INTERIM REPORT
Q3 2021

Back to the future

Significant events

JULY–SEPTEMBER

- **Updated results** from the phase 3 OCEAN study were announced on July 8: melflufen met the primary endpoint of superior PFS
- **FDA requested** on July 8, a partial clinical hold of all clinical studies with melflufen, based on OS data in the ITT-population
- **FDA issued a safety alert** to patients and healthcare professionals on July 28, regarding an increased risk of death associated with Pepaxto® in the OCEAN study
- **FDA announced** an ODAC meeting on September 2, scheduled for October 28. The meeting was later cancelled
- **New data from OCEAN and PORT** were presented at the IMW meeting on September 11

AFTER THE REPORTING PERIOD

- **Anders Martin-Löf, CFO,** resigned from Oncopeptides on October 15
- **Pepaxto** was withdrawn from the US market on October 22 and as such Oncopeptides will close commercial operations and refocus on R&D
- **Oncopeptides communicated** focused clinical development efforts to increase cash runway on November 4
- **Annika Muskantor** joined as interim CFO on November 8
- **Jakob Lindberg** was appointed CEO of Oncopeptides and Marty J Duvall left the company on November 15

*Pepaxto® (melphalan flufenamide) is the US trade name. It is known as melflufen during clinical development.

Financial overview

JULY–SEPTEMBER

- **Net sales** amounted to SEK 54.3 M (0.0)
- **Operating loss** amounted to SEK 338.9 M (loss: 383.5)
- **Loss for the period** was SEK 777.5 M (loss: 383.4)
- **Loss per share,** before and after dilution, was SEK 10.33 (loss: 5.71)
- **Cash and cash equivalents** amounted to SEK 671.3 M (1,251.6) on September 30

JANUARY–SEPTEMBER

- **Net sales** amounted to SEK 140.0 M (0.0)
- **Operating loss** amounted to SEK 1,031.1 M (loss: 1,079.7)
- **Loss for the period** was SEK 1,036.3 M (loss: 1,081.7)
- **Loss per share,** before and after dilution, was SEK 14.27 (loss: 17.87)
- **Cash and cash equivalents** amounted to SEK 671.3 M (1,251.6) on September 30

16.5
Sales Jan-Sep USD M

671
Cash SEK M

>380
patients treated with Pepaxto

Financial overview of the group

(SEK thousand)	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	54,276	-	140,005	-	-
Gross profit	22,683	-	105,262	-	-
Gross margin	42%	N/A	75%	N/A	N/A
Operating loss	-338,913	-383,498	-1,031,081	-1,079,706	-1,591,279
Loss after tax	-777,547	-388,357	-1,036,327	-1,081,727	-1,594,693
Earnings per share before and after dilution (SEK)	-10,33	-5.71	-14,27	-17.87	-25.57
Cash flow from operating activities	-336,528	-340,841	-1,069,937	-939,347	-1,296,509
Cash and cash equivalents at the end of the period	671,269	1,251,629	671,269	1,251,629	840,255
R & D costs/operating expenses, %	41%	50 %	44%	59 %	54 %

Back to the future

Early July, Oncopeptides presented more data from the phase 3 OCEAN study, a head-to-head evaluation of the efficacy and safety of melflufen versus pomalidomide in patients with relapsed refractory multiple myeloma. Melflufen demonstrated superior progression free survival compared to pomalidomide. However, the non-significant overall survival data in the ITT-population with a hazard ratio of 1.104, led to a request by the U.S. Food and Drug Administration, FDA, to put all clinical studies with melflufen on partial clinical hold. Following an increasingly intense dialogue with the agency, the Company decided on October 22, to withdraw Pepaxto® from the US market.

SAFETY ALERT BY THE FDA
On July 28, the FDA issued a safety alert regarding "an increased risk of death" associated with Pepaxto in the OCEAN study based on a non-significant overall survival hazard ratio of 1.104 in the ITT population favoring pomalidomide. Patients receiving clinical benefit could stay on treatment if they were informed of the potential risks and gave their consent. FDA announced that they would continue to evaluate OCEAN and considered holding a public advisory committee meeting to discuss patient safety and the marketing authorization of Pepaxto. These regulatory constraints implied head winds in Q3 with sales flat versus the prior quarter. Net revenue in Q3 was SEK 54.3 M ($ 6.3M), and YTD SEK 140.0 ($ 16.5M).

COMPRENSIVE DATA PRESENTED AT IMW
At the International Myeloma Working Group meeting in Vienna on September 11, Dr Fredrik Schjesvold from Oslo Myeloma Center presented the full data set from OCEAN. Data from pre-specified subgroups showed that the main benefit of melflufen on progression free survival was driven by patients without a prior autologous stem cell transplant and that the potential ITT survival risk with Pepaxto was isolated to patients with a prior autologous stem cell transplant.

WITHDRAWAL OF PEPAXTO FROM THE US MARKET
On October 22, we communicated the Company´s decision to withdraw Pepaxto from the US market. This followed increasingly intense discussions with the FDA where it appeared that the product would be withdrawn from the market after the upcoming Oncologic Drugs Advisory Committee meeting. The FDA emphasized that the OCEAN study, which was a post-approval requirement under the accelerated approval program, would not qualify as confirmatory study. After a careful consideration, the company decided to refocus on R&D, the ongoing process with EMA for a conditional marketing authorization in Europe, dedicate resources on a more focused clinical development program of melflufen and next generation drug candidates from the PDC-platform.

BACK TO THE FUTURE
To increase cash runway and build a foundation for a sustainable Swedish R&D company, Oncopeptides decided to rapidly close the commercial operations in the US and Europe, and significantly reduce the Stockholm based organization.

In June 2020, after the submission of our new drug application to the FDA for accelerated approval of melflufen, I decided to step down as CEO and assume a new role as Chief Scientific Officer. It was a natural step after a decade as CEO to handover the leadership to Marty J Duvall, given his commercial background, as we transformed into a fully integrated commercial stage biotech company.

The last 18 months have been extraordinary eventful and challenging with the most exciting

milestone being the accelerated approval of Pepaxto in the US in February 2021. The most disappointing event was of course the withdrawal of Pepaxto from the US market that, even as late as in the third quarter, was perceived as a very unlikely scenario. Despite the withdrawal, we remain confident in our science and are convinced that we can make a difference for patients. This is the main reason why we are committed to fulfil the conditional marketing authorization submission in the EU and are intrigued by the opportunities that our proprietary PDC-platform brings.

REGAIN TRUST

The overarching goal in my new role will be to regain trust for our company and our science. We have identified three near-term priorities, that will be critical for our future development:

Firstly, we will increase our cash runway by closing the commercial operations, refocusing our clinical development program, and downsizing the organization. We estimate that these initiatives will give us a cash runway at least throughout 2022.

Secondly, we are engaging in a dialogue with the FDA to potentially lift the clinical hold and enable clinical studies with the next generation drug candidates from our PDC-platform.

And lastly, we are moving forward with the conditional marketing authorization application of melflufen to the European Medicines Agency, EMA. We have a continuous dialogue with the agency to ensure that we will fulfill all requirements needed for a potential approval and expect an opinion from EMA´s scientific committee CHMP around summer 2022.

Even though the development of the company has been significantly below expectations I am proud of the dedication and contribution that we are making in advancing the care of patients with relapsed refractory multiple myeloma. It has been a journey like no other, but we have gained important learnings. We are now ready to embark on the next phase of our journey as a significantly smaller, but more focused R&D company. I would like to thank each one who has been part of our journey for your relentless contributions, and all our shareholders for your patience and support. We know that we have a lot to prove going forward and we hope to be able to regain your trust as we now take Oncopeptides into a new phase.

November 24, 2021

Jakob Lindberg
CEO

Q3 business highlights

COMMERCIAL
Approximately 50 new patients started treatment with Pepaxto during the third quarter. FDA's safety alert on July 28 impacted the uptake negatively in the third quarter.

CLINICAL DEVELOPMENT
On July 8, Oncopeptides announced updated and additional results from the phase 3 OCEAN study. This final analysis demonstrated that melflufen met the primary endpoint of superior PFS compared to pomalidomide with a Hazard Ratio (HR) of 0.792 (95% CI 0.640-0.979, p-value 0.0311. In conjunction with the presentation of the final PFS results from the OCEAN study, overall survival data from the ITT-population was disclosed. Based on a HR of 1.104 (95% CI 0.846-1.441) favoring pomalidomide, the FDA requested a partial clinical hold, pending further investigation. On July 28, the FDA issued a safety alert to patients and health care professionals regarding an increased risk of death associated with Pepaxto in the OCEAN study. The partical clinical hold means that no new patients have been enrolled in the clinical studies. Ongoing patients could continue treatment if they received benefit and signed a new informed consent. An updated informed consent form was provided to all patients currently enrolled in the clinical studies and 124 out of 126 ongoing patients decided to continue treatment.

The clinical program is on partial clinical hold.

The results from the OCEAN study were presented at IMW in Vienna, September 8-11 by Dr Fredrik Schjesvold. An extensive analysis of data in pre-specified subgroups showed that the PFS benefit of melflufen was mainly driven by patients without a prior autologous stem cell transplant (ASCT), with a median PFS of 9.3 months versus 4.6 months and a HR of 0.59, compared to pomalidomide. The OS data in patients with no prior ASCT also favored melflufen with a median OS of 21.6 months compared to 16.5 months for pomalidomide with a HR of 0.78. However, the OS results in patients with a prior autologous stem cell transplant favored pomalidomide, with a median OS of 31.0 months versus 16.7 months for melflufen, and a HR of 1.61. This benefit of pomalidomide over melflufen in the ASCT subgroup has contributed to the HR of 1.1 in the ITT population.

Data from the phase 2 PORT study, comparing pharmacokinetics, and assessing the safety and tolerability of peripheral and central administration of melflufen in patients with RRMM was presented as a poster at the IMW meeting. It was a successful study outcome, as both central and peripheral administration were comparable and support the potential use of peripheral infusion as a convenient alternative.

Clinical study reports are being developed for the OCEAN study, the PORT study as well as for the phase 2 BRIDGE study. BRIDGE is evaluating the use of melflufen in patients with RRMM who have moderate to severe renal impairment.

The Early Access Program for RRMM patients in Europe continued to enroll patients in Q3. Physicians may apply for melflufen treatment for eligible patients who cannot be adequately treated with approved and commercially available medications, or drugs that are available through clinical trials. To be eligible for treatment in the program patients must have relapsed or refractory multiple myeloma, received at least two prior lines of therapy and be refractory to at least one proteasome inhibitor, one immunomodulatory agent, and one CD38-directed monoclonal antibody (i.e. be triple class refractory). The protocol and consent process for the EAP was amended during Q2 to the reflect the ongoing discussions with the FDA and the program continues for the patient population similar to the US labeled indication. As of September 30, 56 patients across 6 countries in Europe have been approved for participation in the program.

SCIENTIFIC ENGAGEMENT
During Q3 abstracts International Myeloma Workshop (IMW) and American Society of Hematology (ASH) were submitted. Nine abstracts have been accepted at ASH and three of them will be presented as posters:

- Melflufen/Dexamethasone Compared With Pomalidomide/ Dexamethasone in Patients With Relapsed/Refractory Multiple Myeloma—Age Subgroup Analysis of Older Patients
- Melflufen/Dexamethasone (Dex) Compared with Pomalidomide (Pom)/Dex in Patients (Pts) with Relapsed/ Refractory Multiple Myeloma (RRMM) — Safety and Tolerability Analyses
- Single Cell RNA Sequencing Identifies Potential Molecular Indicators of Response to Melflufen in Multiple Myeloma

To the Lymphoma, Leukemia and Myeloma Congress, we submitted 3 encore abstracts, and all have been accepted as presentations.

At IMW in Vienna, the OCEAN data was presented by Dr Schjesvold in an oral session and data from PORT was presented in a poster session. In addition, Oncopeptides sponsored an educational symposium where a prominent international faculty discussed current and future treatment options and remaining challenges in relapsed/refractory multiple myeloma.

The Society of Hematologic Oncology (SOHO) took place in Houston in September, where Oncopeptides presented 3 encore posters with data from HORIZON and ANCHOR (earlier presented at the European Hematology Association Annual Meeting).

In total eight manuscripts were submitted to eight scientific publications during Q3.

PRE-CLINICAL DEVELOPMENT
During Q3 Oncopeptides continued research on the PDC platform, with the objective to develop selective and differentiated clinical candidates.

SUSTAINABILITY (ESG)
Environmental
We continuously strive to minimize the environmental impact of our own operations and those of our suppliers. During Q3 we improved our waste sorting at HQ in Stockholm to be optimsied for the return of employees to the premise. Our pre-clinical laboratory in Stockholm 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.

Q3 business highlights

Social
In Q3 we continued to support a number of patient advocacy events, online learning opportunities and fundraisers in the third quarter through employee participation and support on social media. During this time, posts through our LinkedIn and Twitter (U.S. only) channels highlighted patient advocacy and healthcare organizations like the International Myeloma Foundation (IMF), Indiana University Health and the Multiple Myeloma Research Foundation. We shared information on Blood Cancer Awareness Month activities throughout September, as well as a multiple myeloma webinar by Cancer Dudes, a Living Well with Myeloma webinar by IMF in August and much more.

The Early Access program in Europe started as an initiative to support patients with relapsed refractory multiple myeloma with a large unmet medical need. Physicians may apply for melflufen treatment for eligible patients who cannot be adequately treated with approved and commercially available medications, or drugs that are available through clinical trials.

In light of lifted restrictions in Sweden due the pandemic, preparations for employees to be able to safely return to the office have been carried out.

Governance
During Q2 the governance project phase 1 was implemented and completed within the R&D organization. The team has during Q3 worked according to the established governance structure.

ORGANIZATION
After the third quarter the company inititiated a restructuring process as a consequence of the withdrawal of Pepaxto from the US market. Many employees have and will have to leave the company. Because of this there is a negative effect on sharebased related remunerations in the third quarter due to the expected reduction of the number of instruments that can be utilized. The allocated instruments will thereby be revoked.

SHARE PRICE DEVELOPMENT
FDA's safety alert on July 28 significantly impacted sales of Pepaxto in the third quarter. This also had a considerble impact on the share price. The costs related to social security contributions in share related remunerations vary on a quaterly basis based on the underlying share price. As a consequence of the significant decrease in share price during 2021, the reserve of social security contributions associated with incentive program has become less. This, due to the revaluation of the value of the tax benfits for the participants.

AFTER THE REPORTING PERIOD
On October 22 Oncopeptides announced the withdrawal of Pepaxto from the US-market. The decision was taken after intense interactions and dialogue with the US Food and Drug Administration, FDA, following the overall survival result in the the phase 3 OCEAN study.

Oncopeptides is committed to keeping Pepaxto available for patients currently on treatment who benefits from it, free of charge.

As of November 4, Oncopeptides will reduce the activity level in the clinical development program with melflufen to increase the company´s cash runway and at the same time support the ongoing marketing authorization application process in Europe.

This will have implications on the following studies:

- OCEAN study will continue with long-term follow-up and documentation in accordance to previous plans
- Patient recruitment has been completed in both PORT and BRIDGE and the studies can be closed with relevant scientific data sets
- ANCHOR will close without the last 10 previously planned patients in the bortezomib + melflufen study arm – data sets will be large enough to draw relevant scientific conclusions
- ASCENT, COAST and LIGHTHOUSE will close with incomplete number of patients, it will not be possible to draw any relevant scientific conclusions from these data sets

CFO Anders Martin-Löf resigned from the company on October 15. Annika Muskantor, joined Oncopeptides on November 8 as interim CFO.

Jakob Lindberg was appointed Chief Executive Officer, CEO of Oncopeptides on November 15. Jakob Lindberg replaces Marty J Duvall, who has been the CEO since July 1, 2020. ■

We use our proprietary peptide-drug conjugate platform, PDC, to expand our portfolio, and develop a pipeline of drug candidates for several hematological conditions.

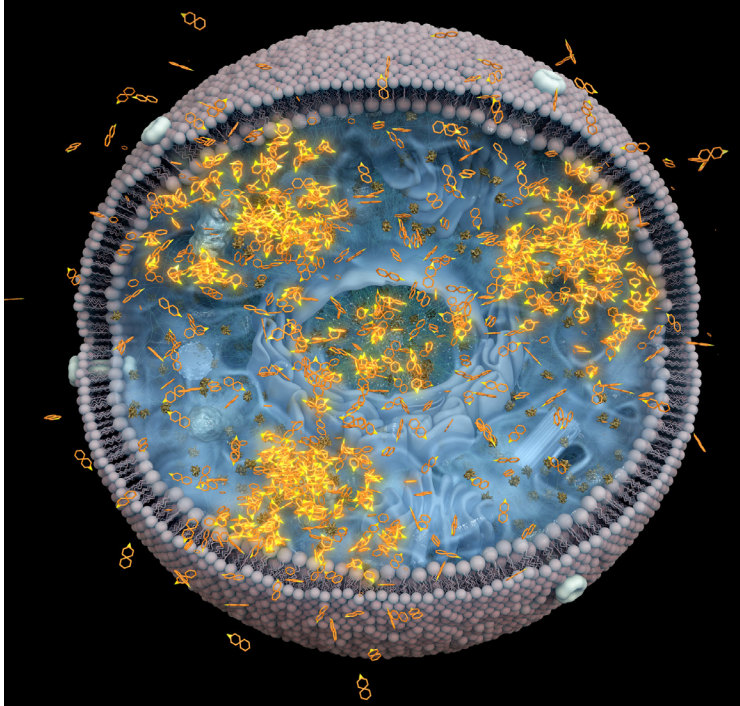
We are exploring innovative candidates and treatments for multiple hematological diseases. The platform gives us a unique competitive advantage because it enables us to build a robust, flexible drug candidate pipeline. This, combined with our collaborations with leading research centers worldwide, enables us to further leverage the PDC platform and expand our portfolio of treatment for difficult-to-treat hematological conditions.

UNIQUE PDC PLATFORM
The PDC 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.

STATE-OF-THE-ART RESEARCH LABORATORY
Over the past years, Oncopeptides has developed several drug candidates from the PDC platform.

In 2020, we opened our state-of-the-art drug development facility in Solna, just outside Stockholm, Sweden. The laboratory will play a vital role in further developing the PDC platform.

LOOKING AHEAD
Our unique PDC platform, our 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. ■



The multiple myeloma cell

Melfufen is our first in class anti-cancer PDC that targets aminopeptidases 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.

Financial overview

REVENUE
Net sales in the third quarter amounted to SEK 54.3 M (-) and SEK 140.0 M (-) in the period January to September. The revenue has been affectedmby expected returns due to the course of events regarding the withdrawal of PEPAXTO in the US market. The accrual estimated for the returns amounts to SEK 20.2 M. Gross profit amounted to SEK 22.7 M (-) for the third quarter and SEK 105.3 M (-) for the first nine months of the year, corresponding to a gross margin of 41.8% (n/a) for the third quarter and 75.2% (n/a) for the first nine months of the year. The gross margin has been affected in the third quarter by the accrual recorded based on the assumed increased amount of returns as a consequence of the withdrawal of PEPAXTO.

OPERATING EXPENSES
Operating expenses for the third quarter amounted to SEK 361.6 M (383.5) and SEK 1,136.3 M (1,079.7) for the first nine months of the year. As a result of the withdrawal of Prepaxto, the assets have been revaluated and impaired by SEK 22.0 M in the group and by SEK 152.3 M in the parent company. Impairment of assets are essentially including inventories amounting to to SEK 9.0 M in the group whareof SEK 8.2 M in the parent company. Impairment of right-of-use assets amounts to SEK 5.0 M in the group. Impairment of intra-group receivables in the parent company amounts to SEK 144.1 M. All impairments are of a non-recurring nature, directly connected to the business re-construction previously communicated.

In addition to the above mentioned costs and adjustments for share-based remuneration programs, no other costs, linked to the withdrawal of PEPAXTO nor from the restructuring, has affected the quarter.

RESEARCH AND DEVELOPMENT COSTS
Research and development costs amounted to SEK 149.8M (193.4) for the third quarter and to SEK 495.6 M (634.8) for the first nine months of the year. The reduced cost in the OCEAN study and the HORIZON study, which is in its final stage are main reasons for the lower costs.

MARKETING AND DISTRIBUTION COSTS
Marketing and distribution costs amounted to SEK 147.9 M (134.0) for the third quarter and to SEK 530.5 M (282.9) for the first ninenths of the year. The full-scaled sales and marketing organization that has been established together with the commercialization activities to advance the sales of PEPAXTO in the US are contributing factors to the increased costs.

ADMINISTRATION EXPENSES
For the third quarter administration expenses amounted to SEK 53.4 M (49.8) for and to SEK 141.8 M (137.0) for the first nine months of the year.

SHARE-BASED PAYMENTS
The costs for social security contributions related to share-based incentive programs vary from quarter to quarter due to the change in the underlying share price. As the share price has decreased significantly during the year, the provision for social security contributions linked to incentive programs also decreased as a result of the continuous revaluation of the value of the tax benefit for the participants.

Related provisions are reported as long- and short-term liabilities.

In the third quarter, a negative effect arises on share-based payments as a result of the expected reduction in the number of instruments that can be utilized, which has been caused by the restructuring the company is undergoing and which means that most employees have and will be notified of termination. The assigned instruments will then be revoked. The cost for the share-based incentive programs have thus been reduced during the year and amounted to SEK negative 27.8 M (12.4) in the third quarter and to SEK negative 22.0 M (38.3) for the first nine months of the year out of which SEK negative 43.4 M (12.2) was provisions and payments of social security contributions and SEK 21.4 M (26.1) was costs for share-based remuneration. These costs have no cash impact. The company has issued warrants that are exercised to cover social security contributions exceeding the paid premiums that may arise from the exercise of granted employee stock options. See note 9.

IMPACT OF COVID-19
COVID-19 has less impact on the company as a result of the lifted restrictions in countries where the company is conducting business. The pandemic, is therefore not considered to have a significant impact on the finances of the company.

TAXES AND EARNINGS
The loss before taxes was SEK 338.6 M (383,8) for the third quarter and SEK 1,031.9 M (1,080.7) for the first nine months of the year.
As a result of intra-group sales of stock items, a deferred tax asset arose on temporary differences in the group. The internal profit is in its entirety reversed consequently of the inventory beimg returned to the parent company and the deferred tax claim has thus been reversed with -436.7 M (0.0) for the third quarter and SEK 0.0 M (0.0) MSEK for the first nine months of the year. The parent company does not report any corresponding tax expense on the sale, as a result of loss carryforwards. Tax revenue has no cash impact. See note 7.
The loss for the third quarter was SEK 777.5 M (383.4) and SEK 1,036.3 M (1,081.7) for the first nine months of the year. This corresponds to a loss per share, before and after dilution, of SEK 10.33 (neg. 5.71) for the third quarter and to a loss per share of 14.27 (neg. 17.87) for the first nine months of the year.

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION
Cash flow from operating activities amounted to a negative SEK 336.5 M (neg. 340.8) for the third quarter and negative SEK 1,069.9 M (neg. 939.3) for the first nine months of the year, of which 0 SEK is attributable to expenses of a non-reocurring nature connected to the restructuring.

The negative cash flow is mainly explained by the company's activities to support the sale of PEPAXTO in the USA and by the expansion of the company's medical affairs and marketing functions.
Cash flow from investing activities amounted to SEK 0.0 M (neg. 6.8) for the third quarter and to negative SEK 0.3 M (neg. 15.6) for the first nine months of the year. Cash flow from financing activities amounted to negative SEK 0.9 M (670.9) for the third quarter and SEK 1,038.0 M (1 319.8) for the first nine

months of the year.
Cash flow for the third quarter amounted to negative SEK 337.4 M (323.3) for the third quarter and to negative SEK 32.3 M (364.8) for the first nine months of the year. As of September 30, 2021, cash and cash equivalents amounted to SEK 671.3 M (1,251.6). In addition the company has a committed loan facility of € 40 M from the E5B that has not been utilized. Usage terms of this loan facility are being renegotiated.
Equity amounted to SEK 612.1 M (1,071.5).

GOING CONCERN AND FINANCING
On October 22 the company decided after dialogue with the US Drug Administration, FDA, to voluntarily withdraw Pepaxto® from the US market. As a result the board decided to immediately change direction and resume being a Sweden-based R&D company, focused on further development of the proprietary PDC platform, including the next generation of drug candidates OPD5 and OPDC3. The company has also emphasized its commitment to meet all requirements needed to support the application to the European Medicines Agency EMA for a potential conditional marketing authorization of melflufen in Europe. A decision was made by the board to significantly downsize the organisation and build a platform for long-term development and growth.

Reduced expenses will improve the Group's cash flow. The board and the CEO continuously assesses the Group's cash and financial resources both on short and long term. The quarterly report has been prepared based on the assumption that the company has the ability to continue operations in the coming 12 month period, in line with the going concern principle. The basis for this assumption is that Oncopeptides AB and its subsidiaries have taken great measures since October 2021 to reduce expenses and thereby strengthen the financial situation. The commercial activities in the United States and Europe will terminated and the organization in Stockholm will be reduced significantly during the last quarter of the year. As Oncopeptides returns to to being a research and development company without revenue generation, the company will not generate positive cash flow from current businessin operations in the near future. During ongoing research and product development, when the company as no commercial product and thus no source of revenue, the company may be in need of additional external capital.
The assessment of the board and the CEO is that given that the reorganization of the business proceeds according to plan, the group is deemed to have the necessary cash and cash equavalent to continue business operations during at least the coming twelve months. Would the above conditions do not fulfilled, for example if the company's reorganization entails higher costs than expected, there is a risk concerning the Group's continued operation. This suggests that there are conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. ■

CO-WORKERS
As of September 30, 2021, the number of co-workers amounted to 321 (232).

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.

During the third quarter, returns resulting from the development of the withdrawal of Pepaxto from the subsidiary affected revenue in the parent company.

THE ONCOPEPTIDES SHARE
As of September 30, 2021, the number of registered shares and votes in Oncopeptides amounted to 75,291,841.

EVENTS AFTER THE END OF THE REPORT PERIOD
Anders Martin-Löf, CFO, resigned from Oncopeptides on October 15.
Pepaxto was withdrawn from the US market on the October 22 and as a consequence from that comes the commercial the business to be wound up and the focus is again on Research and Development. In order to meet all required requirements to support the application to the European Medicines Agency EMA on a potential conditional marketing approval of melflufen in Europe the company has strengthened its commitment further.
Oncopeptides announced on November 4 that the company focuses clinical development efforts to increase cash runway.
Annika Muskantor assumed the position as interim CFO on November 8.
Jakob Lindberg was appointed CEO on November 15. ■

Stockholm, November 24, 2021

Jakob Lindberg
CEO

Auditor's report

Oncopeptides AB (publ) corp. reg. no. 556596-6438.

INTRODUCTION
We have reviewed the condensed interim report for Oncopeptides AB as at September 30, 2021 and for the nine months period then ended. The Board of Directors and the CEO and President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 ***Review of Interim Financial Statements Performed by the Independent Auditor of the Entity***. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

MATERIAL UNCERTANITY RELATED TO GOING CONCERN
We draw attention to the section Going concern and financing on page 8 in the interim report, which indicates that the company will not generate positive cash flows from current business operations in the near future, and that if the company's reorganization entails higher costs than expected, there is a risk concerning the company's ability to continue as a going concern. These events or conditions, along with the other matters mentioned, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Stockholm November 24, 2021

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

Condensed consolidated statement of comprehensive income

SEK thousand	Note	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net sales	5	54,276	–	140,005	–	–
Cost of goods sold		-31,593	–	-34,743	–	–
Gross profit		**22,683**	**–**	**105,262**	**–**	**–**
Operating expenses						
Research and development costs		-149,792	-193,433	-495,632	-634,798	-866,214
Marketing and distribution costs		-147,895	-134,024	-530,514	-282,918	-456,529
Administrative expenses		-53,430	-49,811	-141,827	-136,965	-197,662
Other operating income/expenses[1]		-10,480	-6,230	31,630	-25,025	-70,874
Total operating expenses		**-361,596**	**-383,498**	**-1,136,343**	**-1,079,706**	**-1,591,279**
Operating loss		**-338,913**	**-383,498**	**-1,031,081**	**-1,079,706**	**-1,591,279**
Net financial items		346	-286	-799	-947	-1,163
Loss before tax		**-338,568**	**-383,784**	**-1,031,880**	**-1,080,653**	**-1,592,442**
Income tax	7	-438,979	427	-4,447	-1,074	-2,251
Loss for the period[2]		**-777,547**	**-383,357**	**-1,036,327**	**-1,081,727**	**-1,594,693**
Other comprehensive income						
Items to be reclassified to profit or loss						
Translation differences from foreign operations		25,255	54	451	-118	-1,544
Total other comprehensive income, net of tax		**25,255**	**54**	**451**	**-118**	**-1,544**
Total comprehensive income, net of tax		**-752,292**	**-383,303**	**-1,035,875**	**-1,081,845**	**-1,596,237**
Earnings per share before and after dilution (SEK)		**-10.33**	**-5.71**	**-14.27**	**-17.87**	**-25.57**

1) Exchange rate differences on assets and liabilities in operational activities.
2) Loss for the period is in total attributable to parent company shareholders.

Condensed consolidated statement of financial position

SEK thousand	2021 30 Sep	2020 30 Sep	2020 31 Dec
ASSETS			
Non-current assets			
Intangible assets	1,513	1,971	1,830
Property, plant and equipment	10,879	14,078	17,273
Right-of-use assets	6,581	25,756	21,057
Financial non-current assets	851	3,914	3,622
Deferred tax assets	10,834	2,871	8,175
Total non-current assets	**30,658**	**48,590**	**51,957**
Current assets			
Inventory	-	–	8,665
Accounts receivable	72,876	–	–
Other current receivables	27,198	15,276	23,229
Prepaid expenses	25,452	6,173	22,650
Cash and cash equivalents	671,269	1,251,629	840,255
Total current assets	**796,796**	**1,273,078**	**894,799**
TOTAL ASSETS	**827,454**	**1,321,668**	**946,756**

	2021 30 Sep	2020 30 Sep	2020 31 Dec
EQUITY AND LIABILITIES			
Equity			
Share capital	8,366	7,530	7,549
Additional paid-in capital	4,989,265	3,899,237	3,919,036
Reserves	-1 ,091	-116	-1,542
Retained earnings (including net profit/loss for the period)	-4,384,472	-2,835,180	-3,348,146
Total equity[1]	**612,068**	**1,071,471**	**576,897**
Long-term liabilities			
Provision for social security contributions, share based incentive programs	816	14,423	8,530
Other long-term liabilities	191	9,890	6,929
Total long-term liabilities	**1,006**	**24,313**	**15,459**
Current liabilities			
Provision for social security contributions, share based incentive programs	4,435	30,074	47,202
Trade payables	29,886	67,807	136,135
Other current liabilities	14,203	17,779	35,045
Accrued expenses and deferred income	165,855	110,224	136,018
Total current liabilities	**214,379**	**225,884**	**354,400**
TOTAL EQUITY AND LIABILITIES	**827,454**	**1,321,668**	**946,756**

1) Equity is in total attributable to parent company shareholders.

Condensed consolidated statement of changes in equity

SEK thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Opening balance	**1,376,085**	**769,909**	**576,897**	**797,013**	**797,013**
Profit/loss of the period	-777,547	-383,357	-1,036,327	-1,081,727	-1,594,693
Other comprehensive income	25,255	54	451	-118	-1,544
Comprehensive income (loss) for the period	**-752,292**	**-383,303**	**-1,035,875**	**-1,081,845**	**-1,596,237**
Transaction with owners					
New issue of ordinary shares	-	716,450	1,106,000	1,413,925	1,413,925
Cost attributable to new share issue	-	-42,987	-67,053	-85,228	-85,231
Share based payments	-15,218	9,578	21,611	25,780	38,398
Exercise of warrants	3,494	1,824	10,488	1,826	9,029
Total transaction with owners	**-11,724**	**684,865**	**1,071,047**	**1,356,303**	**1,376,121**
CLOSING BALANCE	**612,068**	**1,071,471**	**612,068**	**1,071,471**	**576,897**

Condensed consolidated statement of cash flow

SEK thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Loss before financial items	-338,913	-383,498	-1,031,081	-1,079,706	-1,591,279
Adjustment for non-cash-items[1]	47,743	22,650	140,197	83,378	160,906
Interest received	0	202	5	202	322
Interest paid	-126	-389	-713	-1,149	-1,485
Tax paid	-139	-174	-12,070	-3,472	-7,243
Cash flow from operating activities before change in working capital	**-291,435**	**-361,209**	**-903,661**	**-1,000,747**	**-1,438,779**
Cash flow from changes in working capital	-45,093	20,368	-166,275	61,400	142,270
CASH FLOW FROM OPERATING ACTIVITIES	**-336,528**	**-340,841**	**-1,069,937**	**-939,347**	**-1,296,509**
Cash flow from investing activities	0	-6,745	-339	-15,631	-20,127
Cash flow from financing activities	-880	670,860	1,038,014	1,319,790	1,323,461
Cash flow for the period	**-337,409**	**323,274**	**-32,262**	**364,812**	**6,825**
Cash and cash equivalents at beginning of period	999,384	937,773	840,255	926,186	926,186
Change in cash and cash equivalents	-337,409	323,274	-32,262	364,812	6,825
Foreign exchange difference in cash and cash equivalents	9,294	-9,418	-136,723	-39,369	-92,756
Cash and cash equivalents at the end of period	**671,269**	**1,251,629**	**671,269**	**1,251,629**	**840,255**

1) Pertains mainly to changes in share-based remuneration programs including social security contributions and exchange rate differences.

Condensed Parent Company income statement

SEK thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net sales[1]	-1,703,207	–	160,339	–	–
Cost of goods sold	-8,208	–	-20,279	–	–
Gross profit	**-1,711,415**	**–**	**140,060**	**–**	**–**
Operating expenses					
Research and development costs	-148,037	-193,503	-492,885	-635,077	-866,509
Marketing and distribution costs	-162,673	-132,567	-557,567	-286,261	-460,860
Administrative expenses	-46,073	-49,079	-139,809	-138,722	-201,751
Other operating income/expenses[2]	-10,919	-6,230	31,300	-25,025	-70,874
Total operating expenses	**-367,702**	**-381,379**	**-1,158,960**	**-1,085,085**	**-1,599,994**
Operating loss	**-2,079,117**	**-381,379**	**-1,018,900**	**-1,085,085**	**-1,599,994**
Net financial items[3]	-143,607	106	-144,128	229	375
Loss before tax	**-2,222,725**	**-381,273**	**-1,163,028**	**-1,084,856**	**-1,599,620**
Tax	–	–	–	–	–
Loss for the period	**-2,222,725**	**-381,273**	**-1,163,028**	**-1,084,856**	**-1,599,620**

1) Refers to intra-group revenues.
2) Exchange rate differences on assets and liabilities in operational activities.
2) Refers mainly to impairment of intra-group balances.

Condensed Parent Company statement of comprehensive income

SEK thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Loss of the period	**-2,222,725**	**-381 273**	**-1,163,028**	**-1 084 856**	**-1 599 620**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total other comprehensive income, net of tax	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the period	**-2,222,725**	**-381,273**	**-1,163,028**	**-1,084,856**	**-1,599,620**

Parent Company balance sheet

SEK thousand	2021 30 Sep	2020 30 Sep	2020 31 Dec
ASSETS			
Subscribed but unpaid capital	-	-	–
Non-current assets			
Intangible fixed assets	1,513	1,971	1,830
Property, plant and equipment	10,879	8,397	12,097
Other financial non-current assets	1,155	5,309	8,664
Total non-current assets	**13,546**	**15,677**	**22,591**
Current assets			
Inventory	-	–	8,665
Other current receivables	11,040	13,194	10,668
Prepaid expenses	14,277	4,725	17,057
Cash and cash equivalents	542,803	1,203,324	785,972
Total current assets	**568,120**	**1,221,243**	**822,362**
TOTAL ASSETS	**581,666**	**1,236,920**	**844,953**

SEK thousand	2021 30 Sep	2020 30 Sep	2020 31 Dec
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	8,366	7,530	7,549
Unregistered share capital			–
Statutory reserve	10,209	10,209	10,209
Total restricted equity	**18,575**	**17,739**	**17,758**
Non-restricted equity			
Share premium account	4,871,586	3,815,786	3,822,968
Retained earnings	-3,249,586	-2,387,777	-1,671,578
Net profit/loss for the period	-1,163,028	-381,273	-1,599,620
Total non-restricted equity	**458,972**	**1,046,736**	**551,770**
Total equity	**477,547**	**1,064,475**	**569,528**
Long term liabilities			
Provision for social security contributions, share based incentive program	636	14,209	8,404
Total long term liabilities	**636**	**14,209**	**8,404**
Current liabilities			
Provision for social security contributions, share based incentive programs	4,435	30,074	46,997
Trade payables	20,314	45,435	115,574
Other current liabilities	5,423	28,000	31,003
Accrued expenses	73,311	54,727	73,447
Total current liabilities	**103,483**	**158,236**	**267,021**
TOTAL EQUITY AND LIABILITIES	**581,666**	**1,236,920**	**844,953**

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, Oncopeptides GmbH and Oncopeptides Inc, USA. The parent company is a Swedish public limited company registered in and with its registered office in Stockholm. Numbers in parentheses in the report refer to the figures for the corresponding period the previous year.
The interim report Jan-Sep 2021 was approved for publication on November 24, 2021.

Note 2 Accounting policies

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. Oncopeptides applies, except as described below, the same accounting principles as in the last Annual Report. Relevant accounting and valuation principles could be found on pages 60-63 of the Annual Report for 2020.

Revenue is reported at the transaction price of goods sold with deductions for VAT, discounts and returns, see further Note 5. When goods inventory items are sold, the value of these items are reported as a cost in the period in which the corresponding income is reported, in accordance with IAS 2. In addition, any impairment of goods in stock and losses relating to goods in stock are reported as an expense in the period in which the impairment is made or the loss occurs. Any reversal of impairment related to goods in stock, due to an increased net sales value, is reported as a reduction of cost of goods sold in the income statement during the period in which the reversal takes place.
No new or amended standards that became effective January 1, 2021, have had a significant impact on the company's financial reporting. Oncopeptides applies ESMA's (European Securities and Markets Authority) guidelines on alternative performance measures.

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

Operational risks
Research and drug development up to approved registration is subject to considerable risk and is a capital-intensive process. The majority of all initiated projects will never reach market registration due to the technological risk such as the risk for insufficiency efficacy, intolerable side effects or manufacturing problems. If competing pharmaceuticals capture market share or reach the market faster, or if competing research projects achieve better product profile, the future value of the product portfolio may be lower than expected. The operations may also be impacted negatively by regulatory decisions, such as approvals and price changes. External factors such as COVID-19 may also impact the company negatively by hampering the company's possibilities to conduct clinical trials, get necessary regulatory approvals or conduct sales related activities. A more detailed description of the company's risk exposure and risk management can be found in the Annual Report for 2020 on page 53.

Financial risk management
Oncopeptides' financial policy governing the management of financial risks has been designed by the board of directors and represents the framework of guidelines and rules in the form of risk mandated and limits for financial activities. The company is primarily affected by foreign exchange risk since the development costs for melflufen are mainly paid in USD and EUR. In accordance with the company's policy for financial risk, the company exchanges cash into USD and EUR in line with entered agreements in order to manage currency exposure. For more information about the group and parent company's financial risk management see note 3 on page 64 in the Annual Report for 2020.

As declaired in the section Continued operations and going concern on page 8 there are conditions that can give rise to significant doubts regarding the company's ability to continue operations.

Credit risk
Oncopeptide's credit risk is managed at Group level and arises through credit exposure in the form of outstanding receivables from customers. Accounts receivable arise when an item has been delivered and invoiced and accounted with the amount that is expected to be received. The need for impairment of accounts receivable are continuously evaluated as due date approaches and has been taken into consideration in the financial statement with SEK 3.7 M per September 30.

Note 4 Estimates and judgements

This report includes forward looking statements. Actual outcomes may deviate from what has been stated. Internal factors such as successful management of research projects, and intellectual property rights may affect future results. There are also external conditions, e.g. the economic climate, political changes and competing research projects that may affect Oncopeptides results.
As a result of the company's restructuring, balance sheet items that are not considered to be able to generate future positive cash flows have been revaluated.

Hence, the company reports impairment of assets which essentially include inventories amounting to SEK 9.0 million in the group whareof SEK 8.2 million in the parent company, fixed assets amounting to SEK 4.3 million in the group whareof SEK 0 in the parent company, right-of-use assets amounting to SEK 5.0 million in the group as well as intra-group receivables in the parent company amounting to SEK 144.1 million. All impairments are of a non-recurring nature, directly connected to the downsizing of the business as previously communicated.

Sales have been reported taking into consideration expected returns as a result of the course of events with regards to the withdrawal of PEPAXTO from the US market. The estimated accrual for returns amounts to SEK 20.2 million. The accrual corresponds to what is expected in terms of returns of the medicinal product sold and not consumed during the last month of the quarter. The parent company has not reported any accruals for returns as inventory items sold to the subsidiary and not yet divested, have been reversed in its entirety and further returns can not be expected.

Note 5 Revenue recognition

Revenue is reported at the transaction value of goods sold excluding VAT, discounts and returns. At the time of delivery, when the

ownership of the goods passes to the customer, the revenue is reported in full. Customers are defined as the retailers who in the meantime sell the goods to the end user of the goods.

Group revenue

SEK,thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Reveue from customer agreements					
Goods[1]	54,276	–	140,005	–	–
Total net revenue	**54,276**	**–**	**140,005**	**–**	**–**
Geografic market					
North America[2]	54,276	–	140,005	–	–

1) PEPAXTO (melphalan flufenamide, also known as melflufen), in combination with dexamethasone, is used for the treatment of adult patients with relapsed or refractory multiple myeloma.
2) Approval has currently only been obtained in the United States, which explains why all revenue refers to one market.

Parent company revenue

SEK,thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Reveue from customer agreements					
Goods[1]	-1,703,207	–	160,339	–	–
Total net revenue	**-1,703,207**	**–**	**160,339**	**–**	**–**
Geografic market					
North America[2]	-1,703,207	–	160,339	–	–

1) Refers to reversed intra-group sales of inventories.
2) Refers to intra-group sales to subsidiaries in the USA.

As the final price is related to the discount paid to the patients' insurance company, the transaction price is not known upon delivery. This is regulated by an accrued estimated discount deduction in the Group based on calculation models considering statistical sales data based on the discount agreements entered into in various discount programs. The company also appreciates a reserve for returns of medicines as a result of the withdrawal of PEPAXTO from the US the market found in the accounts. In addition, there are no other performance commitments.

Note 6 Segment reporting

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.

Note 7 Deferred tax asset

Group Taxes

SEK,thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Tax for the period					
Current tax	-1,341	-287	-6,395	-1,788	-9,247
Deferred tax on intra-group sales of goods	-436,685	–	-	–	–
Other deferred tax	-953	714	1,948	714	6,996
REPORTED TAX	**-438,979**	**427**	**-4,447**	**-1,074**	**-2,251**

As a result of the realized intra-group profit from the sale of inventories, has the deferred tax asset on temporary differences in the group returned with SEK -436.7 (0.0) million in the third quarter. The remaining accrued tax is in its entirety attributable to personnel costs in the subsidiary and can be utilized. The reversed tax revenue has not had any effect on cash flow.

Note 8 Related-party transactions

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

Note 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, founders, and other co-workers in line with the interest of the shareholders. Oncopeptides has currently ten active programs that include the management team, certain board members, founders and employees.
In 2016 the program "Employee option program 2016/2023" was implemented. In 2017 "Co-worker LTIP 2017" was established. At the AGM in May 2018, two additional incentive programs were adopted: "Co-worker LTIP 2018" and "Board LTIP 2018", the latter expired during the second quarter of 2021. An Extraordinary General Meeting in December 2018 resolved to implement the program "Board LTIP 2018.2" and the Annual General Meeting 2019 resolved to implement two additional programs: "Co-worker LTIP 2019" and "Board LTIP 2019". The Annual General meeting 2020 resolved to implement the program "Board LTIP 2020" and an Extraordinary General Meeting 2020 resolved to implement the program "US Co-worker LTIP 2020". For more information about these programs see note 27 in the Annual Report 2020. The Annual General Meeting 2021 resolved to implement the program "Board LTIP 2021" and "Co-worker LTIP 2021". For more information about these programs see the minutes from the Annual General Meeting on the company's website www.oncopeptides.com. Full utilization of granted options and share awards per September 30, 2021, corresponding to 3,595,831 shares, would result in a dilution for shareholders of 4.6 percent. Full utilization of all options and share awards, corresponding to 5,746,349 shares (i.e. including non-granted employee options and warrants set off as hedge for social security contributions), would result in a dilution for shareholders of 7.1 percent.
Below follows a summary of the changes in existing incentive programs during the first nine months of 2021 and the total number of shares that granted employee stock options and share awards may entitle to as of September 30, 2021

Changes in existing incentive programs during the fisrst nine months 2021 (number of shares)

Granted instruments	
– Co-worker LTIP 2019	726,301
– US Co-worker LTIP 2020	41,371
– US Co-worker LTIP 2021	92,090
– Board LTIP 2021	35,000
Exercised instruments	
– Employee option program 2016/2023	-180,900
– Co-worker LTIP 2017	-119,351
Lapsed instruments	
Co-worker LTIP 2017	-6,000
– Co-worker LTIP 2018	-81,168
– Co-worker LTIP 2019	-142,548
– US Co-worker LTIP 2020	-144,567
Expired instruments	
– Board LTIP 2018	-30,451
Total change	**189,777**

Number of shares allocated instruments may entitle to as of September 30, 2021

– Employee option program 2016/2023	65,700
– Co-worker LTIP 2017	1,228,582
– Co-worker LTIP 2018	247,481
– Co-worker LTIP 2019	1,338,572
Total number of shares employee stock options may entitle to	**2,880,335**
– US Co-worker LTIP 2020	535,814
– US Co-worker LTIP 2021	92,090
– Board LTIP 2018.2	2,170
– Board LTIP 2019	23,491
– Board LTIP 2020	26,931
– Board LTIP 2021	35,000
Total number of shares allocated share awards may entitle to	**715,496**
Total number of shares employee stock options and share awards may entitle to	**3,595,831**

Key performance measures

The company presents in this report certain key performance measures, including measures that are not defined under IFRS, namely expenses relating to research and development / operating expenses %, gross result MSEK and gross margin %. The company believes that these ratios are important complement because it allows for a better evaluation of the company's economic trends. These financial performance measures 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 measures as the company has defined them should not be compared with other performance measures with similar names used by other companies. This is because the above-mentioned performance measure are not always defined in the same manner, and other companies may calculate them differently to Oncopeptides.

Key performance measures, shares

SEK,thousand	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net revenue	54,276	-	140,005	-	-
Gross profit[1]	22,683	-	105,262	-	-
Gross margin[2]	42%	-	75%	-	-
Total registered shares at the beginning of period	75,291,841	61,499,683	67,939,715	55,413,417	55,413,417
Total registered shares at the end of period	75,291,841	67,770,683	75,291,841	67,770,683	67,939,715
Number of shares that the outstanding employee options entitle to	3,595,831	2,932,866	3,595,831	2,932,866	3,406,054
Share capital at the end of period, SEK thousand	8,366	7,530	8,366	7,530	7,549
Equity at the end of period SEK thousand	612,068	1,071,471	612,068	1,071,471	576,897
Earnings per share before and after dilution, SEK[3]	-10.33	-5.71	-14.27	-17.87	-25.57
Operating loss, SEK thousand	-338,913	-383,498	-1,031,081	-1,079,706	-1,591,279
Research and development costs, SEK thousand	-149,792	-193,433	-495,632	-634,798	-866,214
Research & development costs/operating expenses, %[4]	41 %	50%	44%	59%	54 %

1) Defined by subtracting cost of goods sold from total sales. The key figure shows the reader the gross profitability of cost of goods sold in absolute numbers.
2) Defined by dividing the sum of the company's gross profit by total sales. The key figure is useful for the readers of the financial report to clarify the relative profitability of goods sold.
3) Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the parent company by a weighted average number of outstanding shares during the period. There is no dilution effect for the employee stock option program, as earnings for the periods have been negative.
4) Defined by dividing the research and development costs with total operating expenses. The key performance measure helps the users of the financial statements to get a quick opinion on the proportion of the company's expenses that are attributable to the company's core business.

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 monoclonal antibody targeted to CD 38.

Autologous Stem cell transplant Stem cells are taken from the patient when the disease is in a calm stage, so-called remission. They are given back to the patient after, for example, chemotherapy.

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.

Hazard ratio A measure of the relative risk of an event at each time point during follow-up when receiving melflufen in relation to pomalidomide. A value below 1 indicates a better treatment effect for melflufen, and a value above 1 indicates a better treatment effect for pomalidomide

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.

ITT Intention To Treat population

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.

Conference call

The interim report Jul-Sep 2021 and an operational update will be presented by CEO Jakob Lindberg and members of Oncopeptides Leadership team, Wednesday November 24, 2021 at 10:00 (CET).

The conference call will also be streamed via a link on the web-site: www.oncopeptides.com.

Phone numbers for participants from:

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Calendar

February 17, 2022	Year-end report 2021
April 21, 2022	Annual report 2021
May 4, 2022	Q1 interim report 2022
May 19, 2022	AGM
Aug 11, 2022	Q2 interim report 2022

Contact

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This information is information that Oncopeptides is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on November 24, 2021.