission of a New Drug Application, seeking approval of melflufen in combination with dexamethasone for treatment of multiple myeloma. We also took further steps to build a commercial-stage biotech company with, the opening of our state-of-the-art drug development facility in Stockholm and the recruitment of more than 20 researchers from all over the world. Crucially, we also focused on organizational development to prepare for the commercial launch in the US.

After 20 years of continuous development – triggered by the discovery of J1 and driven by passion, courage, trust, and collaboration – Oncopeptides is on the threshold of becoming a reputed player in imultiple myeloma, and potentially other cancers, for patients around the world. We've come a long way from that Stockholm basement, but we're not done yet. ■

Jakob Lindberg, Chief Scientific Officer who was CEO of the company during the pre-commercial phase from 2011 until the submission of the file in June 2020. View our 20 years journey of innovation: https://www.oncopeptides.com/en/company/our-history.

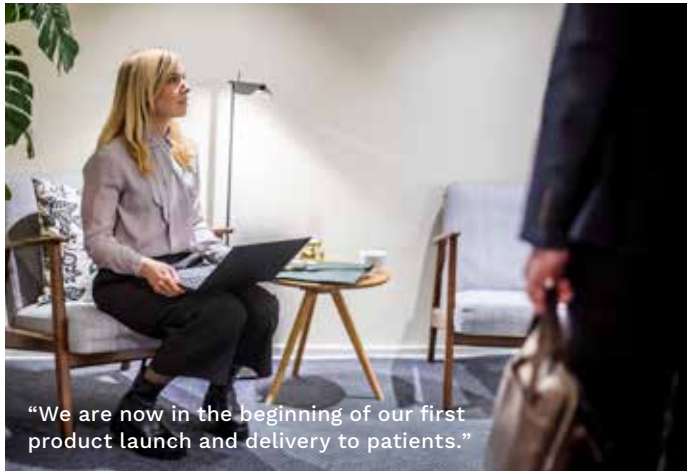
VIEW VIDEO

Corporate Goals 2021: EXCITING year ahead

In our proud history as a company, no calendar year has been packed with such excitement, hope, and optimism as 2021.

From early research efforts through to the commercialization of PEPAXTO, we have evolved into a fully integrated biotech company with a passionate organization, dedicated to deliver to our key stakeholders, in particular patients, investors, and employees.

The hard groundwork has been done and we are now in the beginning of our first product launch and delivery to patients, resulting in the first revenues.



Our already extensive clinical development program will expand into new areas and with OPD5, the second product to come out of our PDC platform, we will now have two products in clinic trials. We will advance our EU regulatory plan and strive to provide patients across Europe early access. We are thrilled about the potential opportunities that OCEAN data may offer in Q2 2021.

Exciting pipeline advances are expected from our talented R&D team which, together with data from our clinical program, will further expand our scientific share of voice throughout the year.

Product sales

Successfully launch PEPAXTO on the US market.

European expansion

Advance the EU regulatory path while preparing a launch plan in Europe.

Clinical development

Advance clinical development of melflufen as planned and initiate clinical studies in indications outside myeloma.

Financial measures

Strengthen the financial position to finance the company through commercial launch.

Build product portfolio

Identify two or more clinical candidates and advance towards IND milestones.

Expand scientific share of voice

Increase the number of publications and congress abstracts.

Advance company culture

Increase engagement and build a strong corporate culture across the company.

Expand melflufen opportunity

Build regulatory filing(s) based on OCEAN data while establishing an approval path in Japan.

Value creation

Input

Sustainable capital provision

An integrated biotech company

- Innovative PDC platform and a peptide-drug conjugate with unique Mode of Action
- Broad clinical program targeting multiple myeloma
- Skilled workforce; state-of-the-art laboratory
- Increased knowledge about the disease and MoA of melflufen

Significant partnerships and networks

- Close collaboration between industry, academia, society

Patient

Patient access

R&D/ Innovation

Regulatory strategy

Clinical programs

Commercialisation

Drivers

- Large unmet medical need in myeloma and other cancers with space and need for new treatment alternatives
- Patients relapse as disease develops resistance to treatment, currently no cure for multiple myeloma
- Rapidly growing multiple myeloma market as patients stay on treatment longer
- Patients live longer due to more accessible treatment options - need for new treatment options supporting better quality of life
- Healthcare services require treatment options that create greater patient value in relation to treatment cost

Output

Patient, society, and healthcare providers

- Global access to new, innovative, and high-quality treatments
- Increased value for patients and their families - better quality of life during treatment period and potential of living longer
- Lower costs for healthcare services when treating patients with drugs with fewer side-effects
- Job creation opportunities

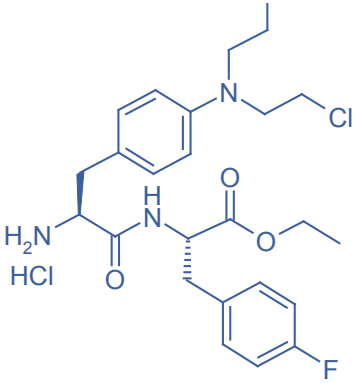
Return on Investment

- Returns to shareholders
- Profitability to re-invest for sustainable growth

Operations

- Comprehensive clinical program targeting more diseases than multiple myeloma
- Broader R&D pipeline
- Engaged employees and partners

Equity story: an emerging GLOBAL biotech company



Focused commercial and regulatory strategy with the first product on the market

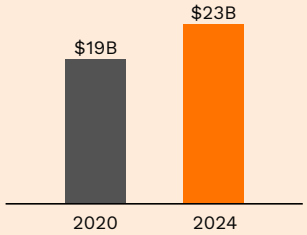
Commercialization phase

- Commericalization in the US with a dedicated sales and medical affairs organisation
- Planned submission to EMA for a conditional marketing authorization of melflufen
- Partnering strategy for Japan

Rapidly growing market

- The number of patients diagnosed with myeloma is increasing
- Improved treatment outcomes grow number of patients in later lines of therapy
- Resistance to therapy is increasing

Rapid US MM market growth



Broad clinical program supporting future growth and value creation

Comprehensive clinical program

- Clinical program designed to support potential use in a broader patient population and in earlier lines of therapy
- The first confirmatory phase 3 study OCEAN designed to meet primary endpoint with a superiority or a non-inferiority result
- The LIGHTHOUSE phase 3 combination study may enable melflufen to be used in combination treatments

HORIZON LIGHTHOUSE OCEAN

Melflufen – a unique mechanism of action

- First anti-cancer peptide drug conjugate leveraging aminopeptidases.
- Comprehensive clinical program designed to broaden label

Proprietary PDC platform lays foundation for future growth

Peptide Drug Conjugate Platform (PDC)

- PDC delivers fast and selective cytotoxic activity to cancer cells while protecting healthy cells
- Potential to develop targeted treatments for several forms of cancers e.g AML and DLBCL.
- Second drug candidate OPD5, entering clinical development in stemcell transplantation in multiple myeloma
- PDC platform validated through melflufen

Investment profile

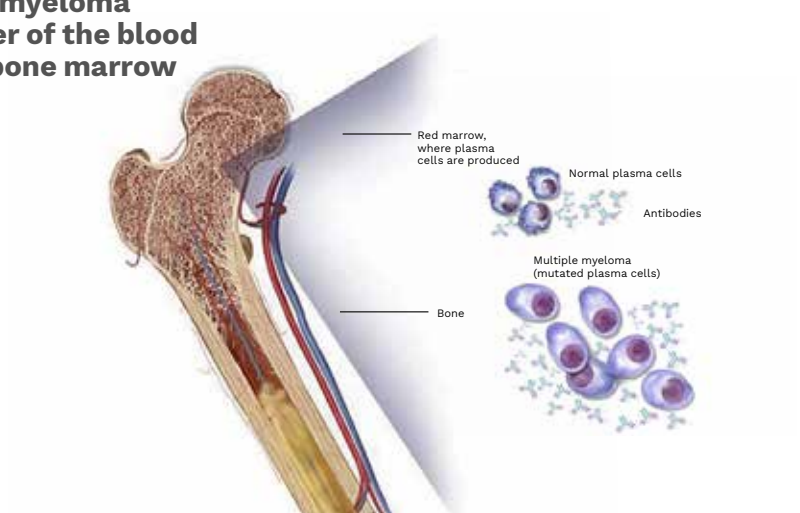
- Significant milestones to be delivered over the coming years
- Growing number of shareholders. 17,000 shareholders continues to provide high liquidity in the stock

Broad clinical program supporting future growth and value creation for all our stakeholders

Multiple myeloma

Multiple myeloma is an incurable form of blood cancer that develops in the bone marrow. Bone marrow produces red blood cells to supply the body with oxygen, white blood cells to fight infections, and platelets to clot the blood. Some white blood cells are known as plasma cells and are among the most important components of the body's immune system because they produce antibodies that fight infections. Multiple myeloma occurs when these plasma cells mutate into tumor cells and begin to divide uncontrollably.

Multiple myeloma – a cancer of the blood and the bone marrow



The biggest problem for multiple myeloma patients is that uncontrolled cell division occurs in their bones, where their bone marrow is. Bone marrow needs to create more space within to maintain a balance in its cell composition. The only way to accomplish this is to dissolve the bone, so the bone marrow actively dissolves its own tissue. Despite this, the tumor typically continues to grow until there is not enough bone marrow to sustain life. Patients' initial symptoms may be something as common as back pain. The disease is linked to substantial morbidity and mortality.

HOW DOES MULTIPLE MYELOMA DIFFER FROM OTHER CANCERS?
Multiple myeloma has two key characteristics that distinguish it from other cancers: the extent and speed with which it mutates, and the speed with which patients become severely ill.

MULTIPLE, MOVING TARGETS
Multiple myeloma mutates to a greater extent and more rapidly than virtually all other cancers. The frequency and extent to which multiple myeloma introduces new genetic information – "mutational burden" and "mutational frequency" – to grow tumors, is among the highest of all cancers.

This has two main effects. First, because there are several antibody-producing cancer cells active in multiple myeloma patients at the same time, multiple myeloma treatment must target more than one tumor, each with their own characteristics. This is known as clonal evolution. In effect, treatment

Overview of patient segments and clinical results

Patient segment	Median PFS[1]	Median OS[1]	ORR[1]	Median DOR[1]
Newly diagnosed	20–50 months	5 years	70–100%	20–50 months
Relapsed and relapsed refractory (RRMM)	15–50 months	3 years	60–90%	15–50 months
Late-stage relapsed re-fractory	3–4 months	1–1.5 years	20–30%	7–8 months
Triple-refractory	2–3 months	~ 9 months	~ 20%	~ 5 months

Source: Published clinical data and internal analysis.
1) For definitions, refer to glossary on page 38.

must target multiple cancers at the same time – an incredibly tough challenge. Each clone may or may not be easy to target with a specific drug.

Second, as one drug treats or perhaps kills one clone, that also creates the perfect conditions in the body for a new type of clone, thereby building the disease's resistance to further treatment. Clonal evolution occurs in all cancers, but the speed with which it occurs in multiple myeloma makes it especially hard to treat.

SUDDEN TIPPING POINT

In many cancers, the condition of patients worsens gradually. For example, in breast cancer and kidney cancer patients typically experience an extended period of gradual decline. However, with multiple myeloma, apart from bone pain, possibly fractures, and treatment side-effects, patients tend to feel well until they suddenly deteriorate.

Multiple myeloma patients can live normal lives with many being fully active until just weeks prior to death, which is usually caused by reduced bone marrow function. The fact that many multiple myeloma patients live relatively normal lives creates low acceptance of treatment side-effects that impact quality of life.

The number of multiple myeloma patients is increasing. Approximately 250,000 people live with multiple myeloma in Europe and the US, 80,000 patients are diagnosed and 44,000 patients die from the disease annually.[1] The number of diagnoses is growing by nearly 1% a year, mainly due to an aging population. There is no cure, but long symptom-free periods can be attained through treatment using several different drugs or combination of drugs

TREATING MYELOMA

On average, multiple myeloma patients are around 70 years of age. Currently, median overall survival is just over five years from diagnosis, and average survival rates are increasing. There are considerable differences in patient outcomes. Some patients cope relatively well, others do not. Some live with the disease for 20 years, others live less than a year after diagnosis. The number of people receiving treatment is rapidly increasing, although approximately one in four patients never respond to any form of treatment.

In the past 15 years, several new pharmaceutical treatments have been introduced. These have improved treatment results nearly two-fold, increasing the average survival rate from three to about five years with a continued positive trend in increased life expectancy for these patients. The introduction of melflufen has the potential to extend that period further.

DISEASE TIMELINE VARIABLES

Once diagnosed, treatment of multiple myeloma – which is typically effective to begin with – starts immediately. Treatment options depend on a variety of factors including patient age, general health, and comorbidities, (two or more conditions occurring at the same time). Treatment aims to kill as many myeloma cells as possible. Patients with a good health status may also be offered a bone marrow transplant as part of their therapy.

Time between treatments varies considerably from patient to patient. Therapies become less effective each time patients relapse due to clonal selection (see above). Although patients experience symptom-free periods, relapses are inevitable, because the disease develops resistance to the drugs used over time.

There are currently four main segments used to describe the myeloma timeline: "newly diagnosed", "relapsed" (RMM), "relapsed refractory" (RRMM), and "late-stage relapsed refractory" (late-stage RRMM). Triple class refractory patients are

patients in late-stage RRMM. These are patients who have stopped responding to at least three classes of therapies, and where the disease is refractory to at least one proteasome inhibitor, one immunomodulatory agent and one anti-CD38 monoclonal antibody. With limited treatment options remaining, prognoses at this point are poor. It is currently for this severly ill patient group PEPAXTO can serve as a treatment option.

The timeline of multiple myeloma is divided into different stages or segments, depending on where a patient is along the disease progression timeline. There is no direct correlation to a specific "when" for any of the segments. The timeline depends on individual patients' response to treatment. Therapy is changed by switching drugs and pharmaceutical classes, as the patient ceases to respond to ongoing and previous treatments. The one common denominator is that the disease always comes back.

Multiple myeloma is treated with single drugs, (monotherapy), or if possible, with a combination of several drugs. Newly diagnosed multiple myeloma patients are usually treated with a steroid combined with two drugs from different pharmaceutical classes. In some cases, an alkylating drug – which interferes with the division process of cancer cells – may be used at high dosage in conjunction with stem-cell transplantation. Most late-stage therapies involve one drug and a steroid. Each time a patient relapse, the risk of developing resistance to treatment increases. Ultimately, the patient will relapse while undergoing treatment or close to completing treatment.

Multiple myeloma in brief

- Multiple myeloma is an incurable form of blood cancer that develops in the bone marrow.
- Treatment outcomes vary considerably based on patient age, health, genetics, and other factors.
- The time it takes to respond to treatment and the length of disease-free periods are longer in earlier stages of the disease and become shorter as the cancer changes form.
- Patients are treated with various drugs from four pharmaceutical classes that may or may not work in combination with one another.
- Patients are currently treated with several pharmaceuticals early in the disease. Sooner or later, patients develop resistance to treatment, to specific drugs and/or pharmaceutical classes.
- As patients become resistant to treatment at different times, it is vital to identify which pharmaceutical class patients develop resistance.
- Treatment side-effects vary. Typically, patients become more fragile and sensitive after several lines of therapies.

1) The Global Cancer Observatory - https://gco.iarc.fr/, National Cancer Institute -https://seer.cancer.gov/

Focused on a BETTER future

Living with myeloma. Sitting in the dappled sunlight of the greenhouse that he and his wife built by hand, former author and journalist, Kenneth, might not immediately appear to be someone who has an incurable disease.

However, the 68-year-old father of four and grandfather was diagnosed with asymptomatic multiple myeloma in 1997. Since then, he has undergone several different treatments. When we speak to him on a video link from his country cottage, he shares his experiences of living with multiple myeloma and why he believes research is so important.

Back in 1997, when Kenneth took a medical examination after starting a new job, doctors noticed a minor abnormality in his blood: an m-component, or asymptomatic myeloma. He was subsequently closely monitored and underwent a series of tests in the following three years. Throughout this time, the m-component remained unchanged, which led Kenneth's doctors to conclude that nothing needed to be done, although they warned him that if anything did change and make him ill, he would certainly be aware of it. Life then went on largely as normal for Kenneth. And in fact, a medical examination he took in 2016 when he retired showed that his m-component was slightly lower than at the beginning of the 2000s.

We fast forward to January 2019, when much of Kenneth's and his wife's time was devoted to building their greenhouse. This involved lifting heavy oak beams – something that Kenneth usually took in his stride. However, on one frosty morning, he slipped.

"Suddenly, I just slipped a little, like 20 centimeters, and I felt that something happened to my whole leg. I assumed that it was my muscles," explains Kenneth.

He carried on working on the greenhouse for another two months, but after having more and more trouble with his hip, he had an X-ray, but this showed nothing. His physiotherapist thought it must be something to do with his bones rather than his muscles.

He started experiencing spasms on a regular basis, with the pain intensifying and his leg less able to support him.
"At the end of March, my wife said you can't go on building this greenhouse, go in and rest, and I happily did that!"

The extent to which myeloma patients can live normal, even active lives right up to a matter of weeks before their condition changes dramatically is brought home when Kenneth – a keen runner – reveals that in August 2018 he completed a 10km race in Stockholm in his third best time in 15 years of competing in the race.

Kenneth's spasms persisted. And they became more severe. On April 3rd, with Kenneth's condition worsening, they called an ambulance.

"When I adjusted my body in bed for the ambulance crew to more easily move me onto the gurney, I got a spasm. And that spasm was a big one. I kicked so hard that I broke my femoral neck [thigh bone]. I can tell you, on a pain scale of one to ten, this was a 12."

Once in hospital, medical staff noticed that something was wrong with Kenneth's hip and leg which they thought had been weakened by what they assumed was myeloma. This resulted in Kenneth getting a hip replacement.

"I was so pleased that I didn't have the spasms anymore, but then there was the new problem, and that was the myeloma. I had a very good doctor at Södersjukhuset, my hospital in Stockholm, and she was so quick at getting me into treatment – I think my treatment started two days after the biopsy that showed I had myeloma."

This was May 2019, at which point Kenneth started induction treatment with three relatively powerful drugs.

"I had most problems with the cortisone. I couldn't sleep, I became hyperactive – just ask my wife – she certainly didn't want me taking cortisone!"
This treatment paved the way for another kind of treatment, which Kenneth describes as "the heavy stuff".

I WANTED SOMETHING ELSE, SOMETHING NEW

"I was rather worried about stem cell transplants because I had a couple of friends who had received similar treatments, and one of them couldn't eat for seven weeks. He was severely ill

We're dependent on your work; our lives are in your hands.


Kenneth Kauppi

I'm very happy to live in the 2000s and have the possibility to get new drugs working for us – for me and my friends.

and had to take nutritional supplements in beverages and drips, and his muscles wasted away, so I was really uncertain about this treatment."

"I wanted something else, something new. I'd heard about new treatment options but my doctor insisted, especially as I had started the induction treatment which included stem cell transplants."

So in August, a couple of weeks before Kenneth would undergo two days of stem cell extraction, his condition worsened because his immune system had been weakened due to cytostatic chemotherapy that was conducted just prior to stem cell collection. A process that also caused hair loss.

Luckily, Kenneth recovered and could successfully complete the stem cell extraction. And six weeks later he got his stem cells back after another, even stronger, cytostatic chemotherapy.

"I was surprised that it didn't affect me more than it did. I was a little more tired, but nothing more than that. I went out for walks every day even when my immune system was low – it was at zero, in fact, but I didn't get any infections.

"I basically lead a normal life, although I'm no longer able to jog on asphalt. The soles of my feet often go numb, and sometimes it's the same for my hands, but these are minor problems."

"When I received the stronger cytostatic chemotherapy I had to eat ice for about an hour, but that didn't bother me – I come from north of the Arctic Circle, so I could eat ice for four hours a day if I had to! I think my experience is perhaps exceptional compared to my friends who have had bad experiences."

OUR LIVES ARE IN YOUR HANDS

When asked whether he has any reflections about current clinical research, Kenneth remains upbeat, jovial even, but he makes an impassioned plea:

"We're dependent on your work; our lives are in your hands. I'd say we're pretty anxious that research continues into finding new solutions. Huge progress has been made in the 2000s. When I was diagnosed in '97, there were very few treatment options. So I'm very happy to live in the 2000s and have the possibility to get new drugs working for us – for me and my friends."

"I'm positive about the future. I have an orchard of 200 apple trees, so at the moment I'm planning to make my own cider!"

As we round off our call, Kenneh invites a saxophone player to play in his greenhouse, a sound that Kenneth has been longing to hear for years. He smiles as the music fills his beloved greenhouse. ■

The ROLE of melflufen in multiple myeloma

Melflufen is an anti-cancer peptide-drug conjugate – a drug designed for targeted cancer therapies – that rapidly delivers a cytotoxin, into tumors. Results from clinical studies of melflufen in heavily pre-treated patients, show that melflufen has clinically meaningful efficacy and manageable toxicity.

WHAT MELFLUFEN OFFERS

We have taken melphalan and linked a peptide to it. A peptide is a molecule comprising a chain of amino acids. Our peptide directs more of the alkylating payload – drugs that damage the DNA of cancer cells – to tumors. We use the most efficient drug class available in multiple myeloma treatment – an alkylator – and improve it by leveraging the delivery of toxin into tumor cells.

This on its own would be effective enough to expand treatment options for multiple myeloma patients. However, we also see a different molecular response to the drug. So, cancer cells that are normally resistant to alkylators, (and the toxins within them), are not resistant to melflufen. This may suggest that we are circumventing important resistance mechanisms in multiple myeloma and thereby some key features of the clonal selection process. This means that we potentially can improve treatment for patients.

Melflufen has proven to have clinically meaningful efficacy and manageable toxicity with a low incidence of non-hematologic toxicities. Medical staff are used to monitoring such side-effects and use this as the basis for selecting appropriate treatment options. Roughly a third of late phase patients abandon treatment to getting a break from drug treatment rather than the illness itself.

Melflufen is a once-monthly, 30-minute infusion.

Our ongoing clinical studies, as illustrated in the picture to the right shows how melflufen potentially could move upwards in the treatment landscape. ■

Melflufen is an abbreviation of the international non-proprietary name (INN) melphalan flufenamide. Since February 26 2021, melflufen is approved as PEPAXTO, by the US FDA.

Treatments in the myeloma timeline

Lenalidomide, bortezomib, carfilzomib and daratumumab

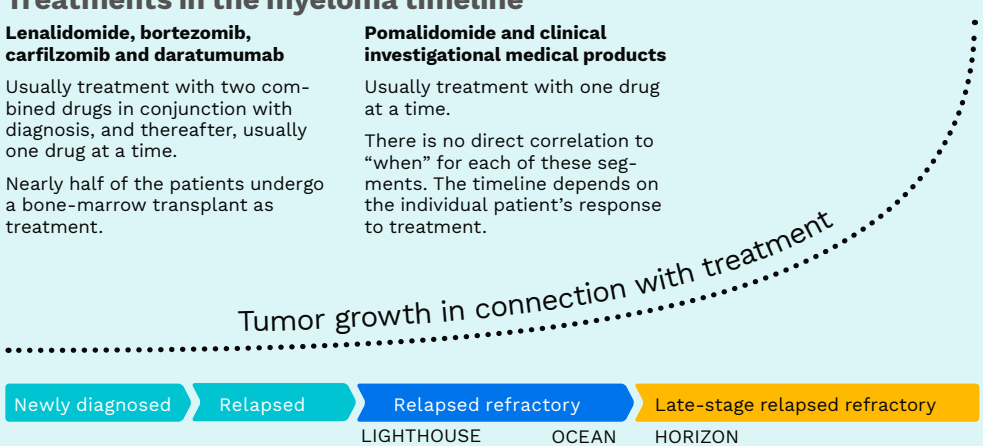
Usually treatment with two combined drugs in conjunction with diagnosis, and thereafter, usually one drug at a time.

Nearly half of the patients undergo a bone-marrow transplant as treatment.

Pomalidomide and clinical investigational medical products

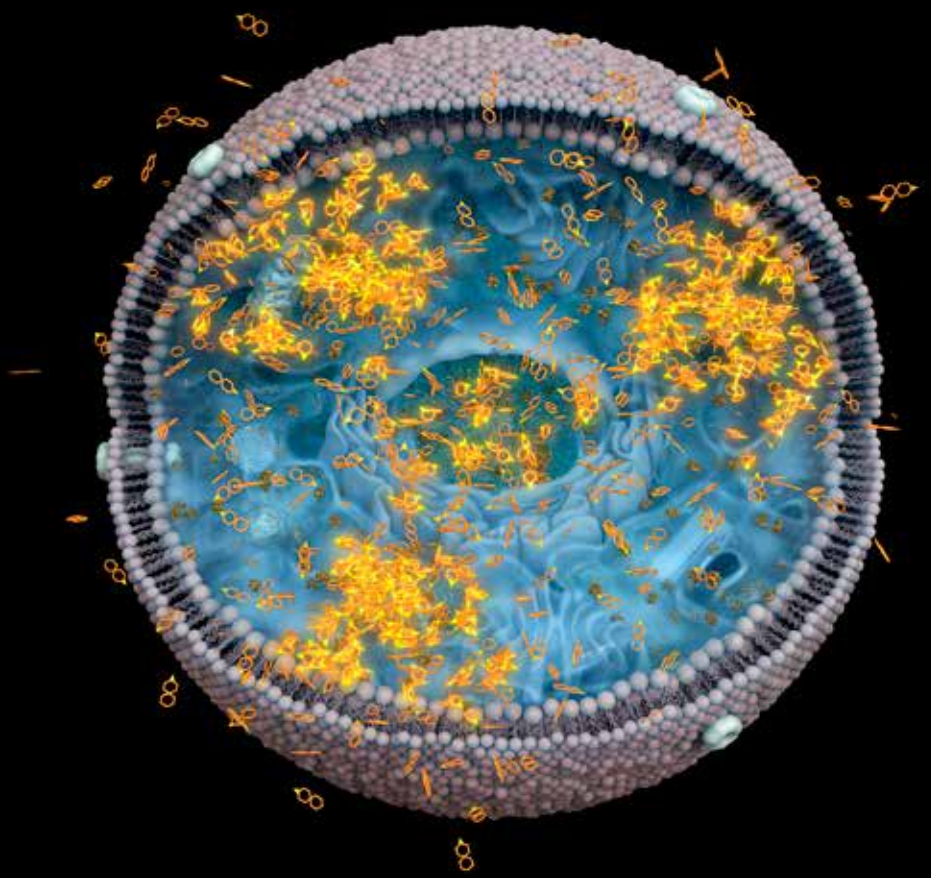
Usually treatment with one drug at a time.

There is no direct correlation to “when” for each of these segments. The timeline depends on the individual patient’s response to treatment.



The multiple myeloma cell

Melfufen is our first in class anti-cancer PDC that targets amino-peptidases and rapidly releases alkylating agents into tumor cells. Aminopeptidases are a group of enzymes over expressed in tumor cells, including multiple myeloma cells. The binding of Melflufen to aminopeptidases results in the release of a toxic payload that damages DNA and kills cancer cells.



The MULTIPLE myeloma MARKET

Multiple myeloma is a blood and bone marrow cancer. It forms in plasma cells, accumulates in the bone marrow, and crowds out healthy blood cells. There is currently no cure. And while patients being treated for Multiple myeloma experience symptom-free periods, they eventually relapse as they become resistant to treatment.

NEW TREATMENT OPTIONS INCREASE SURVIVAL RATES

The prevalence of Multiple myeloma is increasing as the population ages, and new treatment regimens are introduced on the market. Approximately 250,000 patients live with Multiple myeloma in Europe and the US. Every year, 80,000 patients are diagnosed with Multiple myeloma and 44,000 patients die from the disease[1]. The number of patients diagnosed is growing by almost one percent a year. Patients may experience long disease-free periods by using different pharmaceutical classes and combination therapies.

The number of patients with Multiple myeloma who have undergone several lines of therapy has increased significantly, and is expected to continue to grow, as new treatment options and algorithms are introduced.

Despite therapeutic advances and the use of new treatment options earlier in the disease, Multiple myeloma remains incurable. As more patients than ever are living with the disease and are becoming resistant to treatment, there is a significant need for additional treatment options.

The pharmaceutical classes consist of several drugs and offer different therapeutic options. However, resistance development, where patients become resistant to their therapy and other underlying medical conditions, limit the use of several drugs used in MM treatment.

MORE TREATMENT OPTIONS ARE NEEDED

The rapid growth of resistance in Multiple myeloma and associated diseases means that most myeloma patients lack treatment options when they finish their second line of therapy. After first line therapies, the myeloma market is fragmented, and there is an unmet need of new and innovative treatment options. Even though patients are staying on treatment longer, and survival rates are increasing, the need for new therapies enabling a better quality of life is growing.

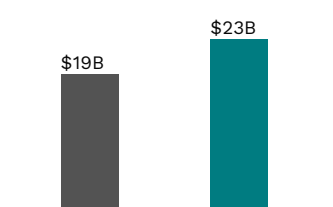
RAPIDLY GROWING MARKET IN THE US

The global myeloma market amounted to USD 19 billion in 2019 and is expected to grow rapidly over the coming years. Following recent drug launches, the growing number of patients in later lines of therapy is expected to increase the overall number of patients receiving treatment, and thus the value of the market.

The European myeloma market was estimated to be worth USD 3.8 billion in 2019. The EU tends to be more conservative about the adoption of new treatments, and consequently adoption takes longer time.

RESISTANCE AND LINES OF THERAPY

A patient undergoing myeloma therapy can become resistant to the two primary classes of

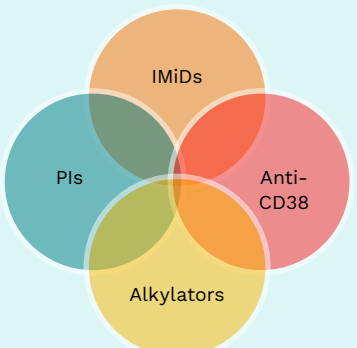


Source: EvaluatePharma

1) The Global Cancer Observatory – https://gco.iarc.fr/, National Cancer Institute – https://seer.cancer.gov/

The Standard of Care

Multiple myeloma is primarily treated with drugs from four different pharmaceutical classes. The basis of all treatments is steroids.



Antibody drugs (Anti-CD38)

Antibody drugs used in treatment of Multiple myeloma consist of monoclonal antibodies, i.e., proteins that are designed to identify and bind to specific receptors on cancer cells, enabling the immune system to kill them.

Immunomodulatory drugs (IMiDs)

Immunomodulatory drugs are derivatives of thalidomide and have an effect on different systems in the body. IMiDs inhibit myeloma cells from dividing and stimulate the immune system to target cancer cells.

Alkylators

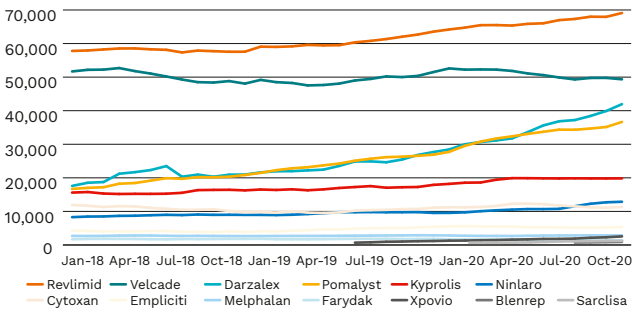
Alkylators are a form of cytotoxins that kill cancer cells and thereby reduce or disrupt tumor growth. Melflufen is the first anti-cancer peptide-drug conjugate that uses aminopeptidases and rapidly delivers an alkylating payload into tumor cells. Aminopeptidases are overexpressed in cancer cells.

Proteasome inhibitors (PIs)

Proteasome inhibitors impact cancer cell function and growth. Myeloma cells usually contain large amounts of proteins compared to healthy cells. Proteasome inhibitors can prevent the breakdown of these proteins in cancer cells.

Newer products on top of older as survival improves

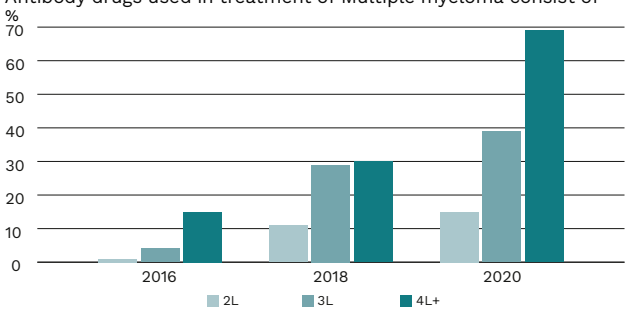
Need of new treatment options, US MM % of Total Patients by Product



Source: Intrinsiq MAT, December 2020

Triple-class refractory patients, by Line of Treatment

Antibody drugs used in treatment of Multiple myeloma consist of



Source: Patient claims data, company market research

pharmaceuticals, IMiDs and PIs, after the first line of therapy. If patients have also been treated with an anti-CD38 inhibitor, they are defined as triple-class refractory patients. Patients respond differently to therapy, and this has resulted in the development of personalized treatments. Consequently, it is therefore important to understand the role of resistance, in addition to what line of treatment the patients has undergone, to estimate the market potential for a particular indication.

PROLONGED TREATMENT DRIVES US MARKET GROWTH

In the US, market growth of patients treated in the second or later lines of therapy exceeds the growth in the first line. Treatment is related to the number of treatment cycles carried out in the various lines of therapy, which in turn is related to the degree of resistance and patients' overall health. As an example, a newly diagnosed patient may undergo 12 treatment cycles or more, while a triple class refractory patient undergoes four to six cycles.

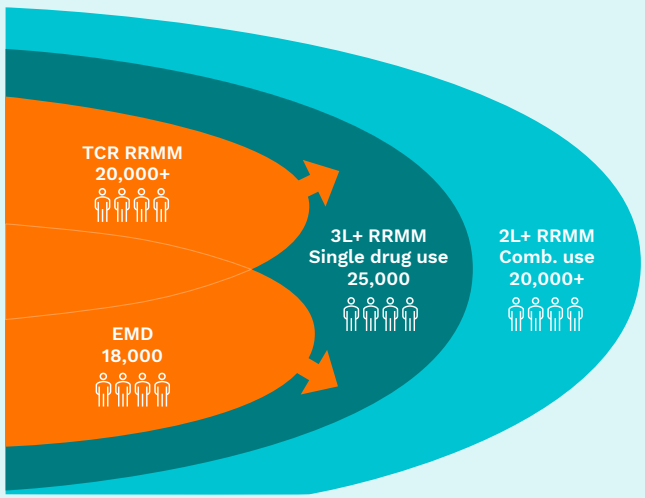
In the US, the bulk of growth has historically been in the number of patients treated in the second or later lines of therapy. As new products supplement existing ones, all products help to broaden treatment options. The market for triple-class refractory (TCR) patients has grown and continues to grow substantially. In the US, there are approximately 20,000 TCR patients as illustrated in the figure to the right.

Growth in the triple-class refractory market is the result of the introduction of new products and therapeutic options. The figure above show that newer products are being used in addition to older ones as survival rates improve, and that new drugs are driving market growth.

MELFLUFEN'S ROLE IN THE MULTIPLE MYELOMA MARKET

On February 26 2021, the FDA approved PEPAXTO, in combination with dexamethasone, for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior lines of therapy and whose disease is refractory to at least one proteasome inhibitor, one immunomodulatory agent, and one CD38-directed monoclonal antibody. This indication has been granted under accelerated approval based upon the HORIZON study. Further studies in the clinical program may lead to expansion of the label and thus potentially reaching more patients. The graph to the right illustrates the patient population in relation to the clinical programs. ■

Clinical program to support label expansion



Clinical program supports label expansion

HORIZON — Approval in triple-class refractory (TCR) patients who have received at least 4L of treatment

OCEAN — Head-to-head study with pomalidomide may enable single agent 3L+ use

ANCHOR LIGHTHOUSE — Combination with proteasome inhibitor or antibody drugs may enable 2L+ combination treatment

LAUNCH ready in the US

In 2020, we were laser-focused on establishing a US organization that will be ready to successfully launch melflufen once it received FDA approval.

BUILDING OUR US ORGANIZATION
We submitted an NDA to the FDA for accelerated approval of melflufen in adult patients with triple-class refractory multiple myeloma in June. The NDA was granted priority review with a Prescription Drug User Free Act (PDUFA) set for February 28, 2021. Melflufen was approved as PEPAXTO on February 26, 2021 and commercially launched in March.

We are quickly building our name in the US as a great place to work. We pride ourselves on having a values-driven culture and welcome people with different backgrounds and perspectives. In 2020, we grew from 16 to 136 employees in the US. We welcomed more than 100 home office and field-based professionals with extensive oncology launch experience and a genuine commitment to patients. Our ability to scale up quickly during the global pandemic, and to secure seasoned oncology professionals, underscores belief in Oncopeptides and melflufen. A shared vision and aspiration to help patients has unified our US team even though many employees have yet to meet each other in person.

We are committed to bringing hope to patients through science and innovation. In October 2020, we initiated a US Expanded Access Program, sEAPort, to provide access to melflufen as a potential treatment for eligible patients while our application was under review by the FDA.

GROWING OUR NAME AND REPUTATION IN THE US MARKET
In 2020, the US team, with support from our global organization, worked hard to build awareness and interest in Oncopeptides among key stakeholders.

We received expert advise through more than 10 adboards and held more than 20 seminars. We also shared data at all of the major U.S. oncology scientific meetings including the American Society of Hematology (ASH) where we had 12 abstracts.

DELIVERING VALUE TO PATIENTS AND HEALTHCARE PROVIDERS
We have taken a considered and strategic approach to how to build out and structure and

"We grew from 16 to 136 employees in the US during 2020."

Mohamed Ladha, General Manager, US Business Unit.

The cornerstone of our work has always been – and continues to be – bringing patients the care they need and the hope they deserve.

optimize our US organization to optimize the customer experience. We want to deliver a seamless customer experience, so we have built our teams with a centralized point of contact, with the support of an integrated, dynamic, and co-ordinated field force team.

We are leveraging data analytics in innovative ways to gain customer insights and shape our approach. Prior to our commercial launch, we have established a sophisticated dashboard that provides our field-based teams access to high quality data in real-time. This will enhance our ability to deliver value for healthcare providers and their patients.

Throughout the year, our team worked diligently to prepare a robust and compelling suite of personal and non-personal sales promotional materials in anticipation of the US launch. These materials are intended to drive awareness and adoption of a new treatment for difficult-to-treat multiple myeloma patients.

ENSURING SUPPLY AND ACCESS AT LAUNCH

A critical part of any product launch is ensuring drug supply is available. Upon launch in March 2021, we were ready to ensure supply and distribution to the market. We have implemented a supply chain and distribution strategy to optimize access, control, and customer support.

Another critical factor to a successful launch is securing strong coverage and access. In 2020, our experienced market access team partnered with medical affairs and engaged payers representing more than 95 percent of covered medical lives. Furthermore, we established a plan to deliver patient services that will meet or exceed industry standards. We are dedicated to providing continuous support along the patient journey, from access, to affordability and adherence, through resources such as a Patient Assistance Program (PAP) for uninsured or rendered uninsured, which provides Pepaxto free of charge for eligible patients as well as co-pay cards, and educational materials.

PERSPECTIVES FROM MEMBERS OF OUR US LEADERSHIP TEAM

CHRIS BLACK, US HEAD OF SALES

"Over the course of my career, I've seen tremendous advances in cancer care and I'm excited about bringing forward a new and innovative treatment option to healthcare providers and patients in the near future. It has been an honor to build our sales organization over the past six months. We've been able to recruit talented and experienced professionals with extensive oncology and launch experience. That is a testament to Oncopeptides and our innovative pipeline."

JACOB LAI, PHD, VP, BUSINESS STRATEGY AND OPERATIONS

"When I joined Oncopeptides in 2018, the Company was well established in Sweden but didn't have a US footprint. At the time, I was excited by the thought of helping to build our US strategy and infrastructure. Now, we are ready and have just started the launch of our first commercial product Together with my team, I'm working hard to ensure we have a very thorough understanding of the market based upon business analytics. While I've seen Oncopeptides evolve over the past few years one thing remains the same – we are passionate about helping patients. Patients are at the heart of every decision that we make."

MATT SMITH, HEAD OF U.S. MARKET ACCESS

"Despite therapeutic advances, multiple myeloma remains incurable," said Matt Smith, Head of U.S. Market Access. "My team is responsible for making sure that patients have access PEPAXTO, our new and innovative therapy. That means everything from ensuring that the supply chain is in place so that drug is available in the market to making sure there is coverage and reimbursement. We are also committed to establishing robust patient assistance programs. These foundational initiatives are an important part of preparing for a successful U.S. launch."

SARAH DONOVAN HEAD OF US MARKETING, BUSINESS PLANNING AND OPERATIONS

"Collaboration across functions is critical to a successful launch," said Sarah Donovan, Head of US Marketing, Business Planning and Operations. "Here are Oncopeptides, we've leveraged the expertise of our team to establish a strong launch strategy that takes into account the complex Multiple Myeloma market and most importantly, the needs of the Health Care Providers the patients they treat. We have established a dynamic and nimble culture that empowers us to make decisions and bring forward innovative solutions."

PDC: a UNIQUE technology PLATFORM

We use our proprietary peptide-drug conjugate platform, PDC, to develop multiple drug candidates. Melflufen and our drug candidate, OPD5, stem from the PDC platform. Melflufen entered clinical studies in 2013 and OPD5 is expected to start clinical studies during the first half of 2021. Our goal is to establish a stream of new clinical candidates going forward. In 2021, we expect to select two new candidate drugs, and start toxicology studies before year end.

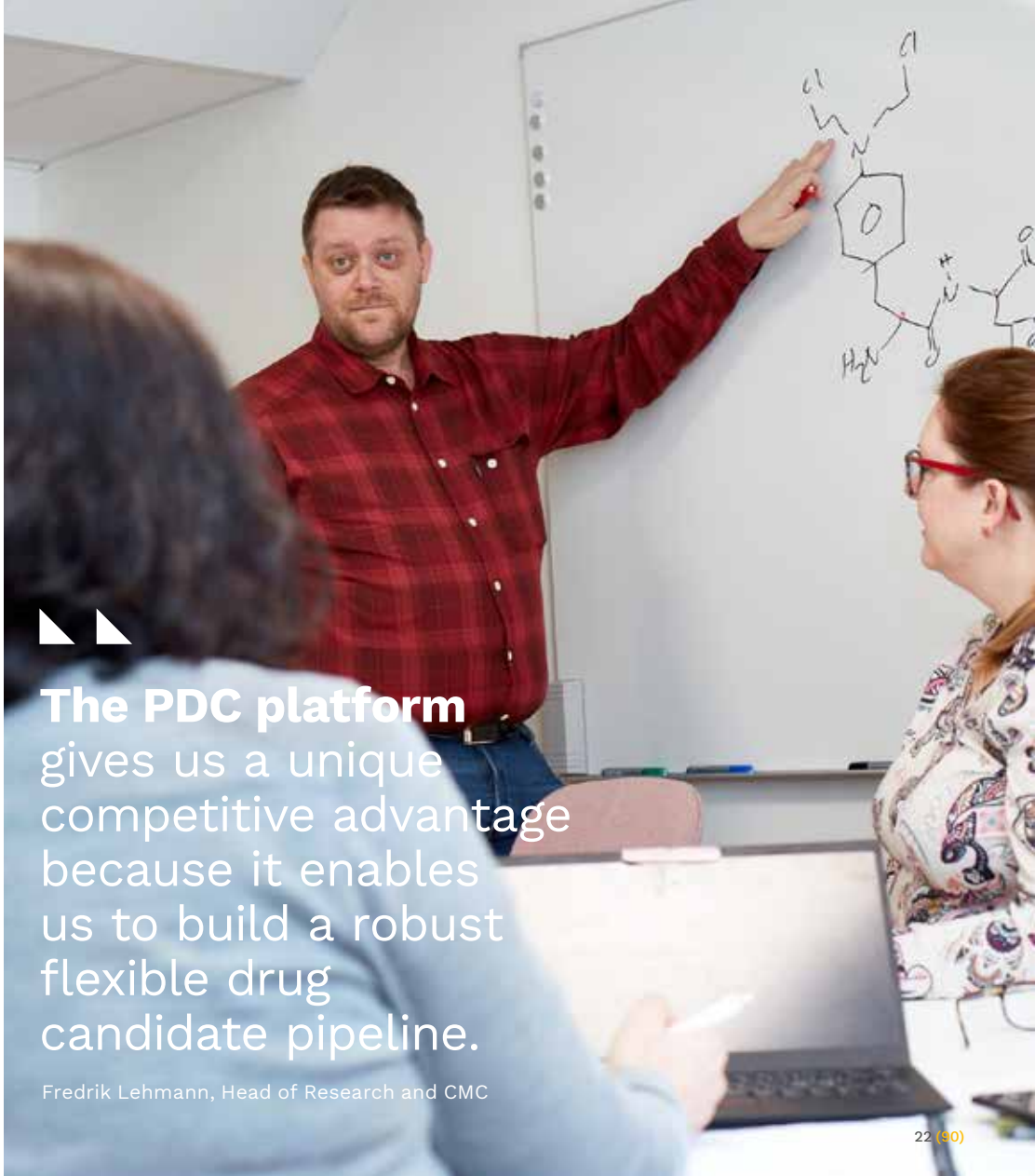
We are exploring innovative candidates and treatments for multiple hematological diseases – not only myeloma. The platform gives us a unique competitive advantage because it enables us to build a robust, flexible drug candidate pipeline. This, combined with our collaborations with leading research centers worldwide, enables us to further leverage the PDC platform and expand our portfolio of treatment for difficult-to-treat hematological conditions.

UNIQUE PDC + IN-HOUSE EXPERTISE + ACTIVE COLLABORATIONS = MULTIPLE NEW CLINICAL CANDIDATES

The platform allows us to concentrate toxins in cancer cells by exploiting differences between cancer cells and healthy cells. By doing this, we can deliver more and different types of cytotoxic activity to cancer cells while protecting healthy cells. This is known as "signal to noise". This means that we get more signal – toxin – into cells to damage or kill tumors, while minimizing noise – harm – to healthy cells.

IMPROVING PATIENT OUTCOMES

Developing pharmaceuticals is a gradual, time-consuming, and capital-intensive process. The latter phases of developing a drug are especially costly in financial terms. A typical phase 3 study often costs more than all the research that has gone into a candidate drug up to that point combined.



The PDC platform gives us a unique competitive advantage because it enables us to build a robust flexible drug candidate pipeline.

Fredrik Lehmann, Head of Research and CMC

At Oncopeptides, we start our in-house discovery efforts at the very beginning of the drug development process. We stay right at the forefront of current state-of-the-art hematology techniques, (the study of blood in relation to health and disease). We combine these techniques with our extensive experience of and expertise in PDCs.

This provides us with an excellent foundation on which to initiate and develop first-in-class and best-in-class drug projects that will potentially improve outcomes for patients.

Our research is not limited in terms of "modality", i.e., we do not restrict ourselves to one type of method to deliver toxin payloads to tumors. So, rather than focusing all our efforts on, for example, small molecules or peptides or antibodies, we actively adapt our approaches to what makes sense clinically.

STATE-OF-THE-ART RESEARCH FACILITY ESTABLISHED

In 2020, we opened our state-of-the-art drug development facility in Solna, outside Stockholm, Sweden. The laboratory will play a vital role in further developing the PDC platform. The opening of the laboratory is a key part of our continued professionalization of the company's infrastructure, preparing Oncopeptides for future growth.

During the year, we recruited more than 20 pre-clinical researchers from all around the world to work at the new facility. The researchers were drawn from a diverse set of backgrounds, nationalities, ages, and professional experience, adding to the rich and varied set of skill sets and specializations we have in the company.

LOOKING AHEAD

Our unique PDC platform, our advanced drug development facility in Solna and in-house expertise devoted to cutting-edge discovery research and drug development, along with our active engagement in academic collaborations with top-tier universities in Europe and the US, mean that we are ideally positioned to establish a continuous flow of new drug candidates going forward.

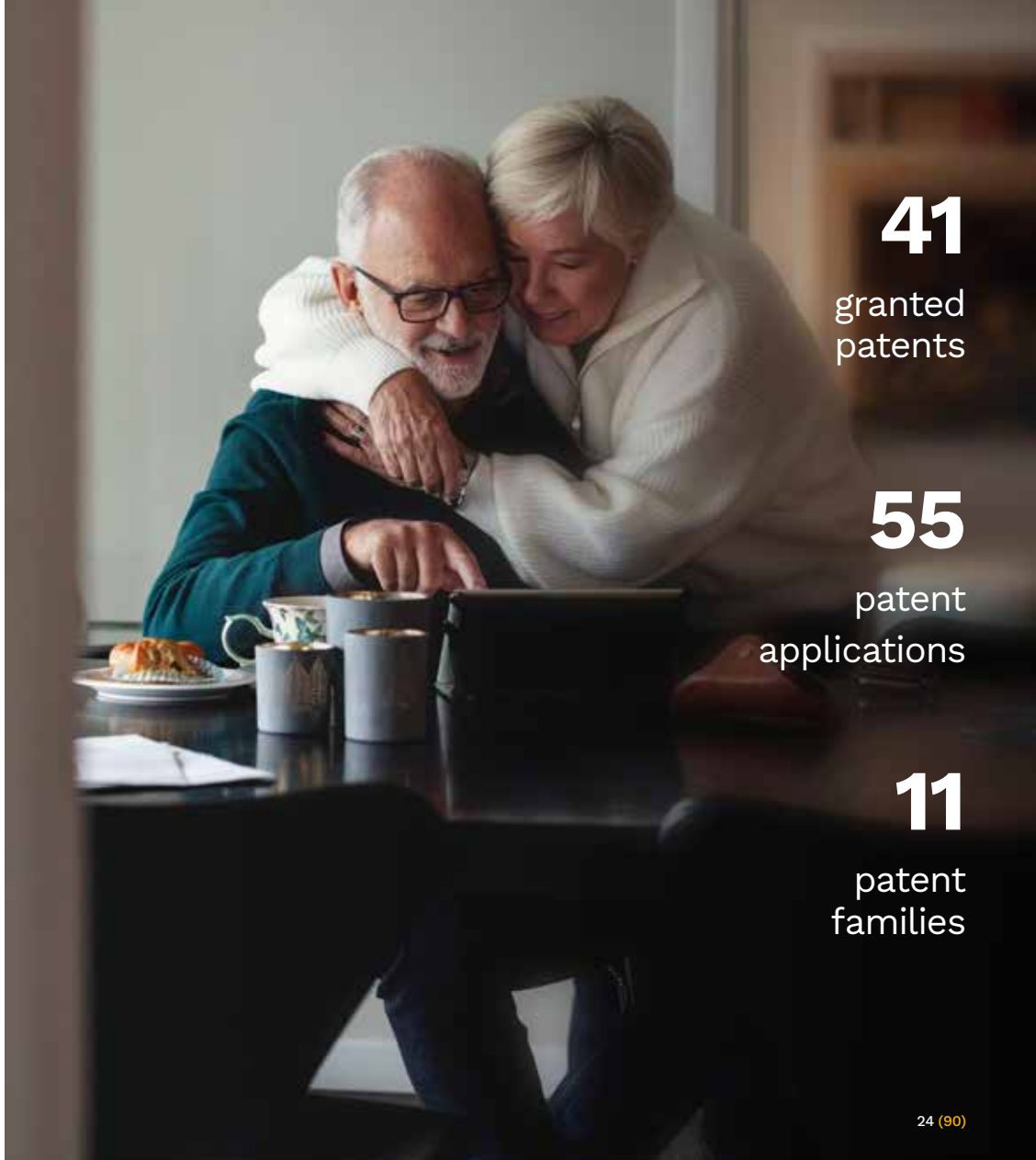
After many years of hard work, we are now set to start fulfilling our true potential and launch the first of what we hope to be several effective PDC-based treatments for multiple myeloma. Our goal is to establish melflufen as a cornerstone for the treatment of relapsed-refractory multiple myeloma (RRMM). Melflufen is the first anticancer peptide-drug conjugate targeting aminopeptidases for patients with relapsed or refractory multiple myeloma and has the potential to address several market segments in multiple myeloma. ■

PATENTS and INTELLECTUAL property

The patent work is of high importance and the future success is dependent on the company's capacity to protect its current and future intellectual property rights. During 2020, 12 new patents were approved, and seven new applications were submitted. The company's intellectual property portfolio consists of granted patents and patent applications, as well as trademarks. Patents are granted only for a limited term of in general 20 years.

Oncopeptides has an active patent strategy encompassing all major geographic markets, including the U.S., Europe, Canada, Japan and China. The company has secured 11 patent families, consisting of granted patents and pending patent applications. The number has increased considerably over the previous years.

Melflufen is already protected by a granted patent that includes the active ingredient in the U.S., Europe, Canada and Japan. In addition to these substance patents, the company holds several additional patents and filed patent applications that protect other aspects of the product candidate, such as formulation, manufacturing processes and one new, as-yet unpublished patent application. The patents will expire as shown in the table below. In addition, the possibility exists for extending a patent family by up to five years, at least in the U.S., EU and Japan, if the product candidate achieves marketing authorization prior to the expiration of the patent family. As previously mentioned, melflufen has, in addition to the patent, been classified as an orphan drug by the FDA and the European Commission. This means that if melflufen obtains marketing authorization as an orphan medical product, it may potentially be granted seven- and 10-years' market exclusivity in the U.S. and EU respectively (upon demonstrating significant benefit based on the outcome of the ongoing pivotal trials). ■



The company's patent rights	Type	Patent's estimated expiration	Region	Status
Melphalan derivatives and their use as cancer chemotherapeutic drugs	Substance	2000 (USA 2022 & RoW 2021)[1]	USA, EP, CA and JP	Granted
Lyophilized preparation of cytotoxic dipeptides	Formulation	2011 (2032)	US*, EP*, CA*, JP*, AU*, BR, CN, HK, IN, MX*, KR, RU*, ZA*, IL* and NZ*	Pending/*Granted
Lyophilized preparation of melphalan flufenamide	Formulation	2012 (USA 2032; RoW 2033)	US*, EP*, CA, JP*, AU*, BR, CN*, HK*,IN*, MX*, KR*, ZA, IL*, RU* and NZ*	Pending/*Granted
Process for preparation of nitrogen mustard derivatives	API Process	2015 (2036)	US*, EP*, CA, JP, AU*, BR, CN, HK, IL, IN, KR, MX, NZ, RU*, SG*, ZA	Pending/*Granted
Melflufen dosage regimens for cancer	Dosage	2015 (2036)	US, EP*, CA, JP, AU, BR, CN, HK, IL, IN, KR, MX, NZ, RU*, SG, ZA	Pending/*Granted
Compounds containing deuterium	Substance	2018 (2039)	PCT; national phase being entered April 2021	Pending
Treatment of amyloidosis with melflufen	Treatment Confidential	2019 (2040)	PCT; national phase entry due late 2021	Pending
Novel formulations comprising melflufen	Formulation	2019 (2040)	PCT; national phase entry due late 2021 Priority application in the UK is being processed	Pending
Melflufen formulations and their use in the treatment or prophylaxis of osteosarcoma	Treatment	2019 (2040)	PCT; national phase entry due early 2022	Pending
New Invention 1	Confidential	2020 (2041)	Priority application in the US is being processed	Pending
New Invention 2	Confidential	2021 (2041)	PCT, AR and TW	Pending

1) Without extensions of the patent time.

Regulatory ROADMAP

FDA approval in February, 2021, of PEPAXTO in combination with dexamethasone for the treatment of adult patients with relpsed or refractory multiple myeloma who have received at least four prior lines of therapy and whose disease is refractory to at least one proteasome inhibitor, one immunomodulatory agent, and one CD38-directed monoclonal antibody is based on our HORIZON study data. This is the first step to establishing melflufen as a myeloma treatment. This accelerated approval needs to be confirmed by clinical data from a randomized study.

Our OCEAN and LIGHTHOUSE phase 3 studies evaluate relapsed refractory multiple myeloma patients who are in earlier stages of the disease compared to patients in the HORIZON study. OCEAN and LIGHTHOUSE may lead to label updates and approval in different territories pending study results.

The OCEAN study is expected to lay the foundations for applications to potentially broaden the indication for melflufen in 2022 and act as a confirmatory study. The study can also be used as the basis for an independent application for marketing authorization in markets outside the US and Europe. In OCEAN, we compare the efficacy of melflufen in combination with the steroid dexamethasone with pomalidomide and dexamethasone. The objective of the OCEAN study is to establish whether melflufen has similar or better efficacy than pomalidomide. This will result in one of four outcomes, i.e., melflufen is superior, non-inferior (the same), inconclusive, or inferior to pomalidomide. OCEAN has been statistically powered to show superiority of melflufen over pomalidomide based on historical data for the two compounds.

The recently initiated LIGHTHOUSE phase 3 study is investigating the combination treatment of melflufen with daratumumab and dexamethasone in RRMM patients who are in the earlier stages of the disease.

During 2020, we informed the European Medicines Agency (EMA) of our intention to apply for a conditional marketing authorization for melflufen in the EU.

The submission is expected to take place in Q2 2021. As the NDA submission in the US, the EU submission will be based on the pivotal phase 2 HORIZON study in RRMM. Another interesting market for us is Japan and preparations for interactions with authorities there are ongoing. ■

Karin Eklund Vanderpol,
Head of Regulatory Affairs

Clinical DEVELOPMENT program

We have developed a broad, proprietary, PDC candidate platform which is unique for a company of our size and the only PDC pipeline for targeting cancer. This maximizes our ability to deliver new and multiple clinical entities for a wide range of hematological diseases.

Our first drug candidate – melflufen, was granted accelerated approval in the US in February 2021 for the treatment of adult patients with relapsed refractory multiple myeloma. We are also working on expanding the breadth of indications we work with. For example, with our ongoing ASCENT study in AL Amyloidosis treatment, and with our planned signal seeking trials in Diffuse Large B-cell Lymphoma (DLBCL) and Acute Myeloid Leukemia (AML). Then we have a second PDC drug (OPD5) which is currently in phase 1, (our COAST study), to study the effect of OPD5 in the stem-cell transplant setting.

FDA APPROVAL OF PEPAXTO VALIDATED THE CONCEPT OF OUR PDC PLATFORM

We have all the necessary experience at our advanced research facility in Solna to enable us to deliver new PDCs independently. We also have all the chemical tools we need in-house. So, although we are a small company, we have a unique type of drug pipeline and have all the pillars in place to address areas of rapidly growing unmet medical need. At this stage of our development, most emerging biotech companies would only have one compound under clinical development. We have two, with several more planned.

The FDA's recent accelerated approval of PEPAXTO validates the concept and thinking behind our PDC platform. Melflufen – approved in the US as PEPAXTO – is the first PDC on the market and represents the first step towards realizing the opportunities to get more peptide-drug conjugated drugs into clinical development.

COMPREHENSIVE CLINICAL PROGRAM LIMITS RISK

Our clinical development program is underpinned by several studies being conducted in parallel to one another. The broad-based structure of the program further strengthens our ability to address unmet medical need.

HORIZON is our pivotal, phase 2, single-arm study. It forms the basis of the FDA's recent accelerated approval of melflufen. We use the study to evaluate the safety and efficacy of melflufen in combination with the steroid dexamethasone in patients with relapsed refractory multiple myeloma. The study has not only shown encouraging results in triple-class refractory multiple myeloma, but also in a subset of patients with extra-medullary disease (EMD). These are patients who have the least favorable prognosis. Based on HORIZON's results – in patients with high unmet medical need – we plan to initiate a further study in the third quarter of 2021, LANTERN, which will focus exclusively on this group of patients. With LANTERN, Oncopeptides will be one of few companies in the world to conduct studies in only EMD patients.

OCEAN is our largest study. It is a randomized, global, phase 3 study, involving 495 patients. It compares melflufen head-to-head with pomalidomide, which is one of the most widely used drugs in relapsed refractory multiple myeloma treatment, thereby addressing a market currently valued at more than USD 3 billion in the US alone. Initial high-level results are expected in Q2 2021. This is a very important study for us, as it acts as a confirmatory study for our accelerated approval.

LIGHTHOUSE is another randomized, open-label phase 3 study of melflufen and dexamethasone in combination with daratumumab compared to daratumumab alone in patients with relapsed refractory multiple myeloma. Daratumumab is one of the two fastest-growing products in the treatment of relapsed refractory multiple myeloma, the other being pomalidomide.

The LIGHTHOUSE study aims to broaden the indication to include use of melflufen in combination. In addition, if OCEAN fails to meet certain regulatory standards, LIGHTHOUSE may be used to fulfill our regulatory requirements, thereby de-risking OCEAN.

OPPORTUNITIES TO BROADEN LABEL

The continued success of OCEAN and LIGHTHOUSE are set to drive considerable market potential in the US, Europe, and other markets. We will continue to develop the candidates we have in our pipeline and broaden our clinical studies to include AML and DLBCL, which are two other indications with high unmet medical need. Our clinical development platform and its unique breadth makes us uniquely positioned to become a major player in hematological malignancies.

EXPANDING IN MYELOMA

- Combination bortezomib-melflufen-dexamethasone in soft-tissue extra medullary disease (EMD)
- Phase 2 study LANTERN
- Building on positive HORIZON data in EMD
- FPI[1] expected H2 2021

- Combination study with a BCMA-targeted therapy– to enable label expansion in combination treatments
- In planning

EXPANDING IN NEW INDICATIONS

- Acute Myeloid Leukemia (AML)
- High unmet medical need – limited survival – Overall Survival less than a year
- Phase 1/2 study in relapsed patients
- FPI expected H2 2021/Q1 2022

- Relapsed Diffuse Large B-cell Lymphoma (DLBCL)
- High unmet medical need – limited survival
- Phase 1/2 study in relapsed high-risk patients
- FPI expected H2 2021

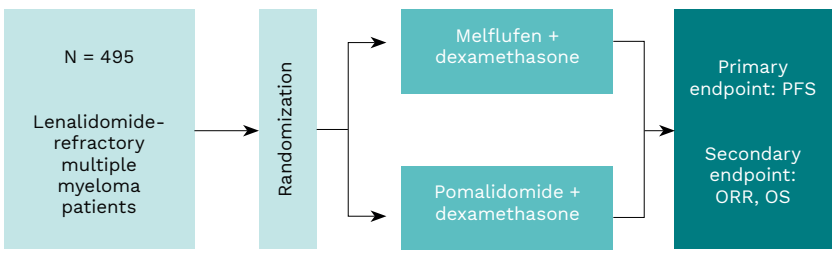
1) First Patient In.

OCEAN

– phase 3 study for potential label expansion

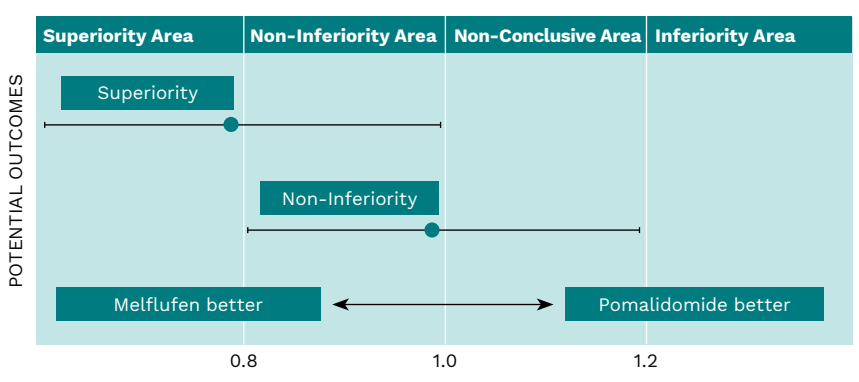
Head-to-Head study with melflufen versus pomalidomide

Patients have failed 2–4 lines of prior therapy, and are refractory to lenalidomide within 18 months or have progressed on lenalidomide within 60 days of randomization.



The OCEAN study may lay the foundation for applications which may broaden the indication for melflufen in 2022. The application may act as a confirmatory study after the accelerated approval in February 2021. Data from the study can also be used as the basis for an independent application for market authorization in other geographic markets outside the US. In the phase 3 OCEAN study, the efficacy of melflufen in combination with dexamethasone is compared with pomalidomide and dexamethasone. The objective of the OCEAN study is to demonstrate that melflufen has non-inferior or superior efficacy compared with pomalidomide. The outcome from the OCEAN study will be analyzed by comparing PFS (Progression Free Survival) for melflufen with the PFS for pomalidomide. This comparison can simplistically result in four different outcomes i.e. that melflufen is superior, non-inferior or inferior to pomalidomide, or that the study is inconclusive. Depending on the results, OCEAN may lead to regulatory approval/label updates in the US, EU and other markets. ■

Two ways to meet the primary endpoint in OCEAN

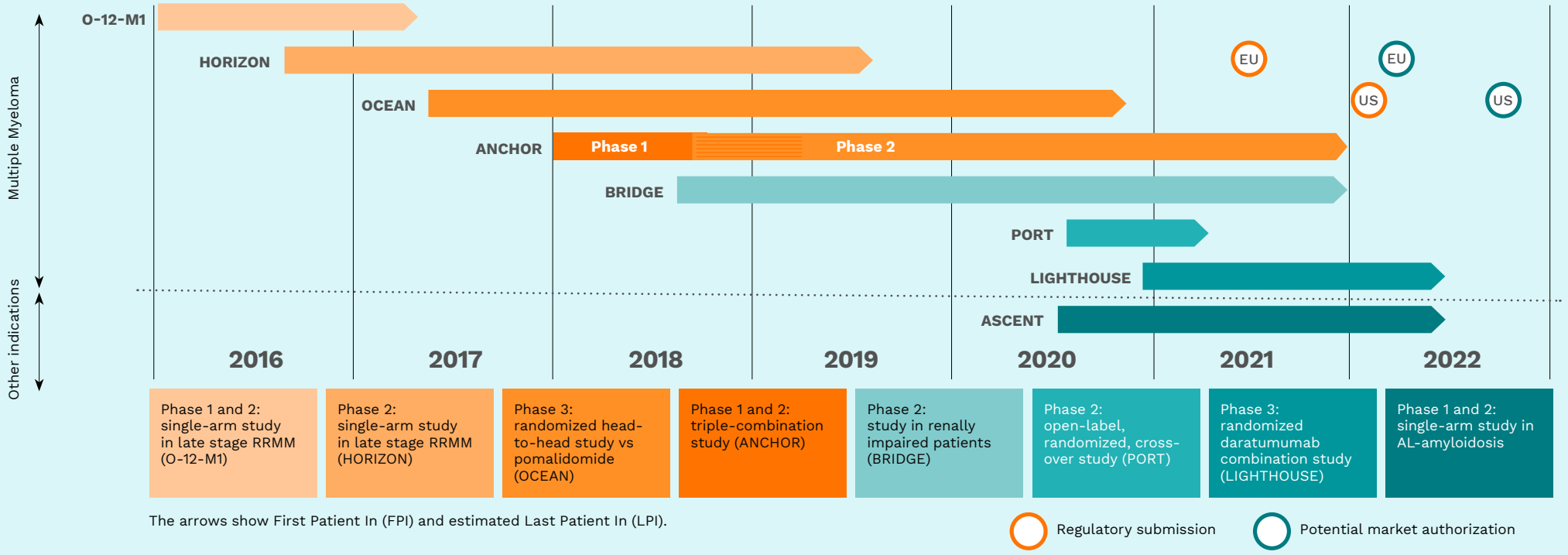


Regulatory implications

Outcome	FDA	EMA
Primary endpoint met – **Superiority**	√	√
Primary endpoint met – **Non-Inferiority**	**Data driven**	√
Primary endpoint **not** met	X	X

MELFLUFEN CLINICAL DEVELOPMENT PROGRAM

Potential to provide data in different patient populations



We are on a JOURNEY

Oncopeptides is on a journey. We know where we need to be in terms of sustainability and corporate responsibility and we are taking substantive steps to get there. We are an open and transparent company and are currently preparing to measure key indicators that demonstrate how we actively reduce our environmental impact and conduct business responsibly.

2020 snapshot

Despite the pandemic, Oncopeptides grew rapidly in 2020. We welcomed many new employees, opened our state-of-the-art lab in Stockholm, and made crucial progress toward having our first product launched on the US market.

All these activities brought with them added risks and responsibilities and intensified the need to address issues in which we are most able to effect change. We stepped up our sustainability efforts in 2020 and will continue to accelerate our sustainability work in the years ahead. Sustainability is integrated into our strategic thinking and day-to-day operations, in the way we work together within the organization, and in terms of our role in society.

THE GLOBAL GOALS
For Sustainable Development

SUSTAINABILITY AT ONCOPEPTIDES
Being a responsible, sustainable company is of paramount importance to us. In our relationships toward employees, in how the company operates, and in terms of the environment and wider society.

We adopt an environmental, social, governance (ESG) approach to our sustainability and sustainability reporting efforts. We focus on each of these three areas separately. We minimize our environmental footprint; we work on Human Resources and social issues with employees and in a broader societal context; and address governance issues by ensuring that we operate fairly, transparently, and to high ethical standards.

To achieve this comprehensive ESG approach, we have drawn up a set of policies. A key component of this process was – and remains – engaging with stakeholders to ensure that we address relevant issues. We do not currently report in accordance with sustainability measurement frameworks such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB).

However, we do aim to align with key metrics of global sustainability frameworks. Though not a member at the time of writing, we support the United Nations Global Compact, a voluntary initiative based on commitments made by company CEOs to implement universal sustainability principles.

AGENDA 2030
The 2030 Agenda for Sustainable Development, adopted by the UN General Assembly in 2015, is a blueprint for peace and prosperity to be achieved by 2030. The 2030 Agenda includes 17 Sustainable Development Goals, (SDGs), which cover a wide spectrum of policy areas ranging from poverty, education, gender equality, to fair working conditions, the natural environment, and responsible consumption.

The SDGs recognize that ending poverty and other inequalities need to be combined with strategies that improve health and education, reduce inequality, and spur economic growth at the same time as tackling climate change and working to preserve the world's oceans and forests. We have selected two SDGs with which we think we have the most impact and can help drive positive change.

LOOKING AHEAD
In 2021, we plan to conduct a materiality analysis to identify areas that are the most material to the company. This will help focus our efforts on sustainability, lead to more formal treatment of sustainability, and further improve our focus on risk management.

We are currently conducting dialogs with stakeholders that will help shape our sustainability work and ESG focus. By incorporating stakeholders' views and expectations we can maintain our awareness and continuous development by addressing relevant issues and how to prioritize and integrate them into our ESG work. 2021 should be considered as a baseline year from which we will establish KPIs that will help formalize our ESG efforts. ■

ENVIRONMENTAL responsibilities

Oncopeptides operates in a highly regulated space, where environmental impacts are tightly controlled. However, we continue to improve our understanding of our environmental footprint and thereby reduce it further. In 2020, we took steps towards establishing key performance indicators and making the reduction of environmental impacts an integral component of our decision-making processes.

We continually strive to minimize the environmental impact of our own operations and those of our suppliers. Our Environmental Policy, adopted in 2017 and which all employees are expected to follow, states that environmental impact should be part of the company's decision-making processes and that our products should not consume more natural resources than necessary. We strive to prevent pollution, reduce carbon emissions, and work actively to minimize waste and energy and water use.

Our state-of-the-art pharmaceutical development laboratory in Stockholm, which became fully operational in September 2020, is effectively a closed system with virtually no impact on the local environment. As with all modern-day labs in highly regulated geographies such as the EU, chemical handling and disposal and waste disposal is tightly controlled.

However, much of the company's environmental impact is embedded in our products. Therefore, we focus on our suppliers and select Contract Manufacturing Organizations (CMOs) and other vendors based in countries where regulatory standards are similar to those in Sweden. We encourage all our suppliers to align with appropriate standards to minimize impacts.

ENVIRONMENTAL EFFORTS IN 2020

The need for action to reverse severe damage to the climate took on renewed urgency in 2020, and we accelerated our efforts to reduce environmental impacts in response. Furthermore, environmental issues are likely to become increasingly commercially important and a potential differentiator.

Even before the travel restrictions brought due to the pandemic, we limited the use of flights where possible and this will continue. We held many virtual meetings during the year, and employees attended virtual training courses and congresses. We are likely to continue to develop greater use of digital platforms going forward. If employees do fly for work in future, they will be encouraged to ensure that such trips have multiple purposes and are absolutely necessary. On a local level, employees are encouraged to take public transport where possible.

We conduct clinical studies at approximately 130 hospitals in 25 countries and our drugs are of course transported, which causes carbon emissions. We therefore include environmental impact in decisions related to shipping and where possible select companies that are more environmentally aware and transparent.

Due to the rapid growth in headcount in 2020, under normal circumstances we may have looked for larger offices. However, we have decided to adopt a more flexible approach to working from home to enable us to continue to use our existing office space. This also reduces emissions in terms of people travelling to and from the office.

During the year, our safety representative conducted checks at our Stockholm laboratory on a regular basis to ensure the safety of employees and that environmental standards were upheld.

In terms of our supply chain, we continued to work with CMOs on their management of environmental impacts. We currently use suppliers in Belgium, Canada, and Sweden where environmental standards are high, and we screen suppliers before working with them.

GOING FORWARD

We will continue to improve the transparency of our environmental initiatives and performance. For example, we plan to formalize our work and measure impacts. Our intention is to present the first of these measurements in our 2022 annual report. We will continue to encourage our suppliers and contractors to align with our environmental standards and transparency through contractual obligations and supplier agreements. Lastly, at a company level and on an individual level, we will continue to make decisions that minimize our environmental impact. ■

Goal 13: Climate Action

Take urgent action to combat climate change and its impacts.

SOCIAL responsibility

Social responsibility: Why social issues matter to Oncopeptides.

Oncopeptides takes its role and responsibilities in society very seriously. We strive to have positive impacts wherever we are present – in the local communities where we conduct sales, research, and manufacturing, with our employees, suppliers, and all other stakeholders. Our overall approach is centered on wellbeing for all, and aligns with the UN's Agenda 2030, and Sustainable Development Goal (SDG) 3, to "ensure healthy lives and promote well-being for all at all ages".

We understand the importance of having a deeply rooted culture in our working environment – one that is flexible and open-minded with a focus on international collaboration. It is also vital that we offer attractive career opportunities. Our ability to attract and retain world-class talent remains of the utmost importance. The importance we attach to this aspect of our operations is reflected in the fact that we continually have a low degree of staff turnover.

We believe that diversity, inclusivity, and equality are key factors that determine a stimulating work environment as well as the success of our business. We operate in a global environment, with customers, suppliers, and other stakeholders come from a wide variety of backgrounds. The company has a diverse workforce in terms of nationalities, backgrounds, and age range. We also have a good gender balance between women and men in the organization.

The allocation of employee stock options is made in addition to current industry-standard remuneration. Stock option allocation to co-workers are made annually and are decided by the Board of Directors.

2020: GROWING AND CARING

Despite the pandemic, Oncopeptides continued to grow in 2020 – and rapidly, registering its fastest rate of growth in terms of employee numbers on record, to 280 co-workers. We are now 136 in Sweden and 144 in the US.

Substantive steps were taken on establishing and formalizing our core corporate values, based on an employee survey that was sent to all employees and workshops that involved everyone in the company to capture the views and preferences from cross-functional and mixed globally. The results from these initiatives were collected by a project group that worked out an engagement platform that includes five of our core values.

In the run-up to Christmas, our entire US organization came together to donate gifts and money to children in need through local organisations close to our sites in California and Massachusetts and we received a fantastic response from everybody. For Multiple Myeloma Awareness Month, we were closely involved in the Miles for Myeloma 5K Run/Walk run.

COVID RESPONSE

Naturally, the Covid-19 pandemic complicated our recruitment drive in Sweden and the US. However, through extensive use of digital technologies, we were able to fill all the positions we needed to during the year. The pandemic also required us to support our existing workforce. We took steps to ensure that employees received the support that they needed during this time through, for example, flexible working and financial support for physical and mental wellbeing. Even before the outbreak of the Covid-19 pandemic, ergonomist and stress coach lectures were offered. We also conducted a survey among employees specifically about Covid-19 and its effects on the working environment and routines.

LOOKING AHEAD

For 2021 and beyond, we will continue to focus on attracting the right talent from diverse national and professional backgrounds to ensure our continued success as a global pharmaceutical company.

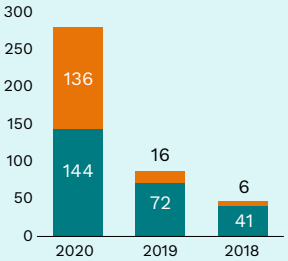
In line with SDG 3, the wellbeing of our employees, patients, medical professionals, suppliers, and all stakeholders will remain the defining feature of our social responsibility efforts. In terms of Covid-19 more specifically, we will continue to focus on helping the working environment and supporting employees at what remains a challenging period with for example ergonomist and stress coach lectures.

We will continue to review our social sustainability policies, expand work on our core values, further develop our routines in terms of training and documentation, as well as expand the range of key performance indicators we apply in this area to enable us to better benchmark our performance with other companies.

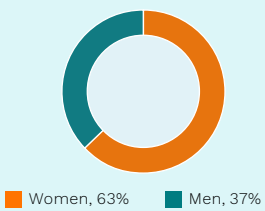
Goal 3:
Good health and well-being

Ensure healthy lives and promote well-being for all at all ages.

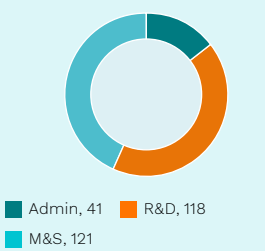
Number of employees



Gender ratio



Employee distribution



Responsible GOVERNANCE

We believe that we should operate responsibly through business ethics and a policy framework to build a sustainable organization**.** This benefits society and creates value for our shareholders and other stakeholders. Furthermore, good governance helps us attract and retain talent, manage costs, and build trust with employees, customers, patients, suppliers, and stakeholders.

To ensure good governance, we need systems in place that control how the company takes decisions, meets its legal obligations, and achieves its operational requirements. We have an ethical, value-driven culture in which issues are addressed swiftly and transparently. We do this through a culture based on dialogue, respect, and integrity.

PREPARING FOR THE FUTURE

In 2020, we continued to develop our governance structures and routines. We recruited a new General Counsel, the focus of whom has been on building up the clear foundations we need to ensure rapid, responsible growth.

The Head of US Commercial Operations became General Manager of the US Business Unit during the year and we removed the role of CEO of Oncopeptides, Inc., which is no longer a designated Company function. This change streamlines our organization while improving the efficiency of our US regional operation and the interface between the US Business Unit and our global headquarters in Stockholm. Furthermore, our structure is now scalable as we build an EU Business Unit with a similar connection into the global headquarters. At Oncopeptides, we are continuing to build a strong, unified culture with the establishment of a clear vision, a common set of core values (Science, Passion, Courage, Collaboration and Trust) and a commitment to further improve how we work together across the company for the benefit of all stakeholders.

We worked more broadly on establishing standardized routines by, for example, preparing for regulatory inspections with pre-mock trials to minimize the risk of a submission of a file for one of our candidates being rejected. We also conducted quality audits of our drug product suppliers to ensure that they met contractual obligations. On the US side of the business, we continued our work on preparing anti-corruption policy measures. We have hired a Head of US Legal & Compliance and additional members to the legal team such as Legal and Compliance Directors, to prepare a compliance program with focus on interactions with healthcare providers and organizations, and to ensure that we operate within the applicable legal framework.

During the year, we appointed a Global Head of Corporate Communications who will drive the improvement of communication and pro-actively manage reputaional risks, as well as establish our long-term communication strategy. Our new Director of Training will support internal communication, decision making, and career development.

Efforts to mitigate the effects of the pandemic included shipping more product to our testing sites ahead of time to reduce potential disruption. This incurred increased costs but successfully reduced risk and minimized disruption to our clinical trials. The company introduced a whistleblower hotline during the year. No serious incidents were reported in 2020.

LOOKING HEAD

We will continue to improve the quality of our supply chain and plan to further standardize our relationships with suppliers with greater rigor in supplier agreements in terms of ethical matters. Companies that supply Oncopeptides with drug products are already required to meet strict regulatory obligations as well as ethical standards. We will review the ethical commitments in our standard service contracts, realting to labor law, environmental legislation, and UN conventions on corruption, child labor, and human rights.

Anti-corruption is always a key area for the pharmaceutical industry and is an area we treat with the utmost seriousness. It is an area in which we are highly focused and have developed a detailed program, including an anti-corruption policy.

We reviewed our Code of Conduct in the beginning of 2021 and we plan to improve employee engagement with it through, for example, the use of e-learning. We will also strengthen our legal team with the addition of a position to support our continued efforts to mitigate risk for the company.


Karolina Vilval, General Counsel

Oncopeptides is a rapidly growing organization, and that can create risk. We work closely with external partners, such as with academia, universities and healtcare providers, which may increase risk. However, we remain committed to our efforts to developing the structures we need to ensure that we operate and grow our business responsibly and sustainably. ■

The Share

The company has been listed on Nasdaq Stockholm Mid Cap List since the IPO in February 2017. The company's market capitalization at the close of 2020 was SEK 11,529 M compared to SEK 7,031 M the previous year. The number of shareholders continued to grow during 2020 and at the end of the year the company had 16,570 shareholders. This growth, 88 percent, compared to the previous year was essentially driven by private investors. In 2020, the company carried out a directed share issue in which several well-known institutions and specialist investors in the sector participated.

THE TRANSFORMATION TOWARDS A COMMERCIAL COMPANY HAVE CREATED GREAT INTEREST

The company continued its efforts to maintain, develop and build its relationships with shareholders, investors and analysts. The knowledge and interest in Oncopeptides among institutional investors in both Europe and the United States continued to develop positively over the year. The transformation towards a commerical biotech company with its first product approved on the US market has been incremental. This has also increased the interest among investors with a larger shareholder base as a result.

CURRENT ANALYST COVERAGE

Eight banks and their analysts are currently following Oncopeptides actively:

- ABG Sundal Collier, Viktor Sundberg
- Carnegie, Erik Hultgård
- Cowen and Company, LLC, Boris Peaker
- DNB Bank ASA, Patrik Ling
- H.C. Wainwright & Co., LLC, Robert Burns
- Jefferies, Peter Welford
- Kempen & Co, Suzanne Van Voorthuizen
- SEB, Christopher Winston Uhde

We participated in various virtual conferences hosted by these banks as well as investor conferences of other Nordic and International banks during 2020 with ambitions to broaden the scope during 2021.

SHARE PRICE DEVELOPMENT

At year-end 2020, the share price was SEK 169. The highest price paid during the year was SEK 173 on October 23, and the lowest price paid was SEK 79.8 on March 18. The share price increased by 33 percent in 2020. At year-end, the company's market capitalization was SEK 11,529 M, based on a closing price of SEK 169.

SHARE DATA

At December 31, 2020, Oncopeptides had 67,939,715 registered ordinary shares, corresponding to 67,939,715 votes.

OWNERSHIP STRUCTURE

Oncopeptides had 16,570 shareholders at year-end 2020. 87.8 percent of these were financial institutions, while the remaining 12.2 percent was held by private individuals.

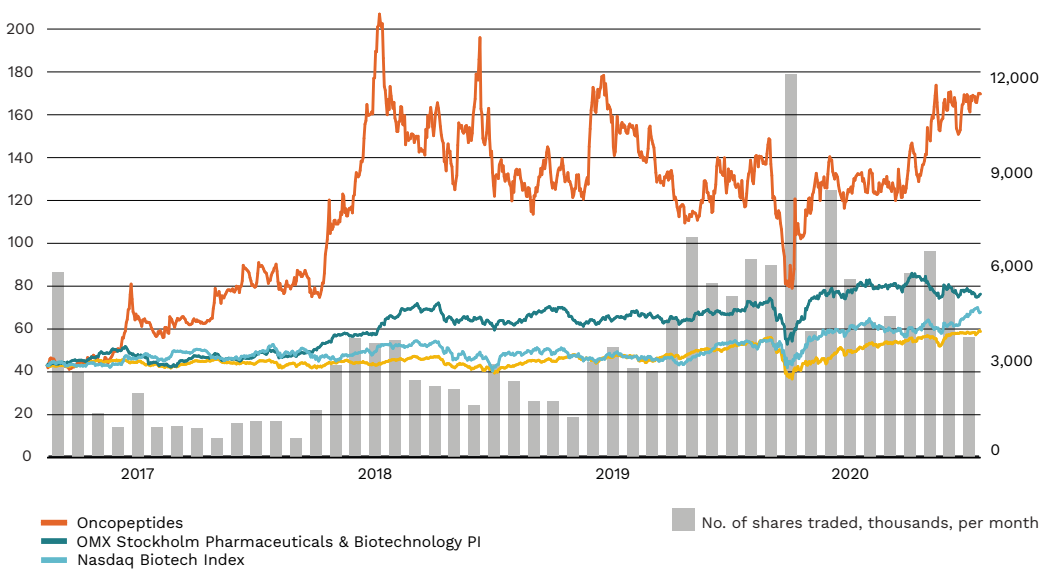
SHARE CAPITAL AND OWNERSHIP STRUCTURE

At year-end, the share capital totalled SEK 7,548,857, distributed between 67,939,715 shares with a quotient value of SEK 0.11. In accordance with the Articles of Association, the share capital may comprise a minimum of SEK 2,400,000 and a maximum of SEK 9,600,000, distributed between a minimum of 22,000,000 shares and a maximum of 88,000,000 shares. Oncopeptides' Articles of Association contains a record-day provision, and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares of individuals and organizations. All shares are entitled to an equal share of the company's profits and a percentage of the surplus in the event of liquidation.

DIVIDEND POLICY AND PROPOSED DIVIDEND

Oncopeptides will continue to focus on further developing and expanding the company's assets and project portfolio. Available financial resources and recognized profit are therefore to be reinvested in the operations to finance the company's long-term strategy. Any future dividends will be determined based on the company's long-term growth, earnings performance and capital requirements. Insofar as dividends are proposed, they will be considered with respect to the company's objectives, scope and risk. Accordingly, the Board of Directors does not intend to propose any dividend to shareholders until such time as the company generates sustainable profitability. The Board of Directors proposes that the Annual General Meeting resolves that no dividend will be paid for the financial year.

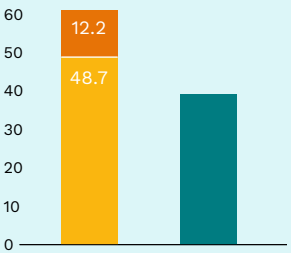
Share price trend an turnover 2017–2020



25 Largest Holders (grouped)	Capital (%)
Healthcap VI LP	16.7%
Stiftelsen Industrifonden	10.9%
Swedbank Robur Fonder	6.4%
Handelsbanken fonder	5.5%
Fjärde AP-fonden	4.8%
JP Morgan Bank Luxembourg S.A.	4.7%
State Street Bank and Trust Co, W9	4.0%
Gladiator	3.5%
Morgan Stanley and Co Llc, W9	2.1%
Försäkringsaktiebolaget, Avanza Pension	2.0%
Afa Försäkring	2.0%
Seb-Stiftelsen, Skand Enskilda	2.0%
AMF - Försäkring och Fonder	1.8%
Jp Morgan Chase Bank N.A.	1.7%
Andra AP-fonden	1.4%
SEB AB, Luxembourg Branch, W8IMY	1.1%
Länsförsäkringar fondförvaltning AB	1.1%
Tin Ny Teknik	0.8%
Lindberg, Jacob	0.8%
SEB Investment Management	0.8%
Nordic and Europe health Invest AS	0.8%
Nordnet Pensionsförsäkring AB	0.7%
Hulme, William Alan	0.5%
Futur Pension	0.5%
JP Morgan Bank Luxembourg S.A.	0.5%

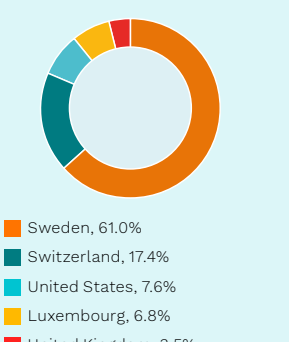
Ownership by catagory

Holdings (%)



Ownership by country

Holdings (%)



Glossary

AE Adverse events.

Alkylator A broad spectrum cytotoxic chemotherapy.

Aminopeptidases Enzymes that hydrolyze peptides. These are over-represented in cancer cells.

Anti-CD38 A monocloncal antibody targeted to CD 38.

CBR Clinical benefit rate, measures the number of patients with multiple myeloma who have lost 25 percent or more of their tumor mass.

CDMO Contract development and manufacturing organization.

Chemotherapy Cancer treatment involving one or more drug to kill cancer cells.

Clinical studies Studies to define doses and evaluate safety and efficacy on healthy volunteers and patients.

CR Complete tumor response.

CRO Contract research organization.

Dexamethasone A powerful steroid used in cancer treatment.

DOR Duration of response refers to the period from an initial tumor reduction until it begins to grow.

Double-refractory Resistant to two drugs.

EHA European Hematology Association.

EMA European Medicines Agency.

Entrapped How a hydrophilic alkylator payload stays inside a cell.

FDA US Food and Drug Administration.

Hematology The science of blood, blood-forming organs, and blood diseases. It includes the treatment of blood disorders and malignancies, including hemophilia, leukemia, lymphoma, and sickle-cell anemia.

Heterogeneous disease A disease comprising different but similar sub-diseases.

IMiDs Immunomodulatory imide drugs, used in the treatment of multiple myeloma.

Interim results Partial results in ongoing trials.

IND Investigational New Drug.

IND-submission Application to enable clinical development of a drug candidate.

INN International non-proprietary name.

Late-stage RRMM Late-stage relapsed refractory multiple myeloma.

Lines of therapy After a cancer diagnosis and decision to treat the patient, the first treatment attempt is known as the first line of therapy, followed by a second line of therapy, etc.

Lipophilicity is a key parameter that determines cell uptake of small molecules.

MAA Marketing Authorization Application.

Melflufen A first-in-class anti-cancer peptide drug conjugate targeting aminopeptidases and releases alkylating agents into tumor cells.

Melphalan flufenamide INN (see above) name for melflufen.

MM Multiple myeloma, a rare blood cancer that forms in plasma cells. Cancerous plasma cells accumulate in the bone marrow and crowd out healthy blood cells.

Monoclonal antibodies Laboratory-produced molecules engineered to serve as substitute antibodies that restore, enhance, or mimic the immune system's attacks on cancer cells.

MR Minimal response refers to a 25–50 percent tumor reduction.

Multi-refractory Resistant to several different drugs.

Multiple myeloma A rare blood-based cancer.

NDA New Drug Application.

OPD5 The second drug candidate coming out of the peptide drug conjugate platform.

Orphan drug A drug used to treat a rare disease, life threatening diseases or diseases in very small patient populations.

Orphan designation A status assigned to an investigational drug for a rare disease. Governments often provide economic incentives to encourage companies to develop and market medicines for rare diseases. The drug and the rare disease must fulfil certain criteria to benefit from incentives such as market exclusivity, once approved.

ORR Overall response rate, the number of patients who have lost 50 percent or more of their tumor mass.

OS Overall survival, the length of time a patient survives from the start of the treatment.

Payload Highly active molecules that are too toxic to be administered in untargeted forms at therapeutic doses.

PD Progressive disease, where the tumor mass has grown by at least 25 percent.

PDC Peptide-drug conjugate. The class of agents that includes melflufen and OPD5.

Peptidases Enzymes that break down peptides.

Peptide A molecule comprising a chain of amino acids. A key attribute of melflufen.

PFS Progression-free survival, measures the length of time from the start of a patient's treatment until the tumor has grown by at least 25 percent.

Pharmacokinetics Data that describe how a drug is distributed and metabolized in the body.

Phase 1, 2, 3 (studies) Various phases of clinical development.

Phase 1 A clinical study to identify appropriate doses of a drug candidate and evaluate safety in healthy volunteers.

Phase 2 A clinical study to evaluate efficacy and safety of a drug candidate in patients ahead of phase 3.

Phase 3 A clinical study that repeats phase 2 processes in larger patient groups and compares drug candidates with other treatments.

Glossary

PI Proteasome inhibitor used in multiple myeloma treatment.

Pivotal study A clinical study to demonstrate the safety and efficacy of a new drug to obtain marketing approval from regulatory authorities.

PK Pharmacokinetics, how a drug is distributed and metabolized in the body.

PR Partial response refers to a tumor reduction of 50 to 90 percent.

Pre-clinical studies Early research during which feasibility, iterative testing and drug safety data are collected. This determines a safe starting dose for first-in-human studies and assesses potential toxicity.

Progression-free No tumor growth.

Proteasome inhibitor Substance used in multiple myeloma treatment.

Quad- and penta-refractory A patient whose disease is refractory to four or five different treatments.

Randomized clinical trial A study in which patients are randomly divided into different groups.

Refractory Resistant to treatment.

Relapse Recurrence of e.g., a tumor.

Resistance development Tumor development causing worse or no response to treatment.

RRMM Relapsed refractory multiple myeloma.

SD Stable disease, where a tumor has neither increased nor decreased in size by more than 25 percent.

Single-arm study Clinical study in which patients receive the same treatment.

Target protein Protein to which a drug binds to release a pharmaceutical effect.

TCR Triple-class refractory, patients are refractory to or intolerant of at least one immunomodulating drug, at least one proteasome inhibitor, and at least one anti-CD38 monoclonal antibody.

Tumor response rate Percentage of patients whose tumors respond to treatment.

VGPR Very good partial response.

Contents

Introduction
This report describes the guidelines for remuneration to members of senior management of Oncopeptides AB, as adopted by the 2020 AGM and implemented in 2020. The report also includes information on the remuneration to the CEO as well as a summary of the company's share-based and share price-related incentive programs outstanding. The report was prepared in accordance with the Swedish Companies Act and the rules on remuneration issued by the Swedish Corporate Governance Board.

More information on remuneration to members of senior management is available in Note 10 Employees and personnel costs on pages 67-70 of the 2020 Annual Report. Information on the work of the Remuneration Committee in 2020 can be found in the Corporate governance report, which is on pages 53–55 in the 2020 Annual Report.

Remuneration to the Board of Directors is not encompassed by this report. Such remuneration is resolved by the AGM and published in Note 10 on page 68 in the 2020 Annual Report.

Performance in 2020
The CEO provides a summary of the company's overall performance on page 10 of the 2020 Annual Report.

The company's remuneration guidelines: applicable areas, objectives and deviations
Oncopeptides is a global biotech company focused on the development of targeted therapies for difficult-to-treat hematological diseases. The U.S. Food and Drug Administration, FDA, recently granted PEPAXTO (melphalan flufenamide, also known as melflufen) accelerated approval for the treatment of relapsed or refractory multiple myeloma. Oncopeptides conducts operations from the head office in Stockholm, Sweden and its offices in Boston, Massachusetts and Mountain View, California, USA.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

These guidelines enable the company to offer the members of senior management a competitive total remuneration. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Long-term share-based incentive programs have been implemented in the company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The programs include senior management, Board members, founders and other personnel, and are reported under Note 27, Share-based remuneration on pages 76-80 of the 2020 Annual Report. For more information about these programs, including the criteria determining outcomes, refer to https://oncopeptides.se/en/remuneration/

The guidelines are reported on pages 67-70 in the 2020 Annual Report. In 2020, Oncopeptides deviated from the guidelines in the recruitment of a new CEO, whose variable remuneration amounted to more than the level of 50 percent as decided by the general meeting. The decision to deviate from the guidelines was made to attract suitable candidates in an international environment on market terms and was capped at 200 percent.

No claim for repayment of remuneration has been made. In addition to the remuneration encompassed by these guidelines, the company's AGMs pass resolutions on the implementation of long-term share-based incentive programs.

For information about the guidelines applicable until the 2021 AGM, refer to the Corporate governance report on pages 48–54 of the 2020 Annual Report.

Share-based remuneration
Share-based incentive programs outstanding
The objective 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 personnel. Oncopeptides currently has nine active programs encompassing management, certain Board members, founders and employees.

"Employee Option Program 2016/2023" was introduced in 2016. "Co-worker LTIP 2017" was introduced in 2017. At the 2018 AGM, two incentive programs were introduced: "Co-worker LTIP 2018" and "Board LTIP 2018". At an EGM in December 2018, "Board LTIP 2018.2" was introduced, and at the 2019 AGM, it was resolved that two new incentive programs were to be introduced: "Co-worker LTIP 2019" and "Board LTIP 2019". At the 2020 AGM, a resolution was passed to introduce the program "Board LTIP 2020", and at the EGM in December 2020 AGM, it was resolved to introduce the program "US Co-worker LTIP 2020".

The options are allotted free of charge and have a three-year vesting period calculated from the allotment date, provided that, with

Total remuneration to the CEO, 2020 (SEK thousand)[1]

2020	Basic salary	Invoiced fees	Variable remuneration	Pension expense[2]	Share-based remuneration[3]	Total
CEO, Marty J Duvall (from July 2020)	2,329	–	1,127	–	–	3,456
CEO, Jakob Lindberg (until June 2020)	1,918	–	647	226	49,375	52,166
Total	**4,247**	–	**1,774**	**226**	**49,375**	**55,622**

1) With the exception of Multi-year variable remuneration, the table presents remuneration that accrues for 2020. Multi-year variable remuneration is presented to the extent it vested in 2020 pursuant to that stated in the following table presenting the CEO's Option programs. This applies irrespective of whether payment has, or has not, been made in the same year.
2) Pension expenses, which are defined-contribution and pertain entirely to basic salary, have been fully recognized as fixed remuneration.
3) Vested share awards as presented below in the CEO's Option programs. The remuneration is disclosed at market value according to the stock exchange's closing price as of December 30, 2020.

customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides.

The share awards will be allotted free of charge to participants in the program. The share awards are vested over approximately three years and are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the final vesting date. For further information about these programs, refer to Note 27 in the 2020 Annual Report.

The full utilization of granted options and share awards as of December 31, 2020, corresponding to 3,406,054 shares, would result in a dilution for shareholders of 4.8 percent. The full utilization of all resolved options corresponding to a total of 5,365,429 shares (including unallotted employee options and performance shares as well as warrants intended for hedging of social security contributions) would result in a dilution for shareholders of 7.3 percent.

Application of performance criteria for variable remuneration

The performance criteria for variable remuneration to the CEO were chosen to help realize the company's strategy and to encourage ownership aligned with the company's long-term interests. The strategic goals together with the short- and long-term business priorities for 2020 were considered when selecting the performance criteria. Moreover, the non-financial performance criteria contribute to sustainability adaptation and to the company's values.

CEO's performance during the reported fiscal year: variable cash remuneration

Description of criteria pertaining to variable remuneration	**a) Recorded performance and b) actual remuneration**
Goals linked to launch - Apply for "accelerated approval" with the FDA - Continued build-up of a launch-ready organization - Establish external awareness of melflufen as a new treatment class	a) 95.2% b) SEK 1,774 thousand
Goals linked to strategy - Raise external capital and broaden the shareholder base - Recruit patients pursuant to the set goals - Continue to build a global organization while retaining the company's fundamental values	

Comparative information pertaining to changes in remuneration and the company's performance

Changes in remuneration and the company's performance over the last five reported fiscal years (SEK thousand)

	2016 vs 2015	**2017 vs 1016**	**2018 vs 2017**	**2019 vs 2018**	**2020 vs 2019**	**Income statement 2020**
Total remuneration to the CEO	+285 (+15%)	+2,332 (+106%)	+461 (+10%)	+1,007 (+22%)	+5,232 (+70%)	10,999
Consolidated operating result	-53,350	-114,482	-306,731	-410,963	-739,392	-1,591,279
Average remuneration based on the number of FTEs employed[1] in the company	0 (0%)	+145 (+3%)	-34 (0%)	+357 (+3%)	+136 (0%)	220,973

1) Excluding members of Group management.

CEO option programs

								Information for the reported fiscal year				
CEO	**Program title**	**Subtitle**	**Vesting date**	**Allotment date**	**End of subscription period**	**Final vesting date**	**Exercise period**	**Exercise price**	**Options Jan 1, 2020**	**Allotted 2020**	**Exercised 2020**	**Options Dec 31, 2020**	**Vested %**
Jakob Lindberg	Employee Option Programs	2016/2023:2	2016–2020	Nov 22, 2016	Jun 30, 2020	Jun 30, 2020	Jun 30, 2020–Nov 31, 2023	0.11	175	–	–	21	100.00%
Jakob Lindberg	Co-worker LTIP	2017:1	2017–2020	May 18, 2017	May 18, 2020	May 18, 2020	May 18, 2020–May 18, 2024	44.48	181,000	–	–	181,000	100.00%
Jakob Lindberg	Co-worker LTIP	2017:3	2018–2021	Feb 21, 2018	Feb 21, 2021	Feb 21, 2021	Feb 21, 2025–Feb 21, 2025	79.77	23,190	–	–	23,190	95.26%
Jakob Lindberg	Co-worker LTIP	2018:2	2019–2022	May 3, 2019	May 3, 2022	May 3, 2022	May 3, 2022–May 3, 2026	126.09	45,860	–	–	45,860	55.52%
Jakob Lindberg	Co-worker LTIP	2019:3	2020–2023	Jan 2, 2020	Jan 2, 2023	Jan 2, 2023	Jan 2, 2023–Jan 2, 2027	128.68	–	65,373	–	65,373	33.27%
Marty J Duvall	Co-worker LTIP	2019:6	2020–2023	Jul 8, 2020	Jul 8, 2023	Jul 8, 2023	Jul 8, 2023–Jul 8, 2027	131.93	–	243,212	–	243,212	16.15%
Total									**250,225**	**308,585**	**–**	**558,656**	

1) the total market value of the underlying shares at the allotment date was SEK 56,463 thousand. The total exercise price was SEK 56,182 thousand.

Group and Parent Company
The Board of Directors and CEO of Oncopeptides, corporate registration number 556596-6438, with its registered office in Stockholm, hereby present the Annual Report and consolidated financial statements for the 2020 fiscal year. Figures in parentheses pertain to the preceding year. All amounts are expressed in SEK thousand, unless otherwise indicated.

Oncopeptides' operations
Oncopeptides is a global biotech company focused on the development of targeted therapies for difficult-to-treat hematological diseases.

Multiple myeloma is a cancer that impacts plasma cells, a type of white blood cell which produces antibodies to help fight infection. Multiple myeloma causes cancer cells to accumulate in the bone marrow. Approximately 250,000 patients live with multiple myeloma in Europe and the US. Some 80,000 patients are diagnosed every year and 44,000 patients die from the disease annually.* Although patients who are treated for multiple myeloma will have periods without symptoms, relapses are inevitable, since the disease develops a resistance to the drugs that are administered. When the disease reaches its later stages, patients suffer from symptoms including fractures and infections caused by a weakened immune system, and side effects of currently available medications. At this stage of the disease, patient care is focused on prolonging and improving the quality of life.

In 2020, the company's primary focus was to continue the development of melflufen. Melflufen has previously undergone both preclinical studies and clinical phase 1 and 2 studies with good results in terms of both safety and efficacy on patients with multiple myeloma. Based on these results, the next logical step was to further develop melflufen that is currently being tested in the ongoing phase 3 studies OCEAN and LIGHTHOUSE.

The aim of the melflufen clinical development program is to demonstrate improved treatment outcomes in comparison with other established alternatives for the treatment of patients suffering from multiple myeloma. Melflufen could potentially provide physicians with a new treatment option for patients suffering from this difficult-to-treat disease. In February 2021, the U.S. Food and Drug Administration, FDA, granted PEPAXTO (melphalan flufenamide, also known as melflufen) accelerated approval for the treatment of relapsed or refractory multiple myeloma.

During the year, a directed share issue raised a total of SEK 1,413.9 M before issue costs. The Group consists of the Parent Company, Oncopeptides AB, as well as the Swedish subsidiary, Oncopeptides Incentive AB, and the US subsidiary, Oncopeptides Inc. The Swedish subsidiary, Oncopeptides Incentive AB, conducts no operating activities.

Significant events in 2020
- In March 2020, Oncopeptides announced the overall response rate of melflufen in the pivotal HORIZON study.
- In June 2020, full top-line results were presented from the pivotal phase 2 HORIZON study in triple-class refractory multiple myeloma patients at the European Hematology Association (EHA) meeting.
- In June 2020, Oncopeptides submitted an application to the FDA for accelerated approval in triple-class refractory multiple myeloma patients
- In June 2020, the Board appointed Marty J Duvall as CEO. Marty J Duvall replaced Jakob Lindberg who served as CEO since the restart of the company in 2011. Jakob Lindberg took over the role as Chief Scientific Officer, CSO.
- In July 2020, a directed share issue was completed encompassing 12,295,000 shares at a subscription price of SEK 115 per share. The share issue raised SEK 1,413.9 M before issue costs.
- In July 2020, Oncopeptides took over a laboratory for drug development in Solna and reinforced its preclinical research capacity.
- In August 2020, Oncopeptides started the phase 2 PORT study.
- In August 2020, the first study with melflufen outside multiple myeloma was also started and the first patient in the phase 1/2 AL amyloidosis study ASCENT was enrolled.
- In August 2020, the FDA granted priority review of melflufen for patients with triple-class refractory multiple myeloma.
- In September 2020, Oncopeptides completed the extended enrollment for the pivotal phase 3 OCEAN study in relapsed refractory multiple myeloma – 495 patients were included.
- In October 2020, Oncopeptides entered into a loan agreement of EUR 40 M with the European Investment Bank (EIB).
- In December 2020, Oncopeptides presented new data from the phase 2 ANCHOR combination study in multiple myeloma at the American Society of Hematology (ASH) meeting. The full data set was also published in the Journal of Clinical Oncology.
- In December 2020, the first patient was enrolled in the phase 3 LIGHTHOUSE combination study in multiple myeloma.

Sales and earnings
In 2020, the Group's net sales totaled SEK 0.0 M (0.0) as permits to market PEPAXTO have yet to be obtained.

Oncopeptides' research and development costs for the year amounted to SEK 866.2 M (548.3). The cost increase was primarily attributable to increased clinical expenses stemming from intensified activity in the ongoing OCEAN and HORIZON pivotal clinical studies. Marketing and distribution costs for the year totaled SEK 456.5 M (127.4). Administrative expenses for the year amounted to SEK 197.7 M (72.0). The main reason behind the increase in expenses was the continued expansion of the medical affairs and marketing functions ahead of the company's expected launch of PEPAXTO in the US.

Operating expenses include costs for share-based incentive programs, which are non-cash items, amounting to SEK 68.2 M (37.8).

The company reported a net loss for the year of SEK 1,594.7 M (loss: 740.7), corresponding to negative earnings per share, before and after dilution, of SEK 25.57 (neg: 14.33).

Cash flow and investments
Cash flow from operating activities during the year amounted to a negative SEK 1,296.5 M (neg: 690.6), primarily due to the expansion of the clinical program and of the medical affairs and marketing functions. Cash flow from investing activities amounted to a negative SEK 20.1 M (neg: 2.6), and primarily related to equipment for the new preclinical laboratory facility taken over in Solna in July. Cash flow from financing activities amounted to SEK 1,323.5 M (1,236.3). In May 2020, a decision was taken to conduct a directed share issue in two steps, in May 2020 and in July 2020, which raised SEK 1,413.9 M before issue costs of SEK 85.2 M.Total cash flow for the year amounted to SEK 6.8 M (543.1).

Financial position
At December 31, 2020, the company's cash and cash equivalents amounted to SEK 840.3 M (926.2), and equity to SEK 576.9 M (797.0). In October 2020, Oncopeptides entered into a loan agreement with

Multi-year summary, Group

SEK thousand	2020	2019	2018	2017	2016
Net sales	–	–	–	–	–
Operating loss	-1,591,279	-739,392	-410,963	-306,731	-114,482
Loss before tax	-1,592,442	-739,920	-410,965	-306,731	-114,446
Loss after tax	-1,594,693	-740,705	-411,112	-306,731	-114,446
Earnings per share before and after dilution (SEK)	-25.57	-14.33	-9.58	-7.96	-4.88
Cash flow from operating activities	-1,296,509	-690,566	-333,727	-271,497	-104,262
Equity	576,897	797,013	265,004	358,894	26,337
Cash and cash equivalents at the end of the period	840,255	926,186	375,617	404,050	40,251

the European Investment Bank (EIB). This provides Oncopeptides with access to an unsecured loan facility of up to EUR 40 M. The loan facility is divided into three tranches, each with a maturity of up to five years. These will become available provided that the company reaches certain milestones related to the commercialization of melflufen in the US and the EU, respectively. If the company utilizes the facility, the EIB will be entitled to a predetermined number of warrants in Oncopeptides, in excess of interest on the loan amount. The warrants are divided into three tranches and assuming full drawdown under the loan facility, the EIB will be entitled to warrants corresponding to 0.7 percent of the total number of shares in the company on a fully diluted basis. To date, the loan facility is unutilized. Pledged assets at the end of period amounted to SEK 13.1 M (0.9).

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, Board members, founders and other co-workers.

Oncopeptides currently has nine active programs encompassing management, certain Board members, founders and employees. "Employee Option Program 2016/2023" was introduced in 2016. The incentive program "Co-worker LTIP 2017" was introduced in 2017. At the 2018 AGM, two incentive programs were introduced: "Co-worker LTIP 2018" and "Board LTIP 2018". At an EGM in December 2018, "Board LTIP 2018.2" was implemented, and at the 2019 AGM, it was resolved that two new incentive programs were to be introduced: "Co-worker LTIP 2019" and "Board LTIP 2019". At the 2020 AGM, a resolution was passed to introduce the program "Board LTIP 2020", and at the EGM in December 2020 AGM, it was resolved to introduce the program "US Co-worker LTIP 2020".

For information about these programs, refer to Note 27 on pages 67–70.

In 2020, 668,885 share awards and 775,572 options were allotted. A total of 3,944 share rights were withdrawn and 21,266 share awards exercised. Options corresponding to 200,700 shares were exercised and options corresponding to 382,670 shares have lapsed. Allotted options and share awards at December 31, 2020 corresponded to a total of 3,406,054 shares.

The cost for the share-based incentive programs was SEK 68.2 M (37.8), of which SEK 29.5 M (5.9) comprised provisions and payments for social security contributions and SEK 38.7 M (31.9) comprised costs for share-based payments. These costs had no impact on cash flow. The company has issued warrants that are used to cover social security contributions arising from the exercise of granted employee options.

Effects of COVID-19

A decision was taken in March to apply a temporary pause to patient recruitment in a few of the company's ongoing exploratory clinical studies and starts were deferred for a few studies.

Patient recruitment resumed in May for those studies that had been paused. Otherwise, COVID-19 had no direct impact on the company's accounts.

Parent Company

The Group's Parent Company is Oncopeptides AB. 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.

OTHER INFORMATION

Environment

Oncopeptides works proactively to reduce the company's negative environmental impact and to develop as a sustainable company.

Since the company does not have any sales, its products do not have any environmental impact. Oncopeptides' areas of environmental impact pertain instead to the purchase of goods and services, energy consumption and transportation. The company's objective is to contribute to sustainable development, and it thus works proactively to improve its environmental performance insofar as this is economically feasible.

Share capital and ownership structure

Oncopeptides' share capital totaled SEK 7,548,857, distributed among 67,939,715 shares with a quotient value of about SEK 0.11.

The overall number of shares outstanding at December 31, 2020 was 67,939,715 ordinary shares with one vote each.

At December 31, 2020, HealthCap VI LP and Stiftelsen Industrifonden were the single largest shareholders in Oncopeptides, with a total of 11,322,400 and 7,420,805 shares, respectively, corresponding to 16.7 percent and 10.9 percent of the votes and capital.

Co-workers

Oncopeptides' organization comprises co-workers (employees and consultants) with key skills in pharmaceutical development, who collectively cover all aspects relevant to the development and commercialization of melflufen. At year-end, the total number of co-workers was 280 (88). The average number of employees during the year was 182 (39).

The Board's proposals for guidelines for remuneration to senior management

The CEO and the other members of senior management fall within the provisions of these guidelines The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2021. The guidelines **do not** apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Oncopeptides is a global biotech company focused on the development of targeted therapies for difficult-to-treat hematological diseases. Oncopeptides conducts operations from the head office in Stockholm, Sweden and its offices in Boston, Massachusetts and Mountain View, California, USA.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the members of senior management a competitive total remuneration. Long-term share-based incentive programs have been implemented in the company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The programs encompass management, Board members, founders and other personnel. For more information about these programs, including the criteria determining outcomes, refer to the Corporate governance report on pages 51–52. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration consists of a target-based variable remuneration of 50 percent of the fixed annual cash salary with capped at a maximum of 200 percent for the CEO and a target-based variable remuneration of between 25 and 50 percent for other senior management with capped at a maximum of 1.5 times the target-based remuneration.

For the CEO, provisions will take place in the 401k pension plan subject to a cap of not more than USD 26,500. For other members of senior management employed in Sweden, pension benefits, including health insurance, should be defined-contribution. Variable cash remuneration is not pensionable. The pension premium for defined contribution pensions is based on the individual's age and fixed cash renumeration and shall amount to not more than 24 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw:sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than two percent of the fixed annual cash salary.

The pension commitments for other members of senior management outside Sweden are to follow the market-based terms of their respective countries.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is given by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other senior management. The notice period may not exceed six months without any right to severance pay when termination is made by the executive.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Director's decision to propose guidelines for executive remuneration. The Remuneration Committee has, with the help of external consultant Deloitte, carried out a comparative analysis of levels of remuneration and components thereof for individuals who are a part of executive management.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company.

The members of the Remuneration Committee are independent of the company and its executive management. The CEO and the other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters.

Description of material changes to the guidelines and how the shareholders' have been taken into consideration
During 2020, a new CEO has been employed whose variable remuneration has been set above the 50 percent level resolved upon by the AGM. The reason for the deviation from the guidelines was to attract suitable candidates in an international environment on market terms. For 2021, it is proposed that variable remuneration consist of a target-based variable remuneration up to 50 percent of the fixed annual salary with a maximum of 200 percent for the CEO and a target-based variable remuneration of between 25 and 50 percent for the other members of senior management with a maximum of 1.5 times the target-based variable remuneration.

For information about the guidelines applicable until the 2021 AGM, refer to the Corporate governance report on pages 50–51.

Events after the end of the fiscal year
PEPAXTO® (melphalan flufenamidem also known as melflufen), in combination with dexamethasone, was granted accelerated approval by the FDA on February 26 for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior lines of therapy and whose disease is refractory to at least one proteasome inhibitor, one immunomodulatory agent, and one CD38-directed monoclonal antibody.

Oncopeptides commenced marketing of PEPAXTO immediately to healthcare personnel in the US.

In March 2021, the Board of Directors of Oncopeptides, based on the issue authorization granted by the annual general meeting on May 26, 2020, resolved on a directed share issue of 7,000,000 new shares at a subscription price of SEK 158 per share, which means that Oncopeptides will receive gross proceeds of approximately SEK 1,106 M (approximately USD 130 M) before issue costs.

In April 2021, Oncopeptides submitted an application to the European Medicines Agency, EMA, for conditional marketing authorization of melflufen (melphalan flufenamide) in the EU.

RISKS
Oncopeptides' operations are impacted by a number of factors whose effects on the company's earnings and financial position are, in certain respects, entirely or partly beyond the company's control. When evaluating the company's future performance, it is important to factor in these risks alongside its potential earnings growth.

The following is a description of significant risks and uncertainties (not in order of priority) deemed to be most critical to the company's future development.

Clinical studies
Prior to launching a product candidate in the market, Oncopeptides must carry out preclinical and clinical studies to document and prove that the product gives rise to significant efficacy and has an acceptable safety profile. Oncopeptides is unable to predict with any certainty when planned clinical studies can be started or when ongoing studies can be completed since these are circumstances that are affected by numerous factors that are beyond Oncopeptides' direct control, for example, regulatory approval, ethical review, access to patients and clinical study units, and the implementation of the clinical study at the study unit. It is also difficult to accurately predict the costs associated with clinical studies. The actual costs for carrying out a study may significantly exceed the estimated and budgeted costs. Clinical studies may also give rise to results that do not confirm the intended treatment efficacy or an acceptable safety profile due to undesirable side effects or an unfavorable risk-benefit assessment of the product.

Dependence on a specific product
At present, the company is primarily focusing on the development of its leading product candidate, melflufen, which has been granted conditional market approval under the product name PEPAXTO in the US but has yet to be granted approval in any other market. The company has invested considerable resources in the development of melflufen, and expanding the use of melflufen in the chain of treatment for myeloma in new geographical locations and for other diseases is dependent on the confirmation of positive results from the clinical studies. A setback in the development of melflufen in the form of, for example, delays, rejections, inconclusive or insufficient data from clinical studies or if sales of the approved indication are lower than anticipated could adversely impact the company's operations, financial position and earnings.

Reliance on key individuals
Oncopeptides is reliant on several key individuals in a range of fields. The ability to recruit and retain qualified co-workers is of material importance to ensure the level of expertise in the company.

Regulatory approval
Oncopeptides is exposed to regulatory decisions such as the permits required to commercialize pharmaceuticals and regulatory changes with regard to pricing, reimbursement and discounting of pharmaceuticals, or altered conditions for prescribing a particular pharmaceutical product.

Production
Since Oncopeptides has no proprietary production facilities, the company is dependent on sub-suppliers for the production of pharmaceuticals. Substances and products must be produced in sufficient quantities and be of adequate quality. Although none of the company's current manufacturers are sufficiently important to be considered indispensable, the company is dependent on them, since switching manufacturers could be costly and time consuming. There is a risk the company may not find suitable manufacturers who offer the same quality and quantity at terms and conditions that are acceptable to the company.

Product liability
With respect to the nature of Oncopeptides' operations, it is relevant to consider its product liability, which arises from the company's product development and commercialization. Given the nature and scope of the operations, the company's management is of the opinion that Oncopeptides' current insurance coverage is adequate. However, the company will need to review its insurance coverage for each planned clinical study, and it is highly probable that for every future planned study, the extent of insurance coverage and payout amounts will be subject to limitations. Accordingly, there are no guarantees that Oncopeptides' insurance coverage will be adequate to fully cover any future regulatory requirements, which could adversely impact Oncopeptides' operations and earnings.

Competition ans commercialization
Oncopeptides' competitors include international pharmaceutical companies and biotech companies. Some competitors have substantial financial, technical and staffing resources as well as considerable manufacturing, distribution, sales and marketing capacities. There is also a risk that Oncopeptides' products may be subject to competition from entirely new product concepts that provide greater added value to patients. In addition, the commercialization of pharmaceutical products is dependent on a number of operational factors such as promotional effectiveness so there is a risk that the product uptake does not reach expected levels even if the product profile is competitive.

Currency risks
The company's reporting and functional currency is SEK. The company's development costs for melflufen are mainly in USD and EUR. Therefore, the company is exposed to exchange-rate risks with respect to payment flows within and beyond Sweden and the euro-zone, such as fluctuations where the exchange rate in effect when payment is due deviates from the contractually agreed amount at the time of agreement. In accordance with the company's policy for financial risk, the company exchanges cash into USD and EUR at a level of 70 to 100 percent of the expected cash flow in each currency.

Financing risk
Pharmaceutical development is normally capital-intensive, and Oncopeptides' planned clinical studies and development projects entail significant expenses. The company is thus dependent on its continued capacity to acquire sufficient capital. Any delays with respect to clinical studies, or a slower increase in the pace of sales than expected, could result in cash flow being generated later than planned. Future capital requirements could also be contingent upon the company's ability to achieve partnerships/co-financing. Oncopeptides will need to acquire additional capital moving forward, depending on the amount of income that can be successfully generated in relation these costs. The company's ability to acquire additional capital, achieve partnerships or obtain other co-financing cannot be guaranteed. This could cause a temporary suspension of development or force Oncopeptides to conduct its operations at a less than optimal rate, which could result in delayed or failed commercialization and income.

1) NCI SEER (https://seer.cancer.gov/) and WHO Globocan (https://gco.iarc.fr/)

Proposed appropriation of profits for the 2020 fiscal year

The following amounts are at the disposal of the AGM (SEK):

Share premium reserve	3,822,968,120
Retained earnings	-1,671,577,555
Loss for the year	-1,599,619,728
	551,770,837

The Board of Directors proposes that SEK 551,770,837 be carried forward.

Corporate Governance Report

INTRODUCTION

Oncopeptides is a Swedish public limited liability company with its registered office in Stockholm, Sweden. The company's share has been listed on Nasdaq Stockholm since February 22, 2017 and is traded under the ticker symbol ONCO. In addition to the rules laid down by law or other regulations, Oncopeptides applies the Swedish Corporate Governance Code (the "Code") with no exceptions. This report pertains to the 2020 fiscal year and has been reviewed by the company's auditors.

Oncopeptides' corporate governance

The purpose of Oncopeptides' corporate governance is to create a clear allocation of roles and responsibilities among the owners, the Board of Directors and management. Corporate governance, management and control of Oncopeptides are allotted among the general meeting, the Board of Directors, its elected committees and the CEO.

Examples of external regulations that affect corporate governance

- The Swedish Companies Act
- Regulatory framework for external statements
- Nasdaq Stockholm's Rule Book for Issuers
- Swedish Corporate Governance Code
- Other applicable regulations and recommendations

Examples of internal regulations that are significant to corporate governance

- Articles of Association
- Board of Directors' rules of procedure, including instructions to Board committees
- Instructions for the CEO
- Guidelines for remuneration to senior management
- IT policy
- Financial manual
- Code of Conduct
- Information policy
- Insider policy

Shareholders and the share

Oncopeptides had 16,570 shareholders at year-end 2020. The total number of shares was 67,939,715. There was only one share class. Each share entitles the holder to one vote at the AGM, and all shares carry equal rights to the company's assets and earnings. At December 31, 2020, HealthCap VI LP and Stiftelsen Industrifonden were the single largest shareholders in Oncopeptides, with a total of 11,322,400 and 7,420,805 shares, respectively, corresponding to 16.7 percent and 10.9 percent of the votes and capital. No shareholder other than HealthCap VI LP and Stiftelsen Industrifonden has a direct or indirect shareholding that represents at least one-tenth of the voting rights of all shares in the company. Further information about shareholders and the Oncopeptides share is available on pages 36-37.

The Articles of Association do not have any specific provisions regarding the appointment or dismissal of Board members or about amending the Articles.

General meetings of shareholders

The company's highest decision-making body is the general meeting, where shareholders may exercise their right to decide on the company's affairs. The AGM is to be held within six (6) months of the end of the financial year. The AGM resolves, for example, on the election of the Board of Directors and, where appropriate, the auditors as well as the principles for the appointment of the Nomination Committee, and discharge from liability for the Board of Directors and the CEO for the preceding year. Other issues to be resolved include the adoption of the Annual Report, the appropriation of profit or loss, directors' and auditors' fees, guidelines for remuneration to the CEO and other members of senior management, and incentive programs for co-workers.

The Articles of Association state that the AGM is to be held in Stockholm. To attend and vote at general meetings, either in person or through a proxy, shareholders must be registered in the share register maintained by Euroclear no later than five (5) business days prior to the meeting and notify the company of their participation in accordance with the notice convening the meeting. Official notice of general meetings is to be made in the form of an announcement in Post- och Inrikes Tidningar and on the company's website (www.oncopeptides.se). Information regarding the notice shall also be advertised in Dagens Industri.

2020 AGM

- The AGM for 2020 was held on May 26, 2020 in Stockholm. About 71 percent of the total votes were represented at the meeting. Attorney Johan Winnerblad was elected Chairman of the Meeting.
- The AGM passed resolutions including the following:
- Per Wold-Olsen, Brian Stuglik, Jonas Brambeck, Cecilia Daun Wennborg, Jarl Ulf Jungnelius, Per Samuelsson and Jennifer Jackson were re-elected as Board members. Per Wold-Olsen was re-elected as Chairman of the Board.
- Ernst & Young AB was elected as the company's auditor, with Björn Olsson as auditor in charge.
- Remuneration to the Chairman of the Board and Board members elected by the AGM, and the auditor
- Adoption of the proposed guidelines for remuneration to senior management.
- Implementation of one performance-based incentive program for certain Board members
- Decision to issue warrants to secure the delivery of shares for the incentive program
- The AGM resolved in accordance with the Board's proposals for guidelines for remuneration to members of senior management
- Authorization for the Board of Directors to resolve on new share issues with or without preferential rights for shareholders. The authorization may be exercised on one or more occasions up until the 2021 AGM and the number of shares issued under the authorization may not, after full exercise of the authorization, correspond to a dilution of more than 20 percent of the total number of shares outstanding at the Annual General Meeting's resolution on the proposed authorization.
- Adoption of the balance sheet and income statement.
- Discharge from liability for the Board of Directors and the CEO with regard to the 2020 fiscal year.
- A new Articles of Association was decided on with only minor adjustments concerning notification to the AGM.

The minutes and information from the AGM are available at oncopeptides.com.

Nomination Committee for the 2021 AGM

Representatives	Shareholders
Staffan Lindstrand, Chairman	HealthCap VI L.P.
Patrik Sobocki	Stiftelsen Industrifonden
Ulrik Grönvall	Swedbank Robur Funds
Per Wold-Olsen	Chairman of the Board of Oncopeptides AB

2020 EGM

The EGM on December 4, 2020 passed the following resolutions:

- Implementation of one long-term performance-based incentive program for the company's employees in the US.
- Decision to issue warrants to secure the delivery of shares in the incentive program.

2021 AGM

The 2021 AGM will be held on Wednesday, May 26, 2021. Due to the extraordinary situation resulting from the covid-19 pandemic, the AGM will be carried out through advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place. The minutes of the AGM will be available at www.oncopeptides.com.

Nomination Committee

The Nomination Committee represents the company's shareholders and is charged with preparing the AGM's resolutions on election and remuneration matters. The Nomination Committee consists of four members, three of whom are to represent the three largest shareholders in the company on the last business day in September 2020, according to statistics from Euroclear Sweden AB. If any of the three largest shareholders chooses to waive their right to appoint a member of the Nomination Committee, this right passes to the shareholder with the next largest shareholding after these shareholders. The fourth person is to be the Chairman of the Board of Directors. The composition of the Nomination Committee is to be publicly announced no later than six months prior to the AGM.

The Nomination Committee observes the rules governing the independence of Board members according to the Swedish Corporate Governance Code.

The Nomination Committee jointly represents approximately 34 percent of the number of shares and votes in the company based on shareholder information at the time of appointment.

BOARD OF DIRECTORS

Composition and independence

According to Oncopeptides' Articles of Association, the Board of Directors is to consist of no fewer than three and no more than eight members elected by the AGM for the term until the end of the next AGM. Seven Board members were elected at the 2020 AGM.

According to the Code, the majority of the Board members elected by the general meeting are to be independent of the company and its management. All Board members are considered independent in relation to the company and its management. Five of the Board members, together with the Chairman of the Board, are also considered independent in relation to major shareholders. Accordingly, Oncopeptides fulfills the Code's requirement with regard to independence.

At the end of the fiscal year, Oncopeptides' Board of Directors comprised eight Board members: Chairman of the Board Per Wold-Olsen and Board members Jonas Brambeck, Cecilia Daun Wennborg, Ulf Jungnelius, Per Samuelsson, Brian Stuglik and Jennifer Jackson. For further information about the Board of Directors, see pages 86-87 or visit www.oncopeptides.com.

Responsibility and duties of the Board of Directors

After the general meeting, the Board of Directors is the company's highest decision-making body. The Board of Directors is to be responsible for the organization and management of the company's affairs, for example, by establishing targets and strategies, ensuring that procedures and systems are in place for monitoring set targets, continuously assessing the company's financial position and evaluating its operational management.

Furthermore, the Board of Directors is responsible for ensuring that correct information is given to the company's stakeholders, that the company complies with laws and regulations and that the company prepares and implements internal policies and ethical guidelines. The Board of Directors also appoints the company's CEO and determines his or her salary and other remuneration on the basis of the guidelines adopted by the general meeting.

The Board of Directors adheres to written rules of procedure which are reviewed annually and adopted at the statutory Board meeting. The rules of procedure govern, among other things, the practices and tasks of the Board of Directors, decision-making within the company, the Board's meeting agenda, the Chairman's duties and the allocation of responsibilities between the Board of Directors and the CEO. Instructions for financial reporting and instructions for the CEO are also determined in connection with the statutory Board meeting.

The Board of Directors' work is also carried out based on a yearly meeting schedule that fulfills the Board's need for information. In addition to Board meetings, the Chairman and the CEO maintain an ongoing dialogue regarding the management of the company.

The Board of Directors meets according to a predetermined annual schedule and at least five ordinary Board meetings are to be held between each AGM. In addition to these meetings, extra meetings can be arranged to address matters which cannot be deferred to any of the scheduled meetings.

In 2020, an anonymous survey-based evaluation was performed, through which all the Board members received the opportunity to express themselves about the work of the Board of the company. This information has been collected and compiled in a report prepared by the solicitor firm Vinge, as an independent party. The results will be taken into consideration for the Board's work in 2020. The Nomination Committee, through the Chairman of the Board, has received the evaluation report.

Board of Directors' work and significant events in 2020

The Board met on 20 occasions during the year, seven of which were held per capsulam.

The Board has primarily considered and made decisions on matters relating to the company's strategic focus, melflufen project development, external reporting, budget and budget follow-up. The Board has also been active in preparations and decisions on new share issues.

Board committees

The Board of Directors has set up two committees, the Audit Committee and the Remuneration Committee, which both work according to procedures established by the Board.

Audit Committee

The Audit Committee's role is primarily to monitor the company's financial position, ensure the effectiveness of the company's internal control, risk management and IT function. In addition, the committee must ensure that the correct skills, processes and system support is available in the economical function. The committee is to also remain informed about the audit of the Annual Report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. The Audit Committee also assists the Nomination Committee in preparing proposals for resolution on the election and remuneration of the auditors. The Audit Committee continues to consist of the following members since the AGM on May 26, 2020:

- Cecilia Daun Wennborg (Chairperson)
- Jonas Brambeck
- Per Samuelsson
- Per Wold-Olsen

The committee was convened five times in 2020. Oncopeptides' auditors participated in four of these meetings, at which the topics discussed included the auditors' planning of the audit, observations and examination of the company and its financial statements. The fifth meeting concerned financing.

Remuneration Committee

The Remuneration Committee's role is primarily to prepare matters for recommendation to the Board regarding remuneration and other terms of employment for the CEO and CFO and to review with the CEO the plans for remuneration for other members of senior management. The Remuneration Committee also formulates the remuneration report and the CEO's bonus plan, and monitors ongoing and completed programs for variable remuneration to the company's management as well as monitors and evaluates the implementation of the guidelines for remuneration to senior management adopted by the AGM. Following the AGM on May 26, 2020, the Remuneration Committee consists of the following members:

- Per Wold-Olsen (Chairman)
- Jonas Brambeck
- Per Samuelsson

The Remuneration Committee was convened nine times in 2020. At these meetings, the committee discussed the company's existing remuneration systems and proposed guidelines for the remuneration of the CEO and members of senior management as well as the aims, terms and conditions of the incentive programs adopted by the AGM on May 26, 2020.

CEO AND MANAGEMENT

The role of the CEO is subordinate to the Board of Directors. The CEO's main task is to carry out the company's ongoing management and the daily activities of the company. The rules of procedure for the Board of Directors and the instructions for the CEO stipulate which matters the Board is to resolve upon, and which matters fall within the CEO's area of responsibility. Furthermore, the CEO is responsible for preparing reports and necessary information for decision-making prior to Board meetings and presenting the material at Board meetings.

Oncopeptides' management team consisted, as per December 31, 2020 of eleven individuals. In addition to the CEO, management comprises the company's Chief Financial Officer, Chief Scientific Officer, Chief Operating Officer, Head of Regulatory Affairs, Head of Research & CMC, Chief Commercial Officer, Global Head of Corporate Communications, General Counsel, Chief Medical Officer and General Manager US Business Unit.

For information on the management team, see pages 88-89 or visit the company's website, www.oncopeptides.com.

REMUNERATION TO THE BOARD OF DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

Remuneration to Board members

The AGM on May 26, 2020 resolved that fees to Board members for the period up to and including the end of the 2021 AGM should comprise SEK 625,000 to the Chairman of the Board and SEK 250,000 to each of the other Board members. In addition to fees for regular Board work, it was resolved that each Board member residing in the US should receive an extra fee of SEK 90,000 and that each Board member residing in Europe outside the Nordic region should receive an extra fee of SEK 45,000.

As remuneration for committee work, it was resolved that the Chairman of the Audit Committee would receive SEK 75,000 and other members of the Audit Committee SEK 25,000 each. It was also resolved that the Chairman of the Remuneration Committee would receive SEK 50,000 while the other members of the Remuneration Committee would receive SEK 25,000 each.

The fees determined in 2020 to Board members elected by the AGM are shown in the table below.

Remuneration to members of senior management

Issues pertaining to remuneration to members of senior management are addressed by the Board's Remuneration Committee. The Board decides on the CEO's remuneration based on the proposal presented by the Remuneration Committee. Remuneration and terms for members of senior management are to be based on market conditions and consist of a balanced mix of fixed salary, variable remuneration, pension benefits and terms upon termination. For the 2020 fiscal year, the CEO and other members of senior management received salary and other remuneration as set out in Note 10 in the Annual Report.

Guidelines for remuneration to senior management

Guidelines were adopted at the 2020 AGM valid for the period up to the closing of the 2021 AGM. The main points were as follows.

Oncopeptides' starting point is that salary and other terms and conditions should always enable Oncopeptides to attract and retain qualified members of senior management at a reasonable cost for the company. Remuneration to members of senior management is to

Reporting period January 1–December 31, 2020

		Independent in relation to		Remuneration, SEK thousand[3]				Attendance[1]		
Board member	Function	The company and its management	Major shareholders	Board fees	Audit Committee	Remuneration Committee	Total	Board of Directors[2]	Audit Committee	Remuneration Committee[2]
Per Wold-Olsen	Chairman	Yes	Yes	670	25	50	745	13/13	5/5	9/9
Jonas Brambeck	Board member	Yes	No	250	25	25	300	13/13	5/5	9/9
Cecilia Daun Wennborg	Board member	Yes	Yes	250	75	–	325	13/13	5/5	–
Per Samuelsson	Board member	Yes	No	250	25	25	300	13/13	5/5	9/9
Ulf Jungnelius	Board member	Yes	Yes	295	–	–	295	13/13	–	–
Brian Stuglik	Board member	Yes	Yes	340	–	–	340	13/13	–	
Jennifer Jackson	Board member	Yes	Yes	340	–	–	340	13/13	–	–
Total				**2,395**	**150**	**100**	**2,645**			

1) Figures in table show the total number of meetings attended/total number of meetings.
2) Excluding per capsulam meetings.
3) Fee set by the AGM, excluding social security contributions for the May 2020 to May 2021 fiscal year.

be decided in accordance with Oncopeptides' remuneration policy, which is adopted annually by the Board and comprises a supplement to the guidelines.

Remuneration to members of senior management consists of a fixed salary, variable remuneration, pension and other benefits. To avoid unnecessary risks being taken by members of Oncopeptides' senior management, there should be a fundamental balance between fixed and variable remuneration. Furthermore, Oncopeptides' AGM may, if so ordered, offer long-term incentive programs, such as share or share price-related incentive programs.

Each member of senior management is to be offered a market-level fixed salary based on the degree of difficulty of the work and the individual's responsibilities, experience and performance. In addition, each member of senior management may, from time to time, be offered variable remuneration (bonus) to be paid in cash. Variable remuneration is to be based on clear predetermined and measurable performance criteria and financial results as well as predetermined individual objectives and business objectives, and is to be designed to promote Oncopeptides' long-term value creation. Variable remuneration is to be paid in cash and is not to exceed 50 percent of annual fixed salary for the CEO and the interval of 30–50 percent of annual fixed salary for other members of senior management. Members of senior management are to be offered pension terms that are in accordance with market practice in the country where the individuals are domiciled. Non-monetary benefits are to facilitate the work of senior management and are to correspond to what is considered reasonable in relation to market practice.

In 2020, Oncopeptides deviated from the guidelines in the recruitment of a new CEO, whose variable remuneration amounted to more than the level of 50 percent as decided by the general meeting. The decision to deviate from the guidelines was made to attract suitable candidates in an international environment on market terms and was capped at 200 percent. The variable remuneration for the current CEO amounted to 90.4 percent for 2020.

The fixed salary during the notice period, together with severance pay, may not exceed 24 months' fixed salary.

The Board of Directors is entitled to deviate from the guidelines in individual cases should there be special reasons for doing so. Before every AGM, the Board of Directors is to consider whether or not additional share or share price-related incentive programs should be proposed to the general meeting.

It is the general meeting that resolves upon such incentive programs. Incentive programs are to promote long-term value growth and align the interests of participating members of senior management with those of the shareholders.

New share issues and transfers of securities resolved upon by the general meeting in accordance with the rules of Chapter 16 of the Swedish Companies Act are not covered by the guidelines insofar as the AGM has taken, or will take, such decisions.

SHARE-BASED INCENTIVE PROGRAMS

Oncopeptides currently has nine active programs encompassing management, certain Board members, founders and employees. "Employee Option Program 2016/2023" was introduced in 2016. The incentive program "Co-worker LTIP 2017" was introduced in 2017. At the 2018 AGM, two incentive programs were introduced: "Co-worker LTIP 2018" and "Board LTIP 2018". At an EGM in December 2018, "Board LTIP 2018.2" was implemented, and at the 2019 AGM, it was resolved that two new incentive programs were to be introduced: "Co-worker LTIP 2019" and "Board LTIP 2019". At the 2020 AGM, a resolution was passed to introduce the program "Board LTIP 2020", and at the EGM in December 2020, it was resolved to introduce the program "US Co-worker LTIP 2020". A brief description of the programs follows below. See Note 27 in the 2020 Annual Report for further information on the incentive programs.

Employee Option Program 2016/2023

Employee options were allotted free of charge to participants. Allotted employee options are vested gradually over a four-year period calculated from the starting date (aside from 60 options in the series that vest and are allotted over a period of 12 months). Vesting requires that the holder remain employed by the company and that the employment is not terminated as per the day of vesting of each employee option. Each vested option entitles the holder to subscribe for 900 new shares in the company up to and including November 30, 2023 at the latest.

Co-worker LTIP 2017

The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides. Once the options are vested, they can be exercised within a four-year period.

Each vested option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the weighted average price that the company's shares were traded for on Nasdaq Stockholm during the five trading days preceding the allotment date.

Co-worker LTIP 2018

The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides. Once the options are vested, they can be exercised within a four-year period.

Each vested option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the weighted average price that the company's shares were traded for on Nasdaq Stockholm during the five trading days preceding the allotment date.

Co-worker LTIP 2019

The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides. Once the options are vested, they can be exercised within a four-year period.

Each vested option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the weighted average price that the company's shares were traded for on Nasdaq Stockholm during the five trading days preceding the allotment date.

US Co-worker LTIP 2020

The share awards were allotted to participants free of charge and entitle the holder to shares in Oncopeptides. The share awards are subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the third day calculated from the allotment date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each vested share award entitles the holder to obtain one share in Oncopeptides free of charge, provided that the holder, is still employed at Oncopeptides on the final

vesting date. In certain customary exceptional cases, vesting is possible even if the participant is no longer employed at Oncopeptides on the final vesting date. Vested share awards are automatically exercised as soon as possible after the final vesting date.

Board LTIP 2018
The share awards were allotted to participants free of charge. Share awards are vested over a three-year period, with one-third per year during the period from one AGM to the next. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the date of the 2018 AGM up to and including the date of the 2021 AGM. The share price's performance will be measured as the volume-weighted average price of the company's share 30 trading days immediately after the 2018 AGM and 30 trading days immediately before the 2021 AGM. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the 2021 AGM.

Board LTIP 2018.2
The share awards were allotted to participants free of charge. Share awards are vested over a three-year period, with one-third per 12-month period after the allotment date. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the final vesting date. The share price's performance will be measured as the volume-weighted average price of the company's share 10 trading days immediately after the allotment date and 10 trading days immediately before the final vesting date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the final vesting date.

Board LTIP 2019
The share awards were allotted to participants free of charge. Share awards are vested over approximately three years until either the 2022 AGM or June 1, 2022 (whichever occurs first) with one-third per year during the period from one AGM to the date immediately before the next AGM or the final vesting date. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the day before the final vesting date. The share price's performance will be measured as the volume-weighted average price of the company's share 10 trading days immediately after the allotment date and 10 trading days immediately before the final vesting date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the final vesting date.

Board LTIP 2020
The share awards were allotted to participants free of charge. Share awards are vested over approximately three years until either the 2023 AGM or June 1, 2023 (whichever occurs first) with one-third per year during the period from one AGM to the date immediately before the next AGM or the final vesting date. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the day before the final vesting date. The share price's performance will be measured as the volume-weighted average price of the company's share 10 trading days immediately after the allotment date and 10 trading days immediately before the final vesting date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the final vesting date.

The table is a summary of the total number of shares to which allotted employee options and share awards may entitle the holder at December 31, 2020.

Number of shares to which granted instruments may entitle the holder to as per December 31, 2020	
- Employee Option Program 2016/2023	246,600
- Co-worker LTIP 2017	1,353,933
- Co-worker LTIP 2018	328,649
- Co-worker LTIP 2019	166,017
Total number of shares to which granted employee options may entitle the holder	**2,684,001**
- Board LTIP 2018	30,451
- Board LTIP 2018.2	2,170
- Board LTIP 2019	23,491
- Board LTIP 2020	26,931
- US Co-worker LTIP 2020	639,010
Total number of shares to which allotted share awards may entitle the holder	**722,053**
Total number of shares to which granted employee options and share awards may entitle the holder	**3,406,054**

Dilution
To ensure the delivery of shares to participants in the company's incentive programs as well as to cover social security contributions when options, share awards and employee options are exercised, the Parent Company has issued warrants to its subsidiary Oncopeptides Incentive AB, which entitle holders to subscribe for a total of 5,279,995 shares in the Parent Company.

The full utilization of granted options and share awards as of December 31, 2020, corresponding to 3,406,054 shares, would result

in a dilution for shareholders of 5 percent. The full utilization of all resolved warrants corresponding to a total of 5,279,995 shares (including unallotted employee options and hedging of social security contributions) would result in a dilution for shareholders of 7.8 percent.

EXTERNAL AUDITOR

Oncopeptides' auditor is the accounting firm Ernst & Young AB (EY), with authorized public accountant Anna Svanberg as auditor in charge. At the 2019 AGM, EY was reelected as the auditor for Oncopeptides, which still applied until the end of 2020.

The auditor performs a review engagement of the quarterly report for the third quarter, and audits the annual and consolidated financial statements. The auditor also comments on whether this Corporate Governance Report has been prepared and whether certain information herein is consistent with the annual and consolidated financial statements. The auditor reports on the results of its audit of the Annual Report and consolidated financial statements and review of the Corporate Governance Report via the Auditor's Report as well as a separate opinion on the compliance with guidelines for remuneration to senior management, which the auditor submits to the AGM. In addition, the auditor issues detailed statements on the audits performed to the Audit Committee two times per year as well as to the Board in its entirety once per year. The fees invoiced by the auditor in the last two fiscal years are disclosed in Note 8 on page 66.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors' responsibility for internal control is governed by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control primarily consists of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Among other tasks, the Board is responsible for ensuring that Oncopeptides has sufficient internal control and formalized procedures to ensure that established principles for financial reporting and internal control are adhered to and that there are appropriate systems in place to monitor and control the company's operations and the risks associated with the company and its operations.

The overall purpose of the internal control is to ensure that the company's operating strategies and targets are monitored and that the owners' investments are protected, to a reasonable degree. Furthermore, the internal control is to ensure, with reasonable certainty, that the external financial reporting is reliable and prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are followed, and that the requirements imposed on listed companies are complied with.

In addition to the aforementioned internal control, there is also an internal, business-specific control of data as regards research and development as well as quality control including systematic monitoring and evaluation of the company's development and manufacturing operations and the company's products.

Control environment

In order to create and maintain a functioning control environment, the Board has adopted a number of policies and steering documents governing financial reporting. These documents primarily comprise the rules of procedure for the Board of Directors, instructions for the CEO and instructions for financial reporting. The Board has also adopted special authorization procedures and a financial policy. The company also has a financial manual which contains principles, guidelines and process descriptions for accounting and financial reporting.

Furthermore, the Audit Committee's main task is to monitor the company's financial position and the effectiveness of the company's internal control, internal audit and risk management, to remain informed about the audit of the Annual Report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. Responsibility for the ongoing work of the internal control over financial reporting has been delegated to the company's CEO. The CEO regularly reports to the Board of Directors in accordance with the established instructions for the CEO and the instructions for financial reporting. The Board also receives reports from the company's auditor.

Risk assessment

Risk assessment includes identifying risks that may arise if the basic requirements for the financial reporting of the company are not met. Oncopeptides' management team has, in a specific risk assessment document, identified and evaluated the risks that arise in the company's operations, and has assessed how these risks can be managed. Within the Board of Directors, the Audit Committee is primarily responsible for continuously assessing the company's risk situation as it related to the company's financial reporting. The Board also conducts an annual review of the risk situation.

Control activities

Control activities limit identified risks and ensure accurate and reliable financial reporting. The Board of Directors is responsible for the internal control and monitoring of the company's management. This is done through both internal and external control activities, and through examination and monitoring of the company's steering documents related to risk management. The effectiveness of the control activities is assessed annually and the results from these assessments are reported to the Board of Directors and the Audit Committee. In agreements with sub-suppliers, the company has secured the right to audit each respective sub-supplier's fulfillment of relevant services, including quality aspects.

Information and communication

The company has information and communication channels to promote the accuracy of the financial reporting and to facilitate reporting and feedback from the operations to the Board and senior management, for example, by making corporate governance documents, such as internal policies, guidelines and instructions regarding the financial reporting, available to the co-workers concerned and ensuring the co-workers are familiar with them. The Board of Directors has also adopted an information policy governing Oncopeptides' disclosure of information.

Monitoring, evaluation and reporting

Compliance with and effectiveness of the internal controls are constantly monitored. The CEO ensures that the Board of Directors continuously receives reports on the development of the company's activities, including the development of the company's earnings and financial position, as well as information on important events, such as research results and important contracts. The CEO also reports on these matters at each Board meeting. The company's compliance with all relevant steering documents and guidelines is assessed annually. The results from these assessments are compiled by the company's CFO and then reported to the Board of Directors and the Audit Committee.

The Board deems that the internal controls are effective in all material respects and, on this basis, has determined that there is no need to establish a special internal-audit function.

EXTERNAL AUDIT

The company's auditor is appointed by the AGM for the period until the end of the next AGM. The auditor examines the Annual Report and accounts as well as the Board of Directors' and the CEO's fulfillment of their fiduciary duties and responsibilities. Following each fiscal year, the auditor submits an Auditor's Report to the general meeting. Each year, the company's auditor reports his observations from the audit and his assessment of the company's internal control to the Board of Directors.

Consolidated statement of comprehensive income

SEK thousand	Note	2020	2019
Net sales		–	–
Gross profit		**–**	**–**
Operating expenses			
Research and development costs	9, 10	-866,214	-548,273
Marketing and distribution costs	9, 10	-456,529	-127,409
Administrative expenses	8, 9, 10	-197,662	-72,046
Other operating income	5	**–**	8,336
Other operating expenses	6	-70,874	**–**
Operating loss		**-1,591,279**	**-739,392**
Financial income	11	322	**–**
Financial expenses	11	-1,485	-528
Loss before tax		**-1,592,442**	**-739,920**
Income tax	12	-2,251	-785
Loss for the year		**-1,594,693**	**-740,705**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange-rate differences from restatement of foreign operations		-1,544	-20
Other comprehensive income for the year after tax		**-1,544**	**-20**
Comprehensive income for the year	23	**-1,596,238**	**-740,725**

The loss for the year is fully attributable to Parent Company shareholders.

Earnings per share before and after dilution (SEK)	24	-25.57	-14.33

Consolidated statement of financial position

SEK thousand	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Non-current assets	18		
Intangible assets	13	1,830	2,111
Property, plant and equipment	14	17,273	2,499
Right-of-use assets	9	21,057	14,693
Deferred tax assets	15	8,175	2,262
Financial non-current assets	16	3,622	1,035
Total non-current assets		**51,957**	**22,600**
Current assets	18		
Inventory	19	8,665	–
Other current receivables	20	23,229	6,976
Prepaid expenses	21	22,650	37,726
Cash and cash equivalents	22	840,255	926,186
Total current assets		**894,799**	**970,888**
TOTAL ASSETS		**946,756**	**993,488**

SEK thousand	Note	Dec 31, 2020	Dec 31, 2019
EQUITY AND LIABILITIES			
Equity	23		
Share capital		7,549	6,157
Additional paid-in capital		3,919,036	2,544,306
Reserves		-1,542	2
Retained earnings (including loss for the year)		-3,348,146	-1,753,452
Total equity attributable to Parent Company shareholders		**576,897**	**797,013**
LIABILITIES			
Long-term liabilities	18		
Provision for social security contributions, incentive programs	27, 28	8,530	23,052
Other long-term liabilities	9, 18	6,929	8,243
Total long-term liabilities		**15,459**	**31,295**
Current liabilities	18		
Provision for social security contributions, incentive programs	27, 28	47,202	10,733
Trade payables	3, 18	136,135	80,986
Other current liabilities	25	35,045	12,319
Accrued expenses and deferred income	26	136,018	61,142
Total current liabilities		**354,400**	**165,180**
Total liabilities		**369,859**	**196,475**
TOTAL EQUITY AND LIABILITIES		**946,756**	**993,488**

Consolidated statement of changes in equity

SEK thousand	Note	Share capital	Additional paid-in capital	Trans-lation reserves	Retained earnings (incl. loss for the period)	Total equity
Opening balance at Jan 1, 2019		**4,899**	**1,272,830**	**22**	**-1,012,747**	**265,004**
Loss for the year		–	–	–	-740,705	-740,705
Other comprehensive income for the year		–	–	-20	–	-20
Comprehensive income for the year		**–**	**–**	**-20**	**-740,705**	**-740,725**
Transactions with shareholders						
New issue of ordinary shares	23	1,085	1,272,340	–	–	1,273,425
Cost attributable to new share issue		–	-76,595	–	–	-76,595
Value of service by participants in the incentive programs	27	–	32,493	–	–	32,493
Exercise of warrants under the company's incentive program	27	173	43,238	–	–	43,411
Total transactions with shareholders		**1,258**	**1,271,476**	**–**	**–**	**1,272,734**
Closing balance at Dec 31, 2019	23	**6,157**	**2,544,306**	**2**	**-1,753,452**	**797,013**
Opening balance at Jan 1, 2020		**6,157**	**2,544,306**	**2**	**-1,753,452**	**797,013**
Loss for the year		–	–		-1,594,693	-1,594,693
Other comprehensive income for the year		–	–	-1,544	–	-1,544
Comprehensive income for the year		**–**	**–**	**-1,544**	**-1,594,693**	**-1,596,238**
Transactions with shareholders						
New issue of ordinary shares	23	1,366	1,412,559	–	–	1,413,925
Cost attributable to new share issue		–	-85,231	–	–	-85,231
Value of service by participants in the incentive programs	27	–	38,398	–	–	38,398
Exercise of warrants under the company's incentive program	27	26	9,004	–	–	9,030
Total transactions with shareholders		**1,392**	**1,374,730**	**–**	**–**	**1,376,122**
Closing balance at Dec 31, 2020	23	**7,549**	**3,919,036**	**-1,542**	**-3,348,145**	**576,897**

Equity is fully attributable to Parent Company shareholders.

Consolidated statement of cash flow

SEK thousand	Note	2020	2019
Operating activities			
Loss before financial items		-1,591,279	-739,392
Adjustment for non-cash items	22	160,906	-8,187
Interest received		322	–
Interest paid		-1,485	-528
Tax paid		-7,243	-1,158
Cash flow from operating activities before change in working capital		**-1,438,779**	**-749,265**
Change in working capital			
Increase/decrease in inventory		-429	–
Increase/decrease in operating receivables		-7,747	-29,962
Increase/decrease in trade payables		55,149	55,716
Increase/decrease in other current operating liabilities		95,297	32,945
Total change in working capital		**142,270**	**58,699**
Cash flow from operating activities		**-1,296,509**	**-690,566**
Investing activities			
Investments in intangible fixed assets	13	–	-2,111
Investments in property, plant and equipment	14	-17,180	-517
Repaid deposits	16	184	**–**
Investments in financial non-current assets	16	-3,131	–
Cash flow from investing activities		**-20,127**	**-2,628**
Cash flow from financing activities			
New issue of ordinary shares	23	1,413,925	1,273,425
Exercise of warrants under the company's incentive program		9,027	43,411
Cost attributable to new share issue		-85,231	-76,595
Repayment of lease liabilities		-14,260	-3,956
Cash flow from financing activities		**1,323,461**	**1,236,285**
Cash flow for the period		**6,825**	**543,091**
Cash and cash equivalents at beginning of period		926,186	375,617
Change in cash and cash equivalents		6,825	543,091
Foreign exchange difference in cash and cash equivalents		-92,756	7,478
Cash and cash equivalents at end of year	22	**840,255**	**926,186**

Parent Company income statement

SEK thousand	Note	2020	2019
Net sales		–	–
Gross profit		**–**	**–**
Operating expenses			
Research and development costs	9, 10	-866,509	-548,419
Marketing and distribution costs	9, 10	-460,860	-131,992
Administrative expenses	8, 9, 10	-201,751	-72,104
Other operating income	5	**–**	8,336
Other operating expenses	6	-70,874	**–**
Total operating expenses		**-1,599,994**	**-744,179**
Operating loss		**-1,599,994**	**-744,179**
Financial income	11	390	56
Financial expenses	11	-16	-15
Loss before tax		**-1,599,620**	**-744,138**
Income tax	12	–	–
Loss for the year		**-1,599,620**	**-744,138**

Parent Company statement of comprehensive income

SEK thousand	Note	2020	2019
Loss for the year		-1,599,620	-744,138
Other comprehensive income		–	–
Other comprehensive income for the year after tax		**–**	**–**
Comprehensive income for the year		**-1,599,620**	**-744,138**

Parent Company balance sheet

SEK thousand	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Other intangible assets		1,830	2,111
Total intangible fixed assets		**1,830**	**2,111**
Property, plant and equipment	14		
Machinery and equipment		12,097	2,472
Total property, plant and equipment		**12,097**	**2,472**
Financial non-current assets	16		
Interests in subsidiaries	17	7,813	50
Other non-current receivables		851	851
Total financial non-current assets		**8,664**	**901**
Total non-current assets		**22,591**	**5,484**
Current assets			
Inventory	19	8,665	–
Other current receivables	20	10,668	6,915
Prepaid expenses	21	17,057	37,192
Cash and cash equivalents	22	785,972	921,535
Total current assets		**822,362**	**965,642**
TOTAL ASSETS		**844,953**	**971,126**

SEK thousand	Note	Dec 31, 2020	Dec 31, 2019
EQUITY AND LIABILITIES			
Equity	23		
Restricted equity			
Share capital		7,549	6,157
Statutory reserve		10,209	10,209
Total restricted equity		**17,758**	**16,366**
Non-restricted equity			
Share premium reserve		3,822,968	2,486,636
Retained earnings		-1,671,578	-965,837
Loss for the year		-1,599,620	-744,138
Total non-restricted equity		**551,770**	**776,661**
Total equity		**569,528**	**793,027**
LIABILITIES			
Provisions			
Provision for social security contributions, incentive programs	27, 28	8,404	23,052
Total provisions		**8,404**	**23,052**
Current liabilities			
Provision for social security contributions, incentive programs	27, 28	46,997	10,733
Trade payables		115,574	79,864
Liabilities to Group companies		11,466	10,507
Other current liabilities	25	19,537	2,923
Accrued expenses and deferred income	26	73,447	51,020
Total current liabilities		**267,021**	**155,047**
Total liabilities		**275,425**	**178,099**
TOTAL EQUITY AND LIABILITIES		**844,953**	**971,126**

Parent Company statement of changes in equity

SEK thousand	Restricted equity		Non-restricted equity			
	Share capital	Stat-utory reserve	Share premium reserve	Retained earnings	Loss for the year	Total equity
Opening balance at Jan 1, 2019	**4,899**	**10,209**	**1,247,653**	**-586,660**	**-411,671**	**264,430**
Appropriation in accordance with AGM				**-411,671**	**411,671**	**–**
Loss for the year					-744,138	-744,138
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**-744,138**	**-744,138**
Transactions with shareholders						
New issue of ordinary shares	1,085	–	1,272,340	–	–	1,273,425
Cost attributable to new share issue	–	–	-76,595	–	–	-76,595
Value of service by participants in the incentive programs	–	–	–	32,493	–	32,493
Exercise of warrants under the company's incentive program	173	–	43,238	–	–	43,411
Total transactions with shareholders	**1,258**	**–**	**1,238,983**	**32,493**	**–**	**1,272,734**
Closing balance at Dec 31, 2019	**6,157**	**10,209**	**2,486,636**	**-965,838**	**-744,138**	**793,026**
Opening balance at Jan 1, 2020	**6,157**	**10,209**	**2,486,636**	**-965,838**	**-744,138**	**793,026**
Appropriation in accordance with AGM				-744,138	744,138	–
Loss for the year					-1,599,620	-1,599,620
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year					**-1,599,620**	**-1,599,620**
Transactions with shareholders						
New issue of ordinary shares	1,366	–	1,412,559	–	–	1,413,925
Cost attributable to new share issue	–	–	-85,231	–	–	-85,231
Value of service by participants in the incentive programs				38,398	–	38,398
Exercise of warrants under the company's incentive program	26	–	9,004	–	–	9,030
Total transactions with shareholders	**1,392**	**–**	**1,336,332**	**38,398**	**–**	**1,376,122**
Closing balance at Dec 31, 2020	**7,549**	**10,209**	**3,822,968**	**-1,671,578**	**-1,599,620**	**569,528**

Parent Company statement of cash flow

SEK thousand	Note	2020	2019
Cash flow from operating activities			
Loss before financial items		-1,599,994	-744,179
Adjustment for non-cash items	22	139,212	-12,366
Interest received		322	–
Tax paid		-16	-15
Cash flow from operating activities before change in working capital		**-1,460,476**	**-756,560**
Change in working capital			
Increase/decrease in inventory		-429	–
Increase/decrease in operating receivables		16,452	-30,132
Increase/decrease in trade payables		35,710	56,603
Increase/decrease in other current operating liabilities		31,761	30,904
Total change in working capital		**83,494**	**57,375**
Cash flow from operating activities		**-1,376,982**	**-699,185**
Investing activities			
Investments in intangible fixed assets	13	–	-2,111
Investments in property, plant and equipment	14	-10,605	-470
Cash flow from investing activities		**-10,605**	**-2,581**
Cash flow from financing activities			
New issue of ordinary shares	23	1,413,925	1,273,425
Exercise of warrants under the company's incentive program		9,027	43,411
Cost attributable to new share issue		-85,231	-76,595
Cash flow from financing activities		**1,337,721**	**1,240,241**
Cash flow for the period		**-49,866**	**538,475**
Cash and cash equivalents at beginning of period		921,534	375,513
Change in cash and cash equivalents		-49,866	538,474
Foreign exchange difference in cash and cash equivalents		-85,696	7,547
Cash and cash equivalents at end of year	22	**785,972**	**921,534**

Note 1 General information

Oncopeptides AB (publ), corporate registration number 556596-6438, is the Parent Company of the Oncopeptides Group ("Oncopeptides"). Oncopeptides AB (publ) has its registered office in Stockholm at Västra Trädgårdsgatan 15, SE-111 53 Stockholm, Sweden. The company's share has been listed on Nasdaq Stockholm since February 22, 2017. The Group's principal operation is the development of pharmaceutical drugs.

On April 21, 2021, the Board approved this Annual Report and consolidated financial statements, that will be proposed for adoption at the AGM on May 26, 2021.

Note 2 Summary of significant accounting policies

The most significant accounting policies applied in the preparation of this year's consolidated financial statements are described below. Unless otherwise stated, these policies were applied consistently for all years presented.

All amounts are reported in SEK and rounded to the nearest thousand (SEK thousand), unless otherwise stated. Figures in parentheses refer to the preceding year.

All notes refer to both the Parent Company and the Group, unless otherwise specified.

2.1 Basis of presentation of financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. Management is also required to make certain judgments in applying the Group's accounting policies. Areas that involve a high degree of judgment, are complex or where assumptions and estimates have a material impact on the consolidated financial statements are described in Note 4.1.

The Parent Company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board.

2.1.1 Amendments to accounting policies and disclosures

The Group and the Parent Company have applied the new and amended standards and interpretations that are to be applied for fiscal years beginning January 1, 2020 or later for the first time. No changes during the year have had any significant impact on the financial reporting for the Group or the Parent Company. No new or amended IFRS have been applied early.

2.1.2 Future standards and new interpretations

None of the changes that have been published are assessed to have any significant impact on the financial reporting for the Group or the Parent Company.

Other new or altered standards or interpretations that the IASB has published are not expected to have any significant impact on the financial statements for the Group or the Parent Company.

2.2 Consolidation

Subsidiaries

All companies over which the Group exercises a controlling influence are classified as subsidiaries. The Group controls a company when it is exposed to or has the right to a variable return on its interest in the company and is able to influence the return through its interest in the company.

Subsidiaries are included in the consolidated financial statements as of the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling interest ceases to exist.

Intercompany transactions, balance-sheet items, income and expenses from transactions between Group companies are eliminated. Gains and losses resulting from intercompany transactions which have been recognized in assets are also eliminated. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's policies.

2.3 Translation of foreign currency

Functional currency and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the Group's presentation currency. This means that the financial statements are presented in SEK. All amounts, unless otherwise specified, are stated and rounded to the nearest thousand (SEK thousand).

Transactions and balance-sheet items

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. Foreign-exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing rates are recognized in operating profit/loss in the income statement.

Exchange rate gains or losses in operating receivables, cash and cash equivalents, and operating liabilities are recognized in operating profit/loss, while exchange rate gains or losses on financial receivables and liabilities are recognized as financial items.

Translation of foreign operations

Assets and liabilities in foreign operations are translated from the foreign operation's functional currency to the Group's presentation currency, SEK, at the exchange rate prevailing on the balance-sheet date. Income and expenses in foreign operations are translated to SEK using an average exchange rate that is an approximation of the exchange rates prevailing on each individual transaction date. Translation differences that arise in currency translations of foreign operations are recognized in "Other comprehensive income" and accrued in a separate equity component, called the translation reserve.

2.4 Intangible assets

Other intangible assets

The Group's intangible assets comprise computer software and licenses for computer software.

Intangible assets with a determinable useful life are recognized at cost less accumulated depreciation and any impairment losses. Intangible assets are amortized systematically over the asset's assessed useful life. The useful life is reviewed at the end of each fiscal year and adjusted if necessary. When the amortization for the asset is determined, the asset's residual value is taken into account if applicable.

Development costs

The Group conducts the research and development of pharmaceutical drugs. The overall risk associated with ongoing development projects is high. The risks consist of technical and production-related risks, safety and effect-based risks that could arise in clinical

Note 2 continued

studies, regulatory risks relating to applications for approval of clinical studies and marketing authorization as well as intellectual property risks related to approval of patent applications and the maintenance of patents. All development work is therefore deemed to be research (as the work does not meet the criteria listed below) until the product has received marketing authorization. Expenditure for research is expensed as incurred.

Expenses directly attributable to the development and testing of identifiable and unique products that are controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use.
- the company intends to complete the product for use or sale.
- there is reason to expect that the company will be able to use or sell the product.
- it can be shown that the product will generate probable future economic benefits.
- adequate technical, financial and other resources are available for completing the development and for using or selling the product, and
- the costs attributable to the product during its development can be reliably measured.

Capitalized assets that have met the above capitalization criteria have a limited useful life and are recognized at cost less accumulated amortization. Assets are amortized from the day when they are ready for use. Straight-line amortization is used to distribute the cost of the in-house developed intangible assets over their estimated useful life, which is the same as the remaining patent term for the product. Directly attributable expenditure that is capitalized includes development expenditure as well as expenditure for employees plus a reasonable portion of indirect costs. Other development expenditure that does not meet the above criteria is expensed as incurred. Previously expensed development expenditure is not capitalized in later periods.

Oncopeptides' expenditure for drug development was not deemed to meet the criteria for capitalization and has therefore been charged to expenses.

Amortization methods

Intangible fixed assets are amortized from the day when they are ready for use.

Amortization is applied on a straight-line basis as follows:

Other intangible assets – 5 years

2.5 Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment losses. Assets are depreciated on a straight-line basis over their expected useful lives.

Depreciation is applied on a straight-line basis as follows:

Equipment and computers – 5 years

Machinery – 10 years

Gains and losses on the sale of an item of property, plant and equipment is determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognized in other operating expenses in the income statement.

2.6 Impairment of non-financial non-current assets

Assets which are depreciated or amortized are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognized as an impairment loss. The recoverable amount is the higher of the fair value of the asset less selling expenses and its value in use. In testing for impairment, assets are grouped to the lowest levels at which there are separate identifiable cash flows (cash-generating units). For previously impaired assets, impairment testing is conducted at each balance-sheet date to determine if a reversal is required.

2.7 Financial instruments

Financial instruments are recognized in the balance sheet when the Group becomes party to the contractual terms and conditions of the instrument. A receivable is reported when the company has performed its obligations and there is a contractual obligation for the counterparty to pay. A liability is reported when the counterparty has performed its obligations and there is a contractual obligation to pay. The business model for which the financial asset or liability was acquired or entered into as well as the nature of the contractual cash flows are decisive for classification.

The Group classifies its financial instruments into the following categories:

- Financial assets recognized at amortized cost
- Financial liabilities at amortized cost

The Group does not conduct active trading with financial instruments that are not related to the Group's commercial operations. As a result of this, the financial assets and liabilities recognized in the balance sheet are primarily cash and cash equivalents, trade payables and accrued expenses pertaining to the Group's suppliers. During the fiscal year or the comparable year, the Group has not held any financial instruments measured at fair value, whether it be through profit or loss or other comprehensive income.

Financial assets classified at amortized cost are initially valued at fair value with the addition of transaction costs. After initial recognition, the assets are valued in accordance with the effective interest method. Assets classified at amortized cost are held in accordance with the business model to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Expected credit losses are assessed as negligible, since the company's financial assets essentially consist of bank deposits at banks with high credit ratings.

Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortized cost in accordance with the effective interest method.

2.8 Inventory

Inventory is recognized as the lower of the acquisition cost and the net realizable value. The acquisition cost for completed goods and goods being manufactured comprises raw materials and other direct costs and applicable indirect manufacturing costs (based on normal manufacturing capacity). The net realizable value is the estimated sale price in operating activities. By continuously monitoring inventory, we ensure that it is dispatched based on its shelf life. When necessary, impairment of inventory is performed within the frame of normal business operations and is recognized in costs of goods sold.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise bank deposits.

Note 2 continued

2.10 Equity
Ordinary shares are classified as equity. Transaction costs which are directly attributable to the issue of new ordinary shares or warrants are recognized, net of tax, in equity as a deduction from the proceeds of the issue. When warrants are exercised, the company issues new shares. Payments received are credited to share capital (quotient value) and additional paid-in capital.

2.11 Trade payables
Trade payables are financial instruments and refer to obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognized as long-term liabilities.

Trade payables are initially stated at fair value and subsequently at amortized cost by applying the effective interest method.

2.12 Current and deferred tax
The tax expense for the period comprises current and deferred tax. The current tax expense is calculated based on the tax rules that have been enacted by the balance-sheet date.

Deferred tax is recognized, in accordance with the balance sheet liability method, for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. Deferred income tax is calculated by applying tax rates that have been enacted or announced at the balance-sheet date and that are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets arising from tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the tax losses can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set-off for the tax assets and tax liabilities concerned, the deferred tax assets and tax liabilities relate to income taxes levied by the same taxation authority and refer to either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

2.13 Employee benefits
Retirement benefit obligations
The Group has defined-contribution pension plans. Defined-contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all the benefits to employees in connection with the employees' services during the present or previous periods.

2.14 Share-based payments
The Group has a number of share-based remuneration plans. The cost for the remuneration that is recognized in a period is dependent on the original valuation that was made on the date on which the contracts with the participants in the incentive programs were concluded, the number of months of service required for vesting of their options (accruals are made over this period), the number of options that are expected to be vested under the terms of the plans and a continuous reassessment of the value of the tax benefits for the participants under the plans (for determining provisions for social security expenses). Those estimates which affect the cost in a period and the corresponding increase in equity mainly refer to inputs for the valuation of the options. Vested options are settled in shares. When the options are exercised, the company issues new shares. Payments received, after deduction for any directly attributable transaction costs, are credited to the share capital and additional paid-in capital.

2.15 Interest income
Interest income is recognized by applying the effective interest method. When the value of a receivable in the loans and receivables category has been impaired, the Group writes down the carrying amount to the recoverable amount, which is defined as the estimated future cash flow discounted by the original effective interest rate for the instrument, and continues to eliminate the effect of discounting as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

2.16 Leases
Leases in the Group recognized as assets and liabilities in the balance sheet comprise rented premises. Other leases are classified as short-term agreements or low-value leases.

When entering an agreement, the Group determines whether the agreement comprises, or contains, a lease, that is to say if the agreement includes the right to control the use of an identified asset for a fixed time in exchange for compensation.

The Group recognizes lease liabilities for future remaining lease payments and right-of-use assets that represent the right to use underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets on the commencement date of the lease, at the time that the underlying asset is available for use. Right-of-use assets are valued at cost less accumulated depreciation and any impairment losses, and are adjusted for any revaluation of lease liabilities. The cost of right-of-use assets includes an amount for recognized lease liabilities, initial direct expenses and lease payments that are paid at or before the commencement date, after deductions for any benefits that are received in conjunction with signing the lease.

Right-of-use assets are depreciated on a straight-line basis over the asset's expected lease period, amounting to 2 to 3 years.

Lease liabilities
The Group recognizes lease liabilities as the expected present value of all remaining lease payments over the expected useful life at the commencement date. Lease payments comprise fixed fees minus any lease incentives that can be received and variable lease payments linked to an index or an interest rate. When calculating the present value of all remaining lease payments, the Group uses its incremental borrowing rate. The recognized value of lease liabilities is remeasured upon any changes to the lease period or lease payments (including indexation).

Short-term and low-value leases
The Group applies an exception for leases with a lease period less than 12 months (short-term leases) and low-value leases. Low-value leases in the Group are essentially those concerning office equipment. Short-term and low-value leases are recognized as a straight-line cost over the lease period.

Note 2 continued

2.17 Statement of cash flows
The statement of cash flows has been prepared using the indirect method. The recognized cash flow only includes transactions involving incoming or outgoing payments.

2.18 Segment information
The financial information that is reported to the chief operating decision maker, and used as a basis for the distribution of resources and the assessment of the Group's results, is not broken down by operating segment. The Group thus constitutes a single operating segment.

2.19 Accounting policies of the Parent Company
The Parent Company applies other accounting policies than the Group in the cases indicated below. The annual accounts for the Parent Company have been prepared in accordance with RFR 2 Financial Reporting for Legal Entities and the Swedish Annual Accounts Act. This Annual Report has been prepared in accordance with the cost method.

Preparing financial statements in compliance with RFR 2 requires the use of critical accounting estimates. Management is also required to make certain judgments in applying the Parent Company's accounting policies. Areas which involve a high degree of assessment, are complex or where assumptions and estimates have a material impact on the annual accounts are described in Note 4 of the consolidated financial statements.

Through its operations, the Parent Company is exposed to various types of financial risk: market risk (currency risk), credit risk and liquidity risk. The Parent Company's overall risk management policy is focused on the unpredictability of financial markets and strives to minimize potential adverse effects on the Group's financial results. For more information about financial risks, see Note 3 of the consolidated financial statements.

The Parent Company applies accounting policies that differ from those of the Group in the cases indicated below:

Presentation formats
The format of the income statement and balance sheet are compliant with the Swedish Annual Accounts Act. While the statement of changes in equity is compliant with the Group's format, it also includes the columns stipulated by the Swedish Annual Accounts Act. This also entails a difference in terminology, compared with the consolidated financial statements, mainly with respect to financial income and expense, and equity.

Interests in subsidiaries
Interests in subsidiaries are recognized at cost less any impairment.

When there is an indication that interests in subsidiaries are impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognized. Impairment losses are recognized in the item "Profit/loss from holdings in Group companies".

Shareholder contributions and Group contributions
Group contributions from the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries are recognized as appropriations. Shareholder contributions paid are recognized as an increase in the carrying amount of the interest in the Parent Company and as an increase in equity in the receiving entity.

Leases
The Parent Company applies the exemption that exists in RFR 2 for Legal Entities and reports all leases as a linear cost over the lease period.

Financial instruments
IAS 9 is not applied in the Parent Company and financial instruments are measured at cost. In subsequent periods, financial assets that have been acquired with the intention of being held for the short term are recognized at the lower of cost or market value.

At each balance-sheet date, the Parent Company assesses whether there is any indication of impairment of financial non-current assets. An impairment loss is recognized if the decline in value is deemed to be permanent. Impairment losses on interest-bearing financial assets measured at amortized cost are calculated as the difference between the carrying amount of the asset and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate. The impairment loss for other financial non-current assets is defined as the difference between the carrying amount and the higher of fair value less selling expenses and the present value of future cash flows (based on management's best estimate).

Note 3 Financial risk management

3.1 Financial risk factors

Through its operations, the Group is exposed to various types of financial risk: market risk (currency risk), credit risk and liquidity risk. The Group has decided not to manage its risks actively through the use of derivatives or by other means.

All three risk categories are monitored on an ongoing basis in the Group. The dominant risk for the Group is liquidity risk, which is managed in dialogue among management, the Board and the owners.

a) Market risk

The most significant risk for the Group with respect to market risk is currency risk, which is addressed in a separate section below. The interest rate risk is limited within the Group, since the Group has no long-term borrowing or long-term interest-bearing investments.

i) Currency risk

Currency risks arise when future business transactions are expressed in a currency that is not the functional currency of the company. The company is impacted by currency risk due to payments for development expenses largely being made in EUR and USD.

The Group's risk management policy is to hedge between 70 percent and 100 percent of anticipated cash flows in USD and EUR through translations into these currencies.

b) Credit risk

Credit risk arises through cash and cash equivalents and deposits with banks and financial institutions, and through credit exposures to customers, including outstanding receivables and agreed transactions. The credit risk is deemed to be low, as there were no trade receivables at the balance-sheet date and because only banks and financial institutions which have been assigned a credit rating of "AA-" by Standard & Poor are accepted. For further information about the company's cash and cash equivalents, refer to Note 22 "Cash and cash equivalents".

c) Liquidity risk

Liquidity risk refers to the risk that it will be impossible to fulfill payment obligations due to insufficient liquidity.

Cash flow forecasts are prepared by the Group's operating companies. The Group finance function carefully monitors rolling forecasts for the Group's liquidity reserve to ensure that the Group has sufficient cash assets to meet its operational requirements. The following table shows an analysis of the Group's financial liabilities by remaining maturity on the balance-sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

December 31, 2020	Less than 3 months	Between 3 months and 1 year
Trade payables	136,135	–
Other current liabilities	25,726	9,320
Accrued expenses	104,820	31,198

December 31, 2019	Less than 3 months	Between 3 months and 1 year
Trade payables	80,986	
Other current liabilities	7,330	4,989
Accrued expenses	50,576	10,566

3.2 Management of capital

The Group's goal in respect of capital structure is to secure the Group's ability to continue its operations with a view to generating a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the costs for capital down.

Financial measures cannot be used to assess shareholder return. The company's ability to generate a return is dependent on the quality and value of generated research results. The value and quality of the company's R&D activities are evaluated on an ongoing basis by management and the Board of Directors.

Note 4 Critical accounting estimates and judgments

Estimates and judgments are evaluated continuously and based on historical experiences and other factors, including expectations of future events that are deemed reasonable under existing circumstances.

Group management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are addressed below.

Capitalization of intangible assets
The Group capitalizes expenditure for the development of drugs to the extent that such expenditure is deemed to meet the criteria of IAS 38 on page 57. At December 31, 2020, Oncopeptides' expenditure for drug development was not deemed to meet the criteria for capitalization and has therefore been charged to expenses. Drug development expenditure is capitalized at the earliest in connection with marketing approval being obtained from the authorities. The reason is that prior to this it is much too uncertain whether the expenditure will generate future economic benefits and because the financing for the completion of the asset has not been secured.

Incentive programs
The Group has a number of share-based remuneration plans. The applicable accounting policies are described in Note 2. The cost for the remuneration that is recognized in a period is dependent on the original valuation that was made on the date on which the contract with the option holders was concluded, the number of months of service required for vesting of their options (accruals are made over this period), the number of options that are expected to be vested under the terms of the plans and a continuous reassessment of the value of the tax benefits for the participants under the plans (for determining provisions for social security expenses). Those estimates which affect the cost in a period and the corresponding increase in equity mainly refer to inputs for the valuation of the options. The models used for this purpose are the Black & Scholes model and a Monte Carlo simulation. Significant assumptions in these valuations are described in Note 26. Apart from the valuations, the cost in a period is affected by an estimate of the number of individuals whose options are expected to vest. Through the human resources activities that are described in other parts of the Annual Report and historical staff turnover rates, management has a very good basis for estimating the number of participants that will complete the schemes.

Tax loss carryforwards
The Group's tax loss carryforwards have not been valued and 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 which management is confident will lead to taxable profits.

Inventory valuation
The valuation of the inventory and assessment of the risk for potential impairment based on continually updated sales forecasts and known and expected data concerning the durability of semi-completed and completed products. The durability of semi-completed and completed products is based on documented stability studies. All completed inventory is valued continually taking into regard the limitations of the products' shelf life. The shelf life of the products in the inventory can vary over time. This can lead to an increased risk of obsolescence when a sharp change in demand for a product or a changed shelf life leads to impairment. Products that do not pass a quality control check are expensed immediately.

Note 5 Other operating income

Other operating income totaling SEK 0 thousand (8,336) for the Group and SEK 0 thousand (8,336) for the Parent Company pertain primarily to translation differences.

Note 6 Other operating expenses

Other operating expenses totaling SEK 70,874 thousand (0) for the Group and SEK 70,874 thousand (0) for the Parent Company pertain primarily to translation differences.

Note 7 Consolidated operating expenses by type of cost

Operating expenses are presented in the statement of comprehensive income with a classification based on the functions of "Research and development costs," "Marketing and distribution costs" and "Administrative expenses." The total expenses classified by function are distributed in the following cost categories.

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Direct external expenses for drug development	-446,737	-481,271	-446,737	-481,271
Other external expenses	-660,318	-125,974	-894,796	-172,069
Personnel costs	-398,947	-135,942	-186,340	-98,814
Depreciation and amortization	-14,403	-4,540	-1,247	-361
Other operating expenses (including translation differences)	-70,874	–	-70,874	–
Total	**-1,591,279**	**-747,727**	**-1,599,994**	**-752,515**

Note 8 Audit fees

	Group		Parent Company	
Ernst & Young AB	**2020**	**2019**	**2020**	**2019**
Audit Committee	1,083	578	1,083	578
Audit activities beyond audit engagement	125	44	125	44
Tax advisory services	445	190	445	190
Total	**1,653**	**812**	**1,653**	**812**

Note 9 Leases

	Group	
Right-of-use assets	**Dec 31, 2020**	**Dec 31, 2019**
Opening balance at Jan 1, 2019	18,853	8,053
New contracts	20,055	10,774
Completed contracts	-1,985	–
Translation differences	-1,671	26
Closing accumulated cost	**35,252**	**18,853**
Opening depreciation	-4,160	–
Depreciation for the year	-12,398	-4,160
Completed contracts	1,985	–
Translation differences	378	–
Closing accumulated depreciation	**-14,195**	**-4,160**
Closing carrying amount	**21,057**	**14,693**

New agreements during the year pertain to office premises in the Group.

Depreciation of right-of-use assets is included in the income statement in the sub-items Research and development costs SEK 4,507 thousand (1,896), Marketing and distribution costs SEK 4,440 thousand (1,556) and Administrative expenses SEK 3,451 thousand (708).

The Group's leases that comprise right-of-use assets pertain to office premises. Leases are normally contracted for between 2 to 3 years in the Group, with the possibility of extension in the Parent Company. Rental agreements in the Parent Company can be extended by 3 years unless any of the parties gives notice on the lease at least nine months beforehand. Oncopeptides is not able to, with reasonable certainty, determine if the extension will occur taking into light the company's development, and has therefore not counted on utilization after the contract period. Rent levels in leases increase according to an index or with a fixed annual rental increase specified in the lease. Indexation is included in lease liabilities when it enters force and is adjusted at that time against right-of-use assets.

Lease liabilities	**Dec 31, 2020**	**Dec 31, 2019**
Long-term	6,929	8,243
Current	12,426	6,652
Total	**19,355**	**14,895**

Note 9 continued

Lease liabilities are included in the balance sheet under other long-term liabilities and other current liabilities.

Changes to Lease liabilities, refer to Note 22 concerning reconciliation of liabilities from financing activities.

	Group	
Maturity analysis, future lease payments	**Dec 31, 2020**	**Dec 31, 2019**
<12 months	14,032	9,468
1–2 years	7,193	6,562
>2 years	184	3,720
	21,409	**19,750**

Future lease payments in accordance with the above are undiscounted and include variable fees.

	2020	**2019**
Interest expenses attributable to lease liabilities	1,469	512
Expenses attributable to short-term leases	15	130
Expenses attributable to leases where the underlying asset is of a low value	71	42
Expenses attributable to variable lease payments that are not included in lease liabilities	1,360	349
The year's lease payments in the Group	16,544	5,878

Parent Company Leases

Future total lease payments excluding variable lease payments, for non-cancellable leases in the Parent Company fall due as follows: Rental agreements in the Parent Company pertain essentially to office premises and a laboratory.

	Parent Company	
Future costs for leases (basic rent)	**2020**	**2019**
Within 1 year	8,564	7,379
Between 1 and 5 years	4,570	11,357
Total	**13,134**	**18,736**
Lease expenses for the year for leases in the Parent Company amount to:	9,643	4,228

Note 10 Employees and personnel costs

Salaries and other remuneration, pension expenses and social security expenses pertaining to the Board of Directors, members of senior management and other employees

	Group		Parent Company	
Salaries and other remuneration	**2020**	**2019**	**2020**	**2019**
Board of Directors and members of senior management	68,662	44,339	47,286	39,340
Other employees	221,271	57,437	67,073	30,859
Total	**289,933**	**101,776**	**114,359**	**70,199**

	Group		Parent Company	
Social security expenses and pension expenses	**2020**	**2019**	**2020**	**2019**
Pension expenses for the Board of Directors and members of senior management	2,768	1,793	2,582	1,696
Pension expenses for other employees	11,849	4,770	9,394	4,402
Social security expenses	59,211	18,811	50,818	17,120
Total	**73,828**	**25,374**	**62,794**	**23,218**

Recognized payroll expenses and social security contributions pertaining to share-based remuneration totaled SEK 68,209 thousand (37,770). Social security contributions include both provisions and actual payments for the utilization of granted options.

	2020		2019	
Average number of employees	**Total**	**of whom, men**	**Total**	**of whom, men**
Parent Company				
Sweden	109	39	29	12
Subsidiaries				
USA	73	31	8	5
Group total	**182**	**70**	**37**	**17**

Note 10 continued

Gender distribution in the Group (including subsidiaries) for Board members and other members of senior management

	2020 Number at balance-sheet date		2019 Number at balance-sheet date	
	Total	of whom, men	Total	of whom, men
Board members	7	5	8	6
Other members of senior management	10	6	8	5
CEO	1	1	1	1
Group total	**18**	**12**	**17**	**12**

Salaries, remuneration and fees to the CEO, Board of Directors and members of senior management

2020	Basic salary Board fee[1]	Invoiced fees	Variable remuneration	Pension expenses	Share-based remuneration	Total
Chairman of the Board						
Per Wold-Olsen	743	–	–	–	697	1,440
Board members						
Brian Stuglik	335	–	–	–	279	614
Cecilia Daun Wennborg	325	–	–	–	289	614
Jennifer Jackson	335	–	–	–	299	634
Jonas Brambeck	300	–	–	–	–	300
Per Samuelsson	300	–	–	–	–	300
Ulf Jungnelius	293	–	–	–	289	582
CEO, Marty J Duvall (from July 1, 2020)	2,329	–	1,127	–	3,190	6,646
CEO, Jakob Lindberg (until June 30, 2020)	1,918	–	647	226	1,562	4,353
Other members of senior management (8)	28,613	2,792	6,314	2,542	18,776	59,037
Of which, subsidiaries	*17,295*	–	*2,316*	*187*	*1,765*	*21,562*
Total	**35,491**	**2,792**	**8,088**	**2,768**	**25,381**	**74,520**

1) Board fees as resolved at the AGM, excluding social security contributions for the May 2020 to May 2021 fiscal year, including remuneration of Board committee work and country-based fees.

Note 10 continued

Salaries, remuneration and fees to the CEO, Board of Directors and members of senior management

2019	Basic salary Board fee[1]	Invoiced fees	Variable remuneration	Pension expenses	Share-based remuneration	Total
Chairman of the Board						
Per Wold-Olsen	742	–	–	–	319	1,061
Board members						
Brian Stuglik	335	–	–	–	128	463
Cecilia Daun Wennborg	325	–	–	–	210	535
Jennifer Jackson	335	–	–	–	95	430
Jonas Brambeck	300	–	–	–	–	300
Per Samuelsson	300	–	–	–	–	300
Ulf Jungnelius	293	–	–	–	210	503
Olof Tydén (to May 2019)	–	–	–	–	80	80
CEO, Jakob Lindberg	2,777	–	1,048	543	1,707	6,075
Other members of senior management (8)	13,777	11,476	2,333	1,251	19,024	47,861
Of which, subsidiaries	*4,324*	–	*675*	*97*	–	*5,096*
Total	**19,184**	**11,476**	**3,381**	**1,794**	**21,773**	**62,704**

1) Board fees as resolved at the AGM, excluding social security contributions for the May 2019 to May 2020 fiscal year, including remuneration of Board committee work and country-based fees.

Remuneration to members of senior management

Remuneration to the CEO and members of senior management consists of a basic salary, pension benefits, variable remuneration and participation in incentive programs. Some of the Group's members of senior management invoice their fees, which are included in operating expenses and recognized in the tables above under the column "Invoiced fees." At the balance-sheet date, other members of senior management referred to the ten (8) individuals who, together with the CEO, make up Group management. Other members of senior management refer to the Chief Financial Officer, Chief Scientific Officer, Chief Operating Officer, Head of Regulatory Affairs, Head of Research and CMC, Chief Commercial Officer, Global Head of Corporate Communications, General Counsel, Chief Medical Officer and General Manager, US Business Unit.

Pensions

All pension undertakings are defined-contribution plans. The age of retirement for the CEO is 65. The pension premium amounts to 19 percent of the former CEO's pensionable salary (Jakob Lindberg). For the CEO, Marty Duvall, provisions will take place in the 401k pension plan from 2021 with a ceiling of a maximum of USD 26,500. The pension commitments for other members of senior management are in accordance with the company's pension policy, and for foreign members of senior management, with the market-based terms of their respective countries. The age of retirement is 65 for other members of senior management. Pensionable salary refers to basic salary.

Variable remuneration

Variable remuneration refers to variable bonuses based on the fixed portion of basic salary. The result is based on a vesting period of one year and is subject to a combination of predetermined personal targets and the company's targets. The maximum result is 50 percent of basic salary for the former CEO Jakob Lindberg and 200 percent for the CEO Marty Duvall. For other members of senior management, variable remuneration amounts to 25–50 percent of the basic salary.

Note 10 continued

Share-based payments

The Group's incentive programs are aimed at creating a long-term commitment to Oncopeptides, creating opportunities to attract and retain expertise, and delivering long-term shareholder value. Participants are allotted warrants that will only be earned on condition that specific performance requirements are fulfilled. Participation in a program is decided by the Board of Directors and no individual is contractually entitled to participate in the plan or receive any guaranteed benefits. At year-end 2020, Oncopeptides had nine active programs covering the company's management, certain Board members, founders and other employees. For a description of the programs, refer to Note 27.

Severance pay

If notice is given by the company, the period of notice must not exceed twelve months. Fixed cash salaries during the period of notice and severance pay may not collectively exceed an amount corresponding to the fixed cash salary for two years for the CEO and one year for other members of senior management. If notice is given by the employee, the period of notice must not exceed six months, and there is no right to severance pay.

Additionally, remuneration for potential non-competition clauses can be payable. Such remuneration is to compensate for potential loss of income and is only payable insofar as the former employee lacks any right to severance pay. Remuneration should be based on the fixed cash salary at the time of termination, unless mandatory collective provisions dictate otherwise, and is payable over the duration of the non-competition clause, which may not exceed 12 months after the termination of employment.

Note 11 Financial income and expenses

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Interest income	322	0	390	56
Total financial income	**322**	**0**	**390**	**56**
Of which, interest income from Group companies	–	–	*67*	*56*
Interest expenses for lease liabilities	-1,469	-512	–	–
Other interest expenses	-16	-16	-16	-15
Total financial expenses	**-1,485**	**-528**	**-16**	**-15**

Note 12 Tax on profit for the year

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Current tax	-9,247	-3,047	–	–
Deferred tax	6,996	2,262	–	–
Recognized tax	**-2,251**	**-785**	**–**	**–**
Reconciliation of effective tax rate				
Loss before tax	-1,592,442	-739,920	-1,599,620	-744,138
Tax according to applicable tax rate for the Parent Company 21.4 percent (21.4).	340,783	158,343	342,319	159,245
Tax on deferred tax receivables not charged to profit or loss	-342,222	-159,091	-342,223	-159,082
Non-deductible expenses	-418	-250	-96	-164
Effect of other tax rates on foreign subsidiaries	-72	14	–	–
Tax attributable to previous years	-322	199	–	–
Recognized tax	**-2,251**	**-785**	**–**	**–**

The Group has tax items pertaining to costs attributable to new share issues that are recognized directly in equity, the tax effect amounted to SEK 18,239 thousand (16,201).

There are tax loss carryforwards for which no deferred tax assets have been recognized in the balance sheet, totaling SEK 3,535,574 thousand (1,851,177), and which are not subject to time limits. Deferred tax assets have not been recognized for these items, since the Group does not have taxable profits. The recognized tax expense is fully attributable to foreign subsidiaries. For reconciliation of deferred tax assets, refer to note 15.

Note 13 Intangible fixed assets

Other intangible assets	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Cost at beginning of year	2,111	–	2,111	–
Purchases over the year	–	2,111	–	2,111
Closing accumulated cost	**2,111**	**2,111**	**2,111**	**2,111**
Opening amortization	–	–	–	–
Amortization for the year	-281	–	-281	–
Closing accumulated amortization	**-281**	**–**	**-281**	**–**
Closing carrying amount	**1,830**	**2,111**	**1,830**	**2,111**

Other intangible assets pertain to software and licenses.

Note 14 Property, plant and equipment

Equipment	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Cost at beginning of year	969	453	922	453
Purchases over the year	12,548	516	5,974	469
Currency effect	-757	–	–	–
Closing accumulated cost	**12,760**	**969**	**6,896**	**922**
Opening depreciation	-250	-124	-230	-124
Depreciation for the year	-1,265	-126	-508	-106
Currency effect	89	–	–	–
Closing accumulated depreciation	**-1,426**	**-250**	**-738**	**-230**
Machinery				
Cost at beginning of year	2,543	2,543	2,543	2,543
Purchases over the year	4,632	–	4,632	–
Closing accumulated cost	**7,175**	**2,543**	**7,175**	**2,543**
Opening depreciation	-763	-509	-763	-509
Depreciation for the year	-473	-254	-473	-254
Closing accumulated depreciation	**-1,236**	**-763**	**-1,236**	**-763**
Closing carrying amount	**17,273**	**2,499**	**12,097**	**2,472**

The increase in property, plant and equipment is primarily a result of equipment for the acquired pre-clinical laboratory in Solna and working tools for employees in the subsidiary.

Depreciation of property, plant and equipment is included in the consolidated income statement in the sub-items Research and development costs SEK 788 thousand (254), Marketing and distribution costs SEK 128 thousand (20) and Administrative expenses SEK 1,103 thousand (106). Property, plant and equipment is attributable to Swedish companies SEK 12,097 thousand (2,472) and companies in the US SEK 5,176 thousand (27).

Note 15 Deferred tax assets

Deferred tax assets	Group Dec 31, 2020	Group Dec 31, 2019
Recognized amount for temporary differences attributable to:		
Non-current assets	-1,087	16
Employee benefits	9,232	2,230
Other items	30	16
Total deferred tax assets	**8,175**	**2,262**

Changes to deferred tax in temporary differences

Group 2020	Amount at the start of the year	Recognized in profit or loss	Currency effect	Amount at year end
Non-current assets	16	-1,248	144	-1,088
Employee benefits	2,230	8,222	-1,219	9,233
Other items	16	22	-8	30
	2,262	**6,996**	**-1,083**	**8,175**

Deferred tax assets are assessed to essentially be possible to utilize in 2021–2022.

Group 2019	Amount at the start of the year	Recognized in profit or loss	Amount at year end
Non-current assets	–	16	16
Employee benefits	–	2,230	2,230
Other items	–	16	16
	–	**2,262**	**2,262**

Note 16 Financial non-current assets

Non-current receivables	Group Dec 31, 2020	Group Dec 31, 2019	Parent Company Dec 31, 2020	Parent Company Dec 31, 2019
Opening cost	1,035	851	851	851
Deposits made	3,131	184	–	–
Repaid deposits	-184	–	–	–
Currency effect	-360	–	–	–
Total non-current receivables	**3,622**	**1,035**	**851**	**851**

Financial non-current assets pertain to restricted bank deposits and deposits for rental properties SEK 3,571 thousand (984), Euroclear SEK 50 thousand (50) and SEK 1 thousand (1) which pertains to 1,000 shares in LFF Service AB (556197-9211).

The share in LFF Service AB is pledged and gives Läkemedelsföreningens Service AB an option to acquire the share at its quotient value (SEK 1 thousand) if Oncopeptides AB (publ) withdraws from the share agreement.

Note 17 Interests in subsidiaries, Parent Company

	Dec 31, 2020	Dec 31, 2019
Cost at beginning of year	50	50
Paid additions[1]	7,763	–
Closing accumulated cost	**7,813**	**50**
Closing carrying amount	**7,813**	**50**

1) Paid additions corresponds to share-based remuneration recognized in the subsidiary Oncopeptides Inc.

Name	Corp. reg. no Registered office and country	No. of shares	% ordinary shares owned by the Parent Company	Share of the votes	Carrying amount 2020	Carrying amount 2019
Directly owned						
Oncopeptides Incentive AB	555931-5491, Stockholm, Sweden	50,000	100%	100%	50	50
Oncopeptides, Inc	Delaware, USA	1,000	100%	100%	7,763	0
					7,813	**50**

Note 18 Financial instruments by category, Group

Financial assets and liabilities at December 31, 2020

Assets in the statement of financial position	Financial assets recognized at amortized cost	Non-financial assets	Total carrying amount
Other non-current assets	–	48,335	48,335
Financial non-current assets	3,622	–	3,622
Other current receivables	12,227	11,002	23,229
Prepaid expenses	–	22,650	22,650
Cash and cash equivalents	840,255	–	840,255
Total	**856,104**	**81,987**	**938,091**

Liabilities in the statement of financial position	Financial liabilities recognized at amortized cost	Non-financial liabilities	Total carrying amount
Non-current provision for social security contributions, incentive programs	–	8,530	8,530
Long-term lease liabilities	6,929	–	6,929
Current provision for social security contributions, incentive programs	–	47,202	47,202
Trade payables	136,135	–	136,135
Other current liabilities	12,426	22,619	35,045
Accrued expenses and deferred income	71,853	64,165	136,018
Total	**227,343**	**142,516**	**369,859**

Financial assets and liabilities at December 31, 2019

Assets in the statement of financial position	Financial assets recognized at amortized cost	Non-financial assets	Total carrying amount
Other non-current assets	–	21,565	21,565
Financial non-current assets	1,035	–	1,035
Other current receivables	–	6,976	6,976
Prepaid expenses	–	37,726	37,726
Cash and cash equivalents	926,186	–	926,186
Total	**927,221**	**66,267**	**993,488**

Liabilities in the statement of financial position	Financial liabilities recognized at amortized cost	Non-financial liabilities	Total carrying amount
Non-current provision for social security contributions, incentive programs	–	23,052	23,052
Other long-term liabilities	8,243	–	8,243
Current provision for social security contributions, incentive programs	–	10,733	10,733
Trade payables	80,986	–	80,986
Other current liabilities	6,652	5,667	12,319
Accrued expenses and deferred income	39,327	21,815	61,142
Total	**135,208**	**61,267**	**196,475**

Note 19 Inventory

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Raw materials and supplies	6,800	–	6,800	–
Completed goods	1,865	–	1,865	–
Total	**8,665**	**–**	**8,665**	**–**

Note 20 Other current receivables

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Current tax assets	2,198	576	2,198	576
VAT receivables	7,486	5,655	7,486	5,655
Short-term deposits	12,227	–	–	–
Other receivables	1,318	745	984	684
Total	**23,229**	**6,976**	**10,668**	**6,915**

Note 21 Prepaid expenses and accrued income

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Prepaid expenses for research and development	13,693	34,299	13,693	34,299
Other prepaid expenses	8,957	3,427	3,364	2,893
Total	**22,650**	**37,726**	**17,057**	**37,192**

Note 22 Cash and cash equivalents

Cash and cash equivalents, in the balance sheet and in the statement of cash flows, consist of the following:

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Bank balances	840,255	926,186	785,972	921,535
Total	**840,255**	**926,186**	**785,972**	**921,535**

Cash and cash equivalents pertain to bank deposits in USD amounting to SEK 374,244 thousand and in EUR amounting to SEK 111,795 thousand as well as other in SEK.

	Group		Parent Company	
Cash flow, non-cash items	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Depreciation and amortization	14,403	4,540	1,247	361
Exchange-rate differences	85,697	-7,547	85,697	-7,547
Value of service by participants in the incentive programs	38,919	32,493	30,637	32,493
Provision for social security contributions, incentive programs	21,872	-37,673	21,616	-37,673
Other items	15	–	15	–
	160,906	**-8,187**	**139,212**	**-12,366**

Note 22 continued

		Non-cash items		
Reconciliation of liabilities from financing activities	Jan 1, 2020	Cash flow	New leases	Currency effect	Dec 31, 2020
Lease liabilities	14,895	-14,260	19,491	-771	19,355
	14,895	**-14,260**	**19,491**	**-771**	**19,355**

		Non-cash items		
Reconciliation of liabilities from financing activities	Jan 1, 2019	Cash flow	New leases	Currency effect	Dec 31, 2019
Lease liabilities	8,053	-3,956	10,774	24	14,895
	8,053	**-3,956**	**10,774**	**24**	**14,895**

Note 23 Share capital and additional paid-in capital

	No. of shares	Share capital	Additional paid-in capital	Total
At Jan 1, 2019	**44,091,921**	**4,899**	**1,272,830**	**1,277,729**
New share issue resolution passed in January 2019	4,750,000	528	514,313	514,841
New share issue resolution passed in June 2019	5,015,000	557	682,321	682,878
Value of service by participants in the incentive programs	–	–	32,493	32,493
Exercise of warrants under the company's incentive program	1,556,496	173	42,350	42,523
December 31, 2019	**55,413,417**	**6,157**	**2,544,306**	**2,550,463**
New share issue resolution passed in May 2020	6,065,000	674	654,560	655,234
New share issue resolution passed in May 2020	6,230,000	692	672,771	673,463
Value of service by participants in the incentive programs	–	–	38,398	38,398
Exercise of warrants under the company's incentive program	231,298	26	9,001	9,027
December 31, 2020	**67,939,715**	**7,549**	**3,919,036**	**3,926,585**

Note 23 continued

Share capital and share class
The share capital comprises 67,939,715 shares with a quotient value of approximately SEK 0.11. Each share carries one vote. All shares issued by the Parent Company are fully paid up.

Warrants:
To ensure delivery of the company's and Group's incentive programs, warrants have been issued to the wholly owned subsidiary Oncopeptides Incentive AB. At December 31, 2020, there were 5,119,103 warrants entitling the holders to a total of 5,365,429 shares. Of these, instruments corresponding to 3,159,728 warrants entitling the holders to a total of 3,406,054 shares were allotted, 1,701,354 warrants entitling the holders to 1,701,354 shares were unallotted and the remaining 258,021 warrants entitling the holders to 258,021 shares were allotted as a hedge to cover social security contributions.

Translation reserve
Reserves refer in their entirety to translation reserves. The translation reserve includes all exchange-rate differences arising from the translation of the financial statements of the Group's foreign operations.

	Dec 31, 2020	Dec 31, 2019
Opening carrying amount	2	22
Change for the year	-1,544	-20
Closing carrying amount	**-1,542**	**2**

Dividend
At the AGM in May 2021, it will be proposed that no dividend be distributed with respect to the 2020 fiscal year.

Note 24 Earnings per share

Earnings per share before dilution are calculated by dividing earnings attributable to Parent Company shareholders by the weighted average number of outstanding shares during the period. There is no dilution effect for the employee stock option scheme, as earnings for the periods have been negative.

Earnings per share before and after dilution	2020	2019
Profit/loss for the year (SEK thousand) attributable to the Parent Company's shareholders.	-1,594,693	-740,705
Average number of ordinary shares outstanding (thousand)	62,369	51,701
Earnings per share (SEK)	**-25.57**	**-14.33**

Note 25 Other current liabilities

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Current lease liabilities	12,426	6,652	–	–
Current tax liabilities	3,046	2,036	–	–
Employee-related taxes and levies	11,194	3,442	11,194	2,923
Other current liabilities	8,379	189	8,343	–
Total	**35,045**	**12,319**	**19,537**	**2,923**

Note 26 Accrued expenses

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Employee-related accrued expenses	62,396	21,132	22,834	11,058
Prepaid expenses for research and development	44,143	30,406	44,143	30,406
Accrued expenses to suppliers, other	27,711	8,921	5,363	8,874
Other accrued expenses	1,768	683	1,107	682
Total	**136,018**	**61,142**	**73,447**	**51,020**

Note 27 Share-based payments

The Group's incentive programs are aimed at creating a long-term commitment to Oncopeptides, creating opportunities to attract and retain expertise, and delivering long-term shareholder value. Participants are allotted warrants that will only be earned on condition that specific performance requirements are fulfilled. Participation in a program is decided by the Board of Directors and no individual is contractually entitled to participate in the plan or receive any guaranteed benefits.

Oncopeptides currently has nine active programs encompassing management, certain Board members, founders and employees. "Employee Option Program 2016/2023" was introduced in 2016. The incentive program "Co-worker LTIP 2017" was introduced in 2017. At the 2018 AGM, two incentive programs were established: "Co-worker LTIP 2018" and "Board LTIP 2018". At an EGM in December 2018, "Board LTIP 2018.2" was implemented, and at the 2019 AGM, it was resolved that two new incentive programs were to be introduced: "Co-worker LTIP 2019" and "Board LTIP 2019". At the 2020 AGM, a resolution was passed to introduce the program "Board LTIP 2020", and at the EGM in December 2020 AGM, it was resolved to introduce the program "US Co-worker LTIP 2020".

Employee Option Program 2016/2023

Employee options were allotted free of charge to participants. Allotted employee options are vested gradually over a four-year period calculated from the starting date (aside from 60 options in the series that vest and are allotted over a period of 12 months). Vesting requires that the holder remain employed by the company and that the employment is not terminated as per the day of vesting of each employee option. Each vested option entitles the holder to subscribe for 900 new shares in the company up to and including November 30, 2023 at the latest.

Co-worker LTIP 2017

The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides. Once the options are vested, they can be exercised within a four-year period.

Each vested option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the weighted average price that the company's shares were traded for on Nasdaq Stockholm during the five trading days preceding the allotment date.

Co-worker LTIP 2018

The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides. Once the options are vested, they can be exercised within a four-year period.

Each vested option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the weighted average price that the company's shares were traded for on Nasdaq Stockholm during the five trading days preceding the allotment date.

Co-worker LTIP 2019

The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides. Once the options are vested, they can be exercised within a four-year period.

Each vested option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the weighted average price that the company's shares were traded for on Nasdaq Stockholm during the five trading days preceding the allotment date.

Board LTIP 2018

The share awards were allotted to participants free of charge. Share awards are vested over a three-year period, with one-third per year during the period from one AGM to the next. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the date of the 2018 AGM up to and including the date of the 2021 AGM. The share price's performance will be measured as the volume-weighted average price of the company's share 30 trading days immediately after the 2018 AGM and 30 trading days immediately before the 2021 AGM. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the 2021 AGM.

Board LTIP 2018.2

The share awards were allotted to participants free of charge. Share awards are vested over a three-year period, with one-third per 12-month period after the allotment date. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the final vesting date. The share price's performance will be measured as the volume-weighted average price of the company's share 10 trading days immediately after the allotment date and 10 trading days immediately before the final vesting date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the final vesting date.

Board LTIP 2019

The share awards were allotted to participants free of charge. Share awards are vested over approximately three years until either the 2022 AGM or June 1, 2022 (whichever occurs first) with one-third per year during the period from one AGM to the date immediately before the next AGM or the final

Note 27 continued

vesting date. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the day before the final vesting date. The share price's performance will be measured as the volume-weighted average price of the company's share 10 trading days immediately after the allotment date and 10 trading days immediately before the final vesting date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the final vesting date.

Board LTIP 2020

The share awards were allotted to participants free of charge. Share awards are vested over approximately three years until either the 2023 AGM or June 1, 2023 (whichever occurs first) with one-third per year during the period from one AGM to the date immediately before the next AGM or the final vesting date. The share awards are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the day before the final vesting date. The share price's performance will be measured as the volume-weighted average price of the company's share 10 trading days immediately after the allotment date and 10 trading days immediately before the final vesting date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each time-based and performance-based vested share award entitles the holder to obtain one share in Oncopeptides free of charge.

Vested share awards are automatically exercised the day after the final vesting date.

US Co-worker LTIP 2020

The share awards were allotted to participants free of charge and entitle the holder to shares in Oncopeptides. The share awards are subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the third anniversary day calculated from the allotment date. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share awards will be vested, and if the share price has increased by 20 percent, 33 percent of the share awards will be vested. In the event of an increase in the share price by 20 to 60 percent, the share awards will be vested in a linear manner. If the share price increases by less than 20 percent, there will be no vesting. Each vested share award entitles the holder to obtain one share in Oncopeptides free of charge, provided that the holder, is still employed at Oncopeptides on the final vesting date. In certain customary exceptional cases, vesting is possible even if the participant is no longer employed at Oncopeptides on the final vesting date. Vested share awards are automatically exercised as soon as possible after the final vesting date.

Summary of the Group's total cost for incentive programs

	2020	2019
Share-based remuneration	38,693	31,885
Provision for social security contributions, incentive programs	21,910	-37,231
Social security contributions for the utilization of allotted options.	7,606	43,116
Total	**68,209**	**37,770**

Summary of provisions for social security contributions for share-based remuneration

	Group		Parent Company	
Non-current provisions	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Social security contributions concerning share-based remuneration				
Amount at the start of the year	23,052	14,858	23,052	14,858
Provisions for the year	6,801	8,194	6,675	8,194
Reclassification of current provisions	-21,323	–	-21,323	–
	8,530	**23,052**	**8,404**	**23,052**

	Group		Parent Company	
Non-current provisions	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Social security contributions concerning share-based remuneration				
Amount at the start of the year	10,733	56,600	10,733	56,600
Reclassification from non-current provisions	21,323	–	21,323	–
Provisions for the year	25,737	932	25,443	932
Amounts claimed for the year	-1,486	-43,116	-1,486	-43,116
Reversals over the year	-9,105	-3,683	-9,016	-3,683
	47,202	**10,733**	**46,997**	**10,733**
Total provisions	**55,732**	**33,785**	**55,401**	**33,785**

Note 27 continued

Summary of allotted options and share awards according to plan

Employee Option Programs	2020 No. of shares covered by option programs	2019 No. of shares covered by option programs
At Jan 1	2,491,799	3,190,333
Allotted	775,572	515,566
Forfeited	-382,670	–
Exercised	-200,700	-1,214,100
At December 31	**2,684,001**	**2,491,799**

Share award program (US Co-worker LTIP)	2020 No. of shares covered by option programs	2019 No. of shares covered by option programs
At Jan 1	–	–
Allotted	642,954	–
Forfeited	-3,944	–
At December 31	**639,010**	–

Share awards program (Board LTIP)	2020 No. of shares covered by option programs	2019 No. of shares covered by option programs
At Jan 1	77,378	57,131
Allotted	26,931	25,661
Forfeited	–	-5,414
Exercised	-21,266	–
At December 31	**83,043**	**77,378**

Calculation of fair value of employee option programs

The fair value on the allotment date was calculated using an adapted version of the Black & Scholes valuation model, which takes into consideration the exercise price, the term of the options, share price on the allotment date and expected volatility in the share price, and risk-free interest for the term of the options. Since no listed prices were available for the underlying share prior to the IPO in February

Note 27 continued

2017, the value up until that date is based on the most recently completed business transaction with the company's preference share with an external party.

Employee Option Programs	Allotment date/start date	Maturity date	Fair value upon issue of the option program, SEK	Exercise price, SEK	Volatility	No. of shares covered by option programs at December 31, 2020	Vested
Employee Option Program 2016/2023:1	November 22, 2016	November 30, 2023	8.82	0.11	20.72%	54,000	100%
Employee Option Program 2016/2023:2	November 22, 2016	November 30, 2023	8.82	0.11	20.72%	192,600	100.00%
Co-worker LTIP 2017:1	May 18, 2017	May 18, 2024	9.32	44.48	20.72%	556,000	100.00%
Co-worker LTIP 2017:2	October 5, 2017	October 5, 2024	14.17	63.95	20.72%	136,000	100.00%
Co-worker LTIP 2017:3	February 21, 2018	February 21, 2025	33.37	79.77	41.40%	129,038	95.26%
Co-worker LTIP 2017:4	July 12, 2018	July 12, 2025	94.63	197.48	47.00%	277,895	82.41%
Co-worker LTIP 2017:5	August 30, 2018	August 30, 2025	70.83	149.47	48.40%	20,000	77.94%
Co-worker LTIP 2017:6	October 1, 2018	October 1, 2025	83.37	155.15	50.20%	235,000	75.02%
Co-worker LTIP 2018:2	May 3, 2019	May 3, 2026	71.51	126.09	56.10%	328,649	55.52%
Co-worker LTIP 2019:1	August 12, 2019	August 12, 2026	73.5	142.64	55.20%	58,190	46.31%
Co-worker LTIP 2019:2	December 16, 2019	December 16, 2026	64.3	129.53	49.90%	14,571	34.82%
Co-worker LTIP 2019:3	January 2, 2020	January 2, 2027	59.66	128.62	47.50%	399,420	33.27%
Co-worker LTIP 2019:4	April 2, 2020	April 2, 2027	61.28	107.58	63.70%	31,394	25.00%
Co-worker LTIP 2019:5	June 9, 2020	June 9, 2027	74.42	126.56	66.60%	8,032	18.80%
Co-worker LTIP 2019:6	July 8, 2020	July 8, 2027	81.21	131.93	65.30%	243,212	16.15%
						2,684,001	

Calculation of fair value of share awards programs (Board LTIP 2017, 2018, 2019 and 2020)

The fair value on the allotment date was calculated using a Monte Carlo simulation of future share price development. The simulated share price development has then been used to calculate the outcome of the program and the value of each share at the acquisition date (present value adjusted to the date granted).

	Allotment date	Maturity date	Fair value upon issue of the option program, SEK	No. of shares covered by option programs at December 31, 2020	Vested
Board LTIP 2018	May 18, 2017	May 31, 2020	43.28	30,451	95.81%
Board LTIP 2018.2	March 11, 2019	March 12, 2022	79.66	2,170	83.59%
Board LTIP 2019	July 12, 2019	July 13, 2022	86.57	23,491	74.26%
Board LTIP 2020	July 15, 2020	July 15, 2023	75.21	26,931	31.23%
				83,043	

Calculation of fair value of share awards programs (US Co-worker LTIP 2020)

The fair value on the allotment date was calculated using a Monte Carlo simulation of future share price development. The simulated share price development has then been used to calculate the outcome of the program and the value of each share at the acquisition date (present value adjusted to the allotment date).

	Allotment date	Maturity date	Fair value upon issue of the option program, SEK	No. of shares covered by option programs at December 31, 2020	Vested
US Co-worker LTIP 2020:1	December 7, 2020	December 7, 2023	107.07	639,010	2.28%
				639,010	

Note 28 Related-party transactions

Information about transactions between the Group and other related parties is presented below.
For remuneration to members of senior management and the Board of Directors, refer to Note 10.

	Parent Company	
Purchase of services:	**2020**	**2019**
Purchase of services from subsidiaries	416,754	57,751
Total	**416,754**	**57,751**

Recognition of allotted options issued through the company's incentive programs to related parties at December 31, 2020

	Employee Option Program 2016/2023:2		Co-worker LTIP 2017:1		Co-worker LTIP 2017:3		Co-worker LTIP 2017:6		Co-worker LTIP 2018:2		Co-worker LTIP 2019:1		Co-worker LTIP 2019:3		Co-worker LTIP 2019:4		Co-worker LTIP 2019:5		Co-worker LTIP 2019:6	
	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested	No. of shares covered by the option programs	Vested
CEO, Jakob Lindberg, 2011–June 30, 2020	157,500	100.0%	181,000	100.0%	23,190	95.3%	–	–	45,860	55.5%	–	–	65,373	33.3%	–	–	–	–	–	–
CEO, Marty J Duvall, Jun 1, 2020–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	243,212	16.1%
Other members of senior management	11,700	100.0%	219,000	100.0%	58,307	95.3%	200,000	75.0%	81,836	55.5%	58,190	46.3%	145,793	33.3%	6,916	25.0%	8,032	18.8%	–	–
Total	**169,200**		**400,000**		**81,497**		**200,000**		**104,416**		**58,190**		**192,727**		**6,916**		**8,032**		**243,212**	

Recognition of granted share awards issued through the company's performance-based incentive programs to related parties at December 31, 2020

	Board LTIP 2018		Board LTIP 2018.2		Board LTIP 2019		Board LTIP 2020	
	No. of shares covered by the share award program	Vested	No. of shares covered by the share award program	Vested	No. of shares covered by the share award program	Vested	No. of shares covered by the share award program	Vested
Chairman of the Board Per Wold-Olsen	13,051	95.8%	–	–	9,035	74.3%	10,359	31.2%
Cecilia Daun Wennborg, Board member	5,220	95.8%	–	–	3,614	74.3%	4,143	31.2%
Ulf Jungnelius, Board member	5,220	95.8%	–	–	3,614	74.3%	4,143	31.2%
Brian Stuglik, Board member	5,220	95.8%	–	–	3,614	74.3%	4,143	31.2%
Jennifer Jackson, Board member	–	–	2,170	83.3%	3,614	74.3%	4,143	31.2%
Total	**28,711**		**2,170**	**83.3%**	**23,491**		**26,931**	

Note 29 Pledged assets

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Shares of LFF Service AB	1	1	1	1
Bank guarantees paid	13,077	850	850	850
Total	**13,078**	**851**	**851**	**851**

The share in LFF Service AB is pledged and gives Läkemedelsföreningens Service AB an option to acquire the share at its quotient value (SEK 1,000) if Oncopeptides AB (publ) withdraws from the share agreement. Bank guarantees paid, refer to Note 16 Non-current receivables.

Note 30 Contingent liabilities

The Group and Parent Company had no contingent liabilities at December 31, 2020.

Note 31 Events after the end of the reporting period

PEPAXTO® (melphalan flufenamidem also known as melflufen), in combination with dexamethasone, was granted accelerated approval by the FDA on February 26 for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior lines of therapy and whose disease is refractory to at least one proteasome inhibitor, one immunomodulatory agent, and one CD38-directed monoclonal antibody. Oncopeptides plans to begin to market PEPAXTO immediately to healthcare personnel in the US.

In March 2021, the Board of Directors of Oncopeptides, based on the issue authorization granted by the Annual General Meeting on May 26, 2020, resolved on a directed share issue of 7,000,000 new shares at a subscription price of SEK 158 per share, which means that Oncopeptides will receive gross proceeds of approximately SEK 1,106 million (approximately USD 130 million) after issue costs.

In April 2021, Oncopeptides submitted an application to the European Medicines Agency, EMA, for conditional marketing authorization of melflufen (melphalan flufenamide) in the EU.

Certification

The undersigned affirm that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The annual accounts and the consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and results. The Directors' Report for the Parent Company and the Group gives a true and fair overview of the development of the Parent Company's and the Group's activities, financial position and results, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm April 21, 2021

Per Wold-Olsen
Chairman of the Board

Jonas Brambeck
Board member

Cecilia Daun Wennborg
Board member

Ulf Jungnelius
Board member

Jennifer Jackson
Board member

Brian Stuglik
Board member

Per Samuelsson
Board member

Marty J Duvall
CEO

Our Auditor's Report was submitted on April 21, 2021.
Ernst & Young AB

Anna Svanberg
Authorized public accountant

Auditor's Report

To the general meeting of the shareholders of Oncopeptides AB (Publ), corporate identity number 556596-6438

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Oncopeptides AB (Publ) for the year 2020 except for the corporate governance statement on pages 50-55. The annual accounts and consolidated accounts of the company are included on pages 45-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 50-55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters that need to be communicated in the auditor's report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-44 and 88-91. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.
The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Oncopeptides AB (Publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities

under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 50-55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Jakobsbergsgatan 24, Stockholm, was appointed auditor of Oncopeptides AB (Publ) by the general meeting of the shareholders on the 26 May 2020 and has been the company's auditor since the 21 May 2019.

Stockholm, 21 April 2021

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

Board of Directors

Per Wold-Olsen

MBA, Chairman of the Board.
Elected in 2018.

Per has extensive experience in the pharmaceutical industry and has held many different positions at Merck & Co., Inc. He served in Merck's executive management team from 1994 to 2006. Since 2006, he has served on several boards, including Lundbeck, Pharmaset and Royal Dutch Numico.

Per holds an MBA in finance and administration from Handelshøyskolen BI and an MBA in Management and Marketing from the University of Wisconsin.

Born: 1947

Board committees: Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee.

Holdings in Oncopeptides: 70,917 shares and 32,445 share awards[2]

Other current positions: Chairman of the Board of MMV (Medicines for Malaria Venture) and GN Store Nord A/S. He is also a Board member of Gilead Sciences, Inc.

Independent in relation to the company and its management and in relation to major shareholders.

Brian Stuglik

B.Pharm, Board member.
Elected in 2018.

Brian has a long and broad experience in the pharmaceutical industry. He has worked for 30 years and held several positions at the pharmaceutical company Eli Lilly, both with US as well as global focus and responsibilities. Over the past 25 years, his work has been focused on product strategy and commercialization for oncological products.

Brian has a Bachelor of Pharmacy degree from Purdue University, US.

Born: 1959

Holdings in Oncopeptides: 12,977 share awards2

Other current positions: CEO of Verastem Inc. Founder of Proventus Healthcare Solutions LLC and has served as CEO of the company since 2016. Member of the American Society of Clinical Oncology, the American Association for Cancer Research. Board member of Puma Biotechnology and member of the International Association for the Study of Lung Cancer.

Independent in relation to the company and its management and in relation to major shareholders.

Cecilia Daun Wennborg

MSc, Board member.
Elected in 2017.

Cecilia has 14 years of experience from board positions in listed companies and 20 years of experience from operational positions in the insurance, bank, and care and healthcare sectors, including as CFO and CEO of Skandia Link, Head of Skandia Sverige, CFO of Carema Vård & Omsorg AB and Ambea AB, CEO of Carema Vård & Omsorg AB and Deputy CEO of Ambea AB.

Cecilia holds a MSc in business and economics from Stockholm University.

Born: 1963

Board committees: Chairman of the Audit Committee.

Holdings in Oncopeptides: 11,800 shares and 12,977 share awards2

Other current positions: Board member of Getinge AB, Bravida Holding AB, ICA Gruppen AB, Loomis AB, Atvexa AB, Insamlingsstiftelsen Oxfam Sverige, Hotel Diplomat AB and CDW Konsult AB. Member of the Swedish Securities Council.

Independent in relation to the company and its management and in relation to major shareholders.

Jarl Ulf Jungnelius

MD, PhD, Board member.
Elected in 2011.

Ulf is a licensed medical practitioner and a specialist in a number of areas including oncology. He has published a number of scientific articles and has more than 25 years' experience in leadership positions in both large academic and corporate institutions.

He has been instrumental in the development and registration of gemcitabine (Gemzar), premetrexed (Alimta), Sunitinib (Sutent), lenalidomide (Revlimid) and the albumin bound nanoparticle paclitaxel (Abraxane).

Born: 1951

Holdings in Oncopeptides: 57,750 shares and 12,977 share awards2

Other current positions: CEO of Isofol Medical AB. Senior Oncology Advisor at Noxxon AG. Board member of Biovica International AB, Ryvu Therapeutics and HealthCom GmbH.

Independent in relation to the company and its management and in relation to major shareholders.

Jennifer Jackson

PhD, Board member.
Elected in 2018.

Jennifer is Senior Vice President of Regulatory Affairs and Quality Assurance and a member of the executive leadership team at Tesaro INC. She has more than 25 years of experience in global clinical development and regulatory work for small molecules and biologics across multiple therapeutic areas including oncology.

Jennifer has held several senior positions at Cubist Pharmaceuticals, Biogen, Vertex and Bristol-Myers Squibb.

Jennifer earned her Ph.D. in Genetics at Cornell University and did her postdoctoral work at Massachusetts Institute of Technology. She is a member of the American Society of Clinical Oncology.

Born: 1953

Holdings in Oncopeptides: 9,927 share awards2

Other current positions: SVP Regulatory Affairs and Quality Assurance at Tesaro.

Independent in relation to the company and its management and in relation to major shareholders.

Jonas Brambeck

MSc, PhD, Board member.
Elected in 2008.

Jonas is an Investment Director at Industrifonden, a leading Nordic venture capital fund, and a member of the Board of Directors of the life sciences companies Oxthera AB and Avidicare AB (deputy).

He has previously held positions in several life science companies, such as AstraZeneca, Bruker Instruments and Nobel.

Jonas holds a PhD in organic chemistry from the Royal Institute of Technology in Stockholm.

Born: 1958

Board committees: Member of the Remuneration Committee and the Audit Committee.

Holdings in Oncopeptides: –

Other current positions: Senior Investment Director at Stiftelsen Industrifonden. Board member of OxThera AB and OxThera Intellectual Property AB. Deputy Board member of Avidicare AB and Airsonett AB.

Independent in relation to the company and its senior management, but not in relation to major shareholders. Employee of Stiftelsen Industrifonden.

Per Samuelsson

MSc, Board member.
Elected in 2012.

Per is a partner at HealthCap, a life sciences venture capital business. Per has over 15 years' investment banking experience, mainly with Aros Securities in Sweden, where he served as Director, Corporate Finance and Head of Equity Research. Per holds an MSc in engineering from the Institute of Technology at Linköping University.

Born: 1961

Board committees: Member of the Audit Committee and the Remuneration Committee.

Holdings in Oncopeptides: –

Other current positions: Board member of Ancilla AB, Cantando AB, Cantando Holding AB, HealthCap AB, HealthCap Annex Fund I-II GP AB, HealthCap Orx Holdings GP AB, HealthCap 1999 GP AB, HealthCap III Sidefund GP AB, Skipjack AB, SwedenBIO Service AB, Nordic Nanovector ASA and Targovax ASA.

Independent in relation to the company and its senior management, but not in relation to major shareholders. Partner in HealthCap and Board member of several companies in the HealthCap Group.

Management

Marty J Duvall

CEO since 2020.

Marty has extensive experience of leading positions in drug development and commercialization in the global biotech and drug industries, and unique experience from the areas of oncology and hematology.

Prior to his start at Oncopeptides, he served as CEO of Tocagen Inc. He has previously held positions as Executive Vice President and Chief Commercial Officer at ARIAD and led the company's transition to an integrated global biotech company. Marty has been Senior Vice President and General Manager, Oncology at Merck & Co., Inc. Prior to this he was Senior Vice President for Global Marketing and International Commercial Operations at Abraxis Bioscience, Inc. and Senior Vice President Commercial Operations at MGI Pharma. He has held a number of roles at Sanofi within commercialization, marketing and sales.

Marty holds an MA in Chemistry from Johns Hopkins University, an MBA from The University of Kansas and a BS in Chemistry from Muhlenberg College.

Born: 1962

Holdings in Oncopeptides: 8,800 shares 406,262 options2.

Other current positions: Chairman of Oncopeptides, Inc. Board member of Oncopeptides Incentive AB.

Anders Martin-Löf

MSc

CFO and Deputy CEO since 2018.

Anders was previously CFO of Wilson Therapeutics AB and RaySearch Laboratories AB, both listed on Nasdaq Stockholm. He held various business development positions for Swedish Orphan Biovitrum, where he also served as Director of Investor Relations. In addition, Anders has worked as a management consultant at the Boston Consulting Group and Cell Network, and was the co-founder and CEO of the consultancy firm ScienceCap.

Anders holds an MSc in engineering physics from the Royal Institute of Technology and a BSc in Business Administration and Economics from Stockholm University.

Born: 1971

Holdings in Oncopeptides: 6,000 shares and 274,376 options2.

Other current positions: Board member of Cantargia AB and Board member of Oncopeptides Incentive AB.

Jakob Lindberg

Med Lic

CSO since 2020.

In addition to being CSO of Oncopeptides, Jakob is a Venture Partner at Patricia Industries, part of Investor AB.

Jakob served as CEO for Oncopeptides AB between 2011 and 2020. He has previously worked as an analyst for Merrill Lynch & Co and as a consultant for McKinsey & Co. Jakob also co-founded Cellectricon, a provider of cell-based screening services to accelerate drug discovery, where he also served as CEO.

Jakob studied medicine at the Karolinska Institute, where he gained a Med Lic in Molecular Immunology and an MSc in preclinical medicine. He also has a BA in finance and administration from Stockholm University.

Born: 1972

Holdings in Oncopeptides: 560,831 (545,531 directly owned, 15,300 indirectly owned through Lindberg Life-Science AB), 175 employee options1 and 349,668 options2.

Other current positions: Director of Affibody Medical AB and Lindberg Life-Science AB. CEO of Lindberg Life-Science AB.

Eva Nordström

MSc Pharm

Vice President, Chief Operating Officer since 2020.

Eva Nordström was appointed Head of Clinical Development in 2012 and Chief Operating Officer in 2020. Eva is responsible for strategic and operational issues in Biostatistics, Clinical Operations, Data Management, Global Drug Supply and Project & Process Management.

Eva has previously held the roles of Global Product Director and Vice President at Pharmacia and AstraZeneca based both in Sweden and the USA. She has led international cross-functional teams through all phases of drug development, including phase 3 and product launches. Eva has been responsible for individual project strategies including their implementation as well as therapy area strategies, drug pipeline management and in-licensing.

Eva holds an MSc Pharm from Uppsala University and an Executive MBA from Stockholm School of Economics.

Born: 1970

Holdings in Oncopeptides: 120,200 shares and 156,407 options[2].

Other current positions: Deputy Board member of Utilica AB.

Fredrik Lehmann

PhD

Head of Research and CMC since 2010.

Fredrik is also an independent consultant in preclinical research and CMC outside Oncopeptides.

Fredrik has previously held positions at a number of life science businesses including Pharmacia, Personal Chemistry, Biovitrum and Recipharm. He has also co-founded six life science companies.

Fredrik holds a PhD in medicinal chemistry from the University of Gothenburg.

Born: 1976

Holdings in Oncopeptides: 13,000 shares (12,000 directly owned, 1,000 indirectly owned through OT Lehmann Holding AB), 13 employee options[1] and 106,705 options[2].

Other current positions:
Board member and CEO of OT Pharmaceuticals AB. Board member of OT Lehmann Holding AB and Chairman of the Board of Synartro AB. Board member of Sprint Bioscience and member of the Scientific Advisory Board of Akthelia Pharmaceuticals.

Andrea Passalacqua

General Manager, Europe since March 2021.

Andrea has commercial experience in the biotech and pharmaceutical industries and extensive knowledge of therapy areas hematology, oncology, inflammation and immunology.

Before Andrea began at Oncopeptides, he served as General Manager at Bluebird bio in Italy, where he led the launch of gene therapy products. He has previously served as Business Unit Director for Amgen Switzerland in inflammation and immunology. He has also served as Business Unit Director for Celgene in Switzerland where he was responsible for hematology, oncology, inflammation and immunology. At Celgene, Andrea held several senior international positions: Business Unit Director Spain, Executive Director Pricing & Market Access Europe, Senior Director Global Marketing Oncology and Director European Oncology Franchise. Before Andrea worked in the biotech sector, he worked as a consultant at McKinsey & Company.

Andrea hold an MBA from IESE Business School (University of Navarra), and a Master of Science in Telecom Engineering from Sapienza University of Rome.

Born: 1977

Holdings in Oncopeptides: N/A

Karolina Vilval

LL.M

General Counsel since 2020.

Karolina has been active as a Legal Counsel in the pharmaceutical industry for the past 15 years.

Prior to joining Oncopeptides, Karolina worked at Gilead Sciences, Nordic affiliates as Associate Legal Director.

Previously, Karolina has worked at Biovitrum and Swedish Orphan Biovitrum (Sobi) in various positions in Legal Affairs.

Karolina holds a law degree from Stockholm University.

Born: 1979

Holdings in Oncopeptides: 14,106 options[2].

Other current positions: Board member of Oncopeptides Incentive AB.

Klaas Bakker

MD, PhD

EVP and Chief Medical Officer since 2019.

Klaas has held senior roles at AstraZeneca, most recently as Vice President Medical Affairs for their Global Tagrisso TDR franchise, with global responsibility in oncology. In this role he was responsible for the global launch of Osimertinib, the company's largest asset across all therapeutic areas.

Klaas holds an MD and is a board-certified neurosurgeon from the university of Groningen, the Netherlands, where he was clinically active until 2015. In addition, he holds a PhD in Hematology and has authored over 40 publications in international peer-reviewed journals.

Born: 1982

Holdings in Oncopeptides: 10,000 shares and 136,815 options[2].

Mohamed Ladha

General Manager, US Business Unit, since 2020.

Before Mohamed joined Oncopeptides, he worked for over 17 years with oncology and specialist healthcare, and led teams in sales, marketing, market access, commercialization and medical affairs at various pharmaceutical and biotech companies.

Prior to joining Oncopeptides, Mohamed served as Group Vice President and Head of Commercial & Medical Affairs at Tocagen, a gene therapy and immuno-oncology company focused on cancer. Prior to this, he led the US focused franchise portfolio for lung cancer at Takeda Oncology, and the global franchise portfolio for lung cancer at ARIAD Pharmaceuticals, that is now a part of Takeda Oncology.

Mohamed comes with extensive experience of commercial leadership and launches in oncology from senior positions such as General Manager for Biosimilars Business at Pfizer/Hospira and Global Brand/Portfolio Lead and Commercial Development at Schering-Plough/Merck.

Born: 1970

Holdings in Oncopeptides: 82,367 options[2].

Rolf Gulliksen

Global Head of Corporate Communications since 2020.

Rolf has a substantial background from leading communication roles in the pharmaceutical, life science and consultant industries. Previous positions include Head of Corporate Communications at Hansa Biopharma, SVP Corporate Communications at Biovitrum, Corporate Affairs Director at Pfizer, VP Public Affairs and Communications in Europe for Pharmacia and Pharmacia & Upjohn, as well as External Affairs Manager at MSD. He has also been responsible for life science operations at communication bureaus such as Hallvarsson & Halvarsson Group, Springtime, InVivo and Edelman Worldwide in Europe.

Rolf has studied chemistry, biology, physics, geology, pedagogy and methodology at Uppsala University.

Born: 1959

Holdings in Oncopeptides: 5,499 options[2].

Other current positions: CEO and Senior Advisor, Gulliksen Strategic Relations AB.

1) Each vested employee option entitles the holder to acquire 900 shares per option in the company.

2) One share award entitles to one share in accordance with existing terms. Holdings in Oncopeptides AB (publ) at March 30, 2021.

2021 AGM

Oncopeptides' AGM will be held on Tuesday, May 26, 2021. Due to the extraordinary situation resulting from the covid-19 pandemic, Oncopeptides' Annual General Meeting will be carried out through advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place. Hence, the Annual General Meeting will be held without physical presence.

Shareholders who wish to participate at the Annual General Meeting, through advance voting, must be entered in the share register of the Company, kept by Euroclear Sweden AB (the Swedish Central Securities Depository & Clearing Organisation), on Tuesday 18 May 2021 and must notify their participation by casting their advance vote to the Company no later than on Tuesday 25 May 2021.

Calendar

May 26, 2021	Q1 interim report
May 26, 2021	AGM
August 26, 2021	Q2 interim report
November 18, 2021	Q3 interim report

Contact

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