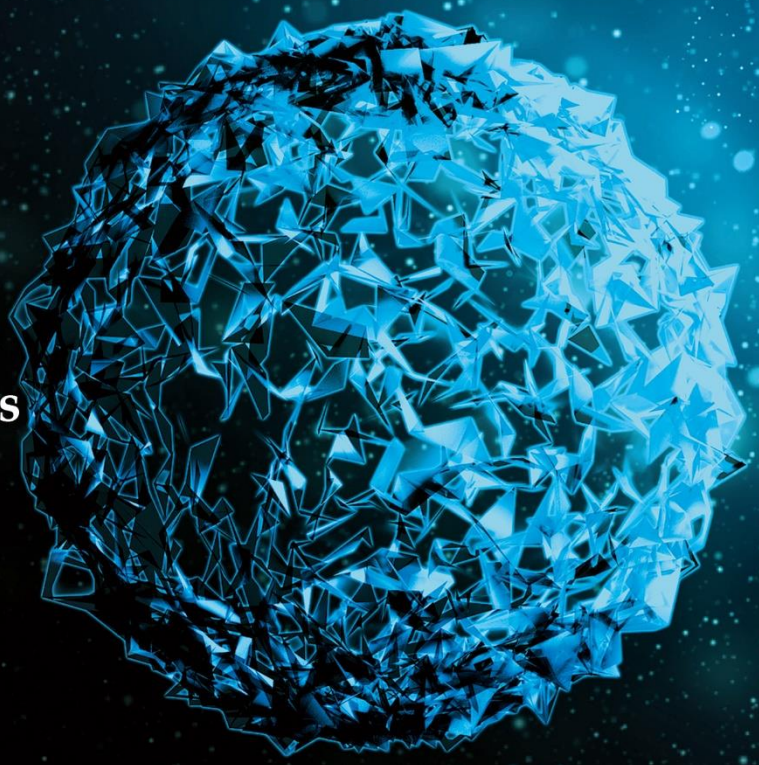
oncopeptides

Year-end report 2017



”With increasing clinical data the possible role for Ygalo® in helping patients with myeloma becomes clearer”

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

Year-end report 2017

SUMMARY OF Q4

October 1st – December 31st 2017

- Net sales amounted to 0.0 (0.0) MSEK
- Loss for the period was 66.7 (loss: 51.1) MSEK
- Loss per share, before and after dilution, was 1.68 (loss: 1.84) SEK
- On December 31st cash and cash equivalents amounted to 404.1 (40.3) MSEK

Significant events during the period October 1st to December 31st 2017

- Final results from the phase II study called O-12-M1 were presented at the American Society of Hematology (ASH) annual meeting in December. The reported results are very promising in terms of median progression-free survival (PFS) of 5.7 months in patients with late-stage relapsed and refractory multiple myeloma (RRMM).
- During ASH, promising interim data were also presented from the ongoing Phase II study HORIZON.

FINANCIAL OVERVIEW OF THE GROUP (SEK thousand):

Financial overview of the group (SEK thousand)

	2017 Oct - Dec	2016 Oct - Dec	2017 Jan - Dec	2016 Jan - Dec
Net sales	-	-	-	-
Operating loss	-66,704	-51,088	-247,620	-114,482
Loss before tax	-66,704	-51,052	-247,620	-114,446
Loss for the period	-66,704	-51,052	-247,620	-114,446
Earnings per share before and after dilution (SEK)	-1.68	-1.84	-6.44	-4.88
Cash flow from operating activities	-45,679	-44,350	-271,497	-104,262
Cash and cash equivalents at the end of the period	404,050	40,251	404,050	40,251
Research & development costs/operating expenses %	79%	69%	80%	78%

FINANCIAL CALENDAR

Annual report will be published	April 16-20, 2018
Annual General Meeting	May 17th 2018
Interim Report Q1 2018	May 17th 2018
Interim Report Q2 2018	July 13th 2018
Interim Report Q3 2018	October 26th 2018

CEO STATEMENT

Dear Shareholders,

With increasing clinical data the possible role for Ygalo® in helping patients with myeloma becomes clearer

In December 2017, we presented the final data, including long-term follow up with survival data, from our phase II study O-12-M1. The results are strong, in comparison with other clinical trials with different drugs in the same patient population. Ygalo® demonstrates long survival benefit for patients that have suffered disease progression while on therapy. In addition, the patients suffered few side-effects associated with poor quality-of-life that normally are seen with other myeloma drugs. The targeting feature of Ygalo® clearly contributed to benefits in terms of efficacy as well as tolerability which was positively received by physicians at the American Association of Hematology meeting in Atlanta.

We also showed the first interim results from the HORIZON study where patients not only have suffered from disease progression in conjunction with early therapies but also subsequently have stopped responding to the drugs pomalidomide and/or daratumumab. The first results were very positive and we are looking forward to report more results from HORIZON during 2018 when we have followed the patients for a longer time after the initiation of therapy.

Myeloma is a cancer with no cure – the late-stage patient population is growing rapidly

The expected survival for patients with myeloma is continuing to rise but there is still no sign of a cure. As a consequence of improvements in expected survival, the late-stage patient population grows because of increased survival rates in earlier lines of therapy. During 2017 the number of patients in the USA that received treatment in late-stage disease grew by more than 40% compared to 2016, despite the fact that the number of newly diagnosed myeloma patients continued to grow by less than 1%. This fast-growing patient population is the one we aim to help with Ygalo® based on data from the OCEAN study.

Our clinical trials

The phase II study HORIZON develops in accordance with plan and our ambition is to present updated data in summer 2018 at scientific conferences. The phase I/II study ANCHOR will be initiated in the near future in line with our current plans. During 2018, our primary focus will be to secure patient recruitment in OCEAN which will require a significant amount of effort to ensure that we hit the target to launch Ygalo® during 2020. OCEAN also develops according to plan and we expect to reveal top-line results from this study during the summer of 2019. In total, our clinical studies are now conducted at roughly 100 hospitals in Europe, USA and Israel.

Objectives for our continued development

The objective for Oncopeptides – assuming positive clinical data – is to bring Ygalo® as an approved product, both in the USA and in Europe, to patients for the treatment of late-stage myeloma in 2020. For this purpose, Oncopeptides will be expanding its European operation and commencing the early stages of a US organization.

Goals 2018:

- Secure sufficient patient recruitment in OCEAN to enable the submission of market authorization applications in the USA as well as Europe early 2020
- Build the foundation for medical relations and commercial both in Europe and the US to ensure a sufficiently strong base at the time of clinical results from OCEAN to meet the drug launch time-line in 2020
- Plan further studies in multiple myeloma considering positive OCEAN data, in order to also progress to the treatment of patients in the earlier stages of the disease.
- Plan the first clinical studies with Ygalo® in cancers outside of myeloma

Once again, we want to thank the shareholders for their trust and support of Oncopeptides. 2017 was a very good year for us and we will continue to work hard in the coming year to enable continued positive value creation for our shareholders.

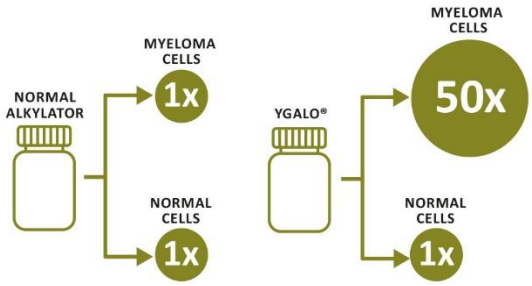
Stockholm, February 22nd, 2018

Jakob Lindberg
VD, Oncopeptides AB (publ)

YGALO® AND MULTIPLE MYELOMA OVERVIEW

About Ygalo®

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



Ygalo® is being studied in clinical trials for the treatment of a rare hematological cancer - multiple myeloma. After the recently finalized phase II-study O-12-M1 there is two trials ongoing, HORIZON and OCEAN. The first patient is expected to be dosed within short in the clinical study called ANCHOR. The purpose is to further investigate Ygalo® in multiple myeloma in combination with other drugs. See later sections for details around the four clinical studies.

About multiple myeloma

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

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

Treating multiple myeloma

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

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

Definitions

Alkylating agent
A type of broad spectrum cytotoxic agent.

Multiple myeloma
Rare blood based cancer.

Pivotal study
Phase III registration study.

Refractory
Resistant to a treatment.

Main treatment options in multiple myeloma (US Market)

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

Note: Only compounds with widespread use listed. Steroids excluded from '% patients treated' analysis. Patients on both broad spectrum cytotoxic and targeted agents are counted in both categories.
Source: Annual Reports, Global Data, internal analysis and IntrinsiQ data.

Patient segments in multiple myeloma

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

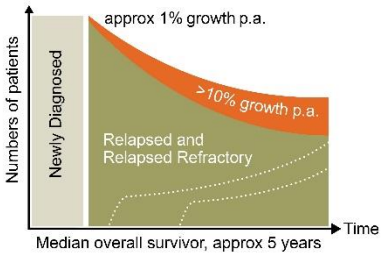
When evaluating clinical data in multiple myeloma several standard measures are used:

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

Patient segments and treatment results overview

PATIENT SEGMENT	MEDIAN PFS	MEDIAN OS	ORR	MEDIAN DOR
Newly Diagnosed	20-50 months	5 years	70-100%	20-50 months
Relapsed and Relapsed Refractory	15-50 months	3 years	60-90%	15-50 months
Late-Stage Relapsed Refractory	3-4 months	1-1.5 years	20-30%	7-8 months
Quad- and Penta-Refractory	2-3 months	~9 months	~20%	~5 months

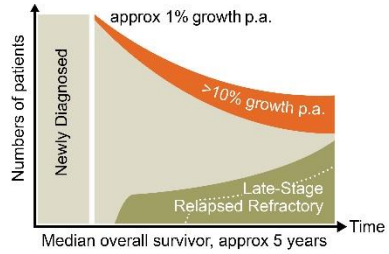
Source: Published clinical data and internal analysis.



Relapsed and Relapsed Refractory — ANCHOR

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

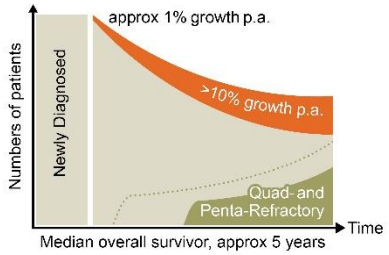
Note: Representative examples of recent clinical trials (triple and double combination therapy).
Source: FDA Label.



Late-Stage Relapsed Refractory — OCEAN

TREATMENT	ORR	CBR	MEDIAN PFS	MEDIAN DOR	MEDIAN OS
Pomalidomide + dexamethasone	24%	NR	3.6 months	7.0 months	12.4 months
Carfilzomib	23%	37%	3.7 months	7.8 months	15.6 months
Daratumumab	29%	34%	3.7 months	7.4 months	17.5 months
Ygalo® + dexamethasone	31%	49%	5.7 months	8.8 months	20.7 months

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



Quad- and Penta-Refractory — HORIZON

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

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

Clinical data in different multiple myeloma patient segments

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

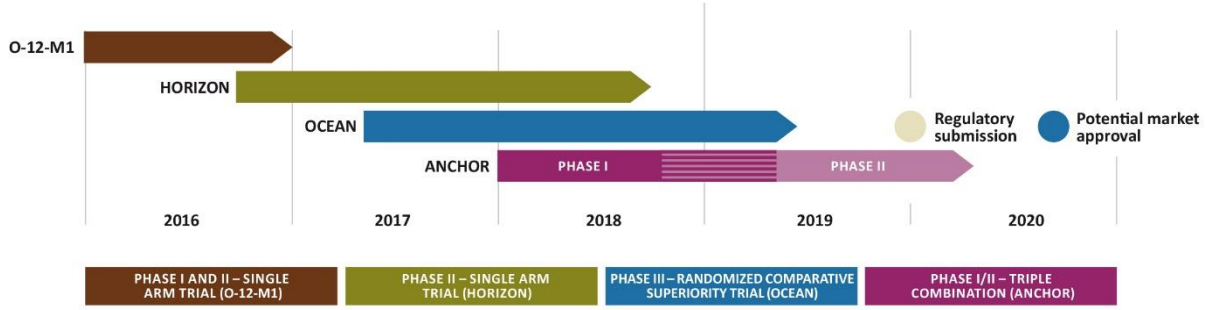
The first graphic shows the two main patient segments: 'Newly Diagnosed' and 'Relapsed and Relapsed Refractory' patients. Almost all clinical trials that are in 'Relapsed and Relapsed Refractory' patients are in patients that have relatively recently undergone initial therapy as newly diagnosed patients.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

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

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

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

Clinical Development Plan



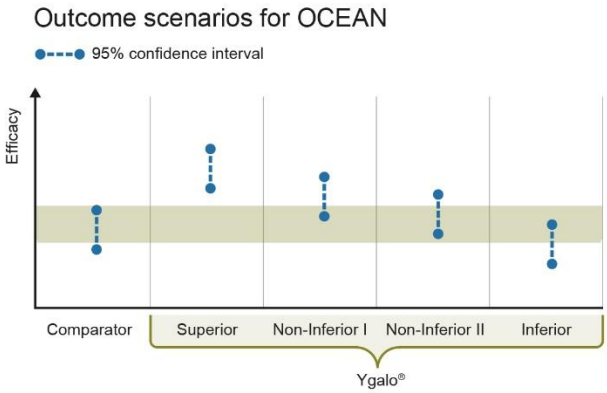
We are currently running two clinical trials and planning to run a third, to fully characterize Ygalo® in multi-refractory late-stage multiple myeloma patients: these are respectively OCEAN, HORIZON and ANCHOR. Recently, we ran a clinical phase I and II trial, O-12-M1, in 'Late-Stage Relapsed Refractory' patients where the final results were presented at the annual American Hematology Meeting (ASH) in December 2017

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

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

The primary read-out in OCEAN is a comparison between Ygalo® and pomalidomide regarding PFS (Progression Free Survival). This comparison can simplistically result in three different outcomes i.e. that Ygalo® is *superior*, *non-inferior* or *inferior* to pomalidomide. As seen in the graphic to the right, the *non-inferior* outcome can in turn be broken down in different scenarios with stronger or weaker data to support marketing efforts of Ygalo®. OCEAN has been powered to show superiority of Ygalo® over pomalidomide based on historical data for the two compounds (see figure on page 6 – 'Late-Stage Relapsed Refractory').

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



HORIZON
HORIZON is a phase II clinical trial where Ygalo® + dexamethasone is being studied in multiple myeloma patients that are refractory to pomalidomide and/or daratumumab (i.e. 'Quad- and Penta-refractory' patients). The trial is being conducted in Italy, Spain and the USA. In January 2017 we announced that the first patient was dosed and we presented interim data at ASH in December 2017. Final results are expected to be presented late 2018.

ANCHOR
ANCHOR is a phase I/II combination study where Ygalo® + dexamethasone is used in combination with bortezomib or daratumumab. First patient is expected to be dosed in March, and last patient out from the study is estimated in Q1 2020.

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

Final O-12-M1 data were presented at ASH in December 2017.

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

FINANCIAL OVERVIEW

Revenue
Net sales amounted to 0.0 (0.0) MSEK during the quarter and 0.0 (0.0) MSEK for the whole year.

Operating expenses
Operating expenses for the fourth quarter amounted to 66.7 (51.1) MSEK and to 247.6 (114.5) MSEK for the year 2017. This relates primarily to research and development costs according to plan.

Research and development costs
During the quarter, research and development costs increased to 52.8 (35.2) MSEK and to 197.8 (89.7) MSEK for the full year. During the fourth quarter, the clinical studies HORIZON and OCEAN continued as well as preparations for initiating the ANCHOR study, which essentially explains the increase in research and development costs.

Marketing and distribution costs
Marketing and distribution costs for the fourth quarter amounted to 6.0 (0.6) MSEK and to 15.2 (0.6) MSEK for the period January to December. These costs are attributable to the continued work to prepare a commercialization strategy for Ygalo®.

Administration costs
During the quarter, administration costs amounted to 7.9 (15.3) MSEK and to 34.7 (24.1) MSEK for the whole year.

Costs for share-based incentive program
The cost for the company's share-based incentive program is included in operating expenses and affected the result for the fourth quarter negatively by 7.5 (6.3) MSEK and for the whole year 2017 negatively by 30.5 (10.3) MSEK.

The cost of 7.5 MSEK for the period consists of a disbursement of provisions for social security contributions of 6.6 MSEK and IFRS 2 classified costs of 0.9 MSEK.

The costs for social security contributions may vary quarterly due to the change in the underlying share price for the current quarter. Related provisions are reported as long- and short-term liabilities.

Earnings
Loss for the period was -66.7 (-51.1) MSEK and -247.6 (-114.4) MSEK for the period January to December 2017. This corresponds to earnings per share, before and after dilution of -1.68 (-1.84) SEK for the period and -6.44 (-4.88) SEK for the whole year.

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

Cash flow, investment and financial position
Cash flow from operating activities for the fourth quarter amounted to -45.7 (-44.4) MSEK and to -271.5 (-104.3) MSEK for the full year of 2017. This is mainly due to costs related to the expansion of the clinical program. As of December 31st 2017, the recorded prepaid study related expenses amounted to approximately 70 MSEK.

Cash flow from investment activities was 0.0 (-1.1) MSEK for the quarter and -1.5 (-1.1) MSEK for the year 2017.

Cash flow from financing activities amounted to 0.0 (80.0) MSEK for the quarter and to 636.8 (143.3) MSEK for the period January to December, when the company raised 695.0 MSEK before issue costs of 58.2 MSEK in connection with the IPO in February 2017.

Cash flow for the quarter was -45.7 (-34.6) MSEK and 363.8 (37.9) MSEK for the whole year.
As of December 31st 2017, cash and cash equivalents amounted to 404.1 (40.3) MSEK and equity to 418.0 (26.3) MSEK.

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

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

In accordance with a decision by the Shareholder's General Meeting in May 2017, two incentive programs; "Co-worker LTIP 2017" and "Board LTIP 2017" were introduced. For more information about these programs see previous interim report.

Full utilization of issued options and share awards per December 31st 2017, corresponding to 2,631,200 shares, will result in a dilution for shareholders of 6.20 percent. Full utilization of mandated options, corresponding to 4,459,888 shares (i.e. including non-allocated employee options and hedge for social security contributions), will result in a dilution for shareholders of 10.0 percent.

Number of shares allocated employee stock options may entitle to:	
- *Employee option program 2012/2019*	*1,354,500*
- *Founder option program*	*102,600*
- *Employee option program 2016/2023*	*276,300*
- *Co-worker LTIP 2017*	*863,000*
Total number of shares allocated employee stock options may entitle to:	2,596,400
Number of allocated share awards in program "Board LTIP 2017"	34,800
Total number of shares allocated employee stock options and share awards may entitle to:	2,631,200

OTHER INFORMATION

Co-workers
As of December 31st 2017, the number of co-workers amounted to 27 (26).

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

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

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

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

As of December 31st 2017, the number of registered shares and votes in Oncopeptides amounted to 39,806,021.

Annual General Meeting
The AGM in Oncopeptides AB will be held on Thursday May 17th 2018, at 15.00 CET, at Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm, Sweden.

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

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

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

Stockholm, February 22nd 2018

Oncopeptides AB
Board of Directors

For further information, please contact:

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This information is information that Oncopeptides is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on February 22nd.

FINANCIAL INFORMATION

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of comprehensive income (SEK thousand)

	2017 Oct - Dec	2016 Oct - Dec	2017 Jan - Dec	2016 Jan - Dec
Net sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses				
Research and development costs	-52,762	-35,204	-197,771	-89,725
Marketing and distribution costs	-6,033	-630	-15,160	-630
Administrative expenses	-7,910	-15,254	-34,688	-24,128
Total operating expenses	**-66,704**	**-51,088**	**-247,620**	**-114,482**
Operating loss	**-66,704**	**-51,088**	**-247,620**	**-114,482**
Net financial items	0	36	0	36
Loss before tax	**-66,704**	**-51,052**	**-247,620**	**-114,446**
Tax	-	-	-	-
Loss for the period	**-66,704**	**-51,052**	**-247,620**	**-114,446**
Earnings per share before and after dilution (SEK)	**-1.68**	**-1.84**	**-6.44**	**-4.88**

Condensed consolidated statement of comprehensive income (SEK thousand)

	2017 Oct - Dec	2016 Oct - Dec	2017 Jan - Dec	2016 Jan - Dec
Loss for the period	**-66,704**	**-51,052**	**-247,620**	**-114,446**
Other comprehensive income				
Translation differences on currency hedges	6,766	-	8	-
Total other comprehensive income, net of tax	**6,766**	**-**	**8**	**-**
Total comprehensive loss for the period[1)]	**-59,938**	**-51,052**	**-247,612**	**-114,446**

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

Condensed consolidated balance sheet

Condensed consolidated balance sheet (SEK thousand)

	Dec 31th 2017	Dec 31st 2016
Assets		
Non-current assets		
Tangible non-current assets	2,339	1,100
Financial non-current assets	263	263
Total non-current assets	**2,601**	**1,363**
Current assets		
Other current receivables	1,189	2,963
Prepaid expenses and accrued income	71,982	11,056
Cash and cash equivalents	404,050	40,251
Total current assets	**477,221**	**54,270**
Total assets	**479,822**	**55,633**
Equity and liabilities		
Equity		
Share capital	4,423	2,449
Additional paid-in capital	956,044	318,738
Retained earnings (including net profit/loss for the period)	-542,462	-294,850
Total equity[1)]	**418,005**	**26,337**
Long term liabilities		
Provision for social security contributions, share based incentive program	1,825	-
Total long term liabilities	**1,825**	**-**
Current liabilities		
Trade payables	15,681	8,731
Provision for social security contributions, share based incentive program	36,306	10,200
Other current liabilities	954	715
Accrued expenses and deferred income	7,053	9,651
Total current liabilities	**59,993**	**29,296**
Total liabilities	**61,818**	**29,296**
Total equity and liabilities	**479,822**	**55,633**

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

Condensed consolidated statement of changes in equity

Consolidated statement of changes in equity (SEK thousand)

	Share capital	Additional paid-in capital	Retained earnings including net profit/loss for the period	Total equity
Opening balance January 1st 2016	2,046	175,759	-180,405	-2,600
Net loss for the period			-114,446	-114,446
Transactions with shareholders				
Mandatorily convertible bridge loans raised		143,302		143,302
Value of participants in the incentive programs service		81		81
Conversion of bridge loans	403	-403		0
Closing balance December 31st 2016	2,449	318,738	-294,850	26,337
Opening balance January 1st 2017	2,449	318,738	-294,850	26,337
Net loss for the period			-247,612	-247,612
Transactions with shareholders				
Issue of new shares	1,679	693,305		694,984
Underwriting expenses		-58,223		-58,223
Conversion of bridge loans	295	-295		0
Value of participants in the incentive programs service		2,519		2,519
Closing balance December 31th 2017	4,423	956,044	-542,462	418,005

Condensed consolidated statement of cash flows

Condensed consolidated statement of cash flow (SEK thousand)

	2017 Oct - Dec	2016 Oct - Dec	2017 Jan - Dec	2016 Jan - Dec
Operating loss	-66,704	-51,088	-247,620	-114,482
Adjustment for non-cash-items[1)]	7,594	6,331	30,684	10,304
Interest received	0	1	0	1
Interest paid	0	0	0	0
Cash flow from operating activities before change in working capital	**-59,110**	**-44,756**	**-216,936**	**-104,177**
Cash flow from changes in working capital	13,431	406	-54,562	-85
Cash flow from operating activities	**-45,679**	**-44,350**	**-271,497**	**-104,262**
Cash flow from investing activities	0	-1,081	-1,472	-1,117
Cash flow from financing activities	0	80,000	636,761	143,302
Cash flow for the period	**-45,679**	**34,569**	**363,791**	**37,923**
Cash and cash equivalents at beginning of period	442,964	5,647	40,251	2,293
Change in cash and cash equivalents	-45,679	34,569	363,791	37,923
Foreign exchange difference in cash and cash equivalents	6,766	35	8	35
Cash and cash equivalents at the end of period	**404,050**	**40,251**	**404,050**	**40,251**

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

Condensed parent company statement of comprehensive income

Condensed parent company statement of comprehensive income (SEK thousand)

	2017 Oct - Dec	2016 Oct - Dec	2017 Jan - Dec	2016 Jan - Dec
Net sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses				
Research and development costs	-52,762	-35,204	-197,771	-89,725
Marketing and distribution costs	-6,033	-630	-15,160	-630
Administrative expenses	-7,910	-15,254	-34,688	-24,128
Total operating expenses	**-66,704**	**-51,088**	**-247,620**	**-114,482**
Operating loss	**-66,704**	**-51,088**	**-247,620**	**-114,482**
Net financial items	0	36	0	36
Loss before tax	**-66,704**	**-51,052**	**-247,620**	**-114,446**
Tax	-	-	-	-
Loss for the period	**-66,704**	**-51,052**	**-247,620**	**-114,446**

Condensed parent company statement of comprehensive income (SEK thousand)

	2017 Jul - Sep	2016 Jul - Sep	2017 Jan - Sep	2016 Jan - Dec
Loss for the period	**-66,704**	**-51,052**	**-247,620**	**-114,446**
Other comprehensive income				
Translation differences on currency hedges	6,766	-	8	-
Total other comprehensive income, net of tax	**6,766**	**-**	**8**	**-**
Total comprehensive loss for the period	**-59,938**	**-51,052**	**-247,612**	**-114,446**

Condensed parent company balance sheet

Parent company balance sheet (SEK thousand)

	Dec 31th 2017	Dec 31st 2016
Assets		
Non-current assets		
Tangible non-current assets	2,339	1,100
Financial non-current assets	313	313
Total non-current assets	**2,651**	**1,413**
Current assets		
Other current receivables	1,189	2,963
Prepaid expenses and accrued income	71,982	11,056
Cash and cash equivalents	404,000	40,201
Total current assets	**477,171**	**54,220**
Total assets	**479,822**	**55,633**
Equity and liabilities		
Restricted equity		
Share capital	4,423	2,449
Statutory reserve	10,209	10,209
Non-restricted equity[1)]		
Share premium account	945,835	308,529
Retained earnings (including net profit/loss for the period)	-542,462	-294,850
Total equity	**418,005**	**26,337**
Long term liabilities		
Provision for social security contributions, share based incentive program	1,825	-
Total long term liabilities	**1,825**	**-**
Current liabilities		
Trade payables	15,681	8,731
Provision for social security contributions, share based incentive program	36,306	10,200
Other current liabilities	954	715
Accrued expenses and deferred income	7,053	9,651
Total current liabilities	**59,993**	**29,296**
Total liabilities	**61,818**	**29,296**
Total equity and liabilities	**479,822**	**55,633**

[1)] Reclassification of items between share premium account and retained earnings has occurred, which has not affected non-restricted equity. Historical figures have been adjusted accordingly.

KEY PERFORMANCE MEASURES

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

Key performance measures

	2017 Oct - Dec	2016 Oct - Dec	2017 Jan - Dec	2016 Jan - Dec
Total registered shares at the beginning of period	39,806,021	20,460	22,041,900	20,460
Total registered shares at the end of period	39,806,021	22,041,900	39,806,021	22,041,900
Number of shares that the allocated employee options and share awards entitle to	2,631,200	1,733,400	2,631,200	1,733,400
Share capital at the end of period, SEK thousand	4,423	2,449	4,423	2,449
Equity at the end of period, SEK thousand	418,005	26,337	418,005	26,337
Earnings per share before and after dilution, SEK[1)]	-1.68	-1.84	-6.44	-4.88
Operating expenses, SEK thousand	-66,704	-51,088	-247,620	-114,482
Research and development costs, SEK thousand	-52,762	-35,204	-197,771	-89,725
Research & development costs/operating expenses %[2)]	79%	69%	80%	78%

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

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

NOTES

Note 1 General information

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

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

The interim report for the fourth quarter 2017 was approved for publication on February 22nd 2018, in accordance with the board decision of February 21st 2018.

Note 2 Accounting policies

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

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

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

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

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

Operational risks

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

Financial risk management

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

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

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

Note 4 Estimates and judgements

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

Note 5 Related-party transactions

No transactions with related parties occurred during the fourth quarter (0.5 MSEK)