

Oncodesign: 1st half 2018 results

- Sharp increase in operating revenue: up 32% at €15.0 million, driven by sales growth of 58% to €9.2 million.
- Higher operating expenses reflecting the more rapid development of the Service business and increased R&D spending for Partnership and Licensing activities
- Cash position of €9.8 million at 30 June 2018

Dijon, 26 September 2018 at 6:00pm CEST – ONCODESIGN (ALONC – FR0011766229), a biopharmaceutical group specialised in precision medicine, announces its results for the first half of 2018 and discusses its business activity.

“We are in line with the targets we have set ourselves thanks to the precise execution of our plan of integrating staff from the François Hyafil research centre and Bertin Pharma within Oncodesign. The company now constitutes a structured international entity with over 220 employees in the group’s three strategic activities.” **comments Philippe Genne, Oncodesign’s CEO and founder.** *“Staff are firmly involved in carrying out Oncodesign’s plans. They are mobilised to step up the development of our Service business and increase efforts to advance our flagship drug discovery programs like LRRK2, RIPK2 and our other oncology programs.”*

1st half 2018 results

Income statement

The Oncodesign group achieved robust sales growth of 58% to €9.24 million in the first half of 2018 compared with the first half of 2017, mainly as a result of revenues generated by the Service business (up 63.7% relative to the 1st half of 2017 at €8.66 million). This division benefited fully from the signing of major contracts and the rollout of operations in the United States and Canada (increase of 254%). Partnership sales also rose by 5.8% to €0.57 million thanks to the contribution from the various current partnerships.

Other operating revenue remained stable relative to the 1st half of 2017 at €5.78 million (up 4%), including the research tax credit (€1.27 million over the period) and the subsidy paid by GSK within the framework of the takeover of the François Hyafil centre, representing €3.96 million in the 1st half of 2018. Overall, operating revenue increased significantly by 32% to €15.0 million compared with €11.39 million in the 1st half of 2017.

Operating expenses totalled €18.55 million in the 1st half of 2018 compared with €13.58 million during the same period in 2017. Of this 37% increase, 60% corresponds to the combined effect to the stepping up of Service operations and the full integration of PKP Design’s operations and staff. This growth was also accompanied by an increase in purchases consumed to €8.44 million, up 35% compared with the 1st half of 2017, as well as a 37% rise in staff costs relating to the integration of PKPDesign employees and the creation of jobs in the first half of 2018.

Research and development spending totalled €5.6 million in the 1st half of 2018 compared with €4.6 million in the first half of 2017, still focused primarily on:

- Partnership projects: two programs in collaboration with UCB and BMS, a radiotracer development program and two OncoSNiPE and IMODI collaborative technological programs;
- and Licensing: internal therapeutic and diagnostics research programs, three of which are non-oncology: RIPK2, LRRK2 and ALK2, and two in oncology: ALK1 and MNK1/2.

The group sustained an operating loss for the period of €3.53 million compared with a loss of €2.19 million in the first half of 2017. Interest expenses of €306 thousand relating to loans taken out within the framework of the buyout of PKPDesign's business assets and financing the François Hyafil centre were partly offset by a positive currency effect, resulting in a net financial charge of €230 thousand in the first half of 2018. After taking account of the gradual reversal over a seven-year period of goodwill of €6.8 million recognised following the acquisition of the François Hyafil centre, as well as goodwill impairment relating to the acquisition of subsidiary Synergie, the group sustained a consolidated net loss of €3.42 million in the 1st half of 2018 compared with a loss of €1.86 million in the first half of 2017. This reflects the acceleration in Oncodesign's business activity relating to Partnership and Licensing projects.

| € million | H1 2018 | H1 2017 |
|---|---------------|---------------|
| <i>consolidated figures under French accounting standards</i> | | |
| Sales | 9.24 | 5.82 |
| Other revenue | 5.78 | 5.57 |
| Total operating revenue | 15.02 | 11.39 |
| Operating expenses | (18.55) | (13.58) |
| Operating income | (3.53) | (2.19) |
| Financial income and expense | (0.23) | (0.06) |
| Share of income/(losses) from associates | - | (0.08) |
| Badwill amortisation | 0.30 | 0.49 |
| Net income attributable to owners of the parent | (3.42) | (1.86) |
| Cash position (at 30 June) | 9.76 | 10.18 |

Cash position

Cash and cash equivalents as at 30 June 2018 totalled €9.76 million compared with €10.18 million at 30 June 2017 (€11.53 million at 31 December 2017). This includes the subsidy paid by GSK in January 2018 in respect of the year within the framework of the takeover of the François Hyafil centre but does not yet include the €3.2 million research tax credit due to be paid in the 2nd half of 2018.

Subsequent events and 2018 outlook

- Results of the second stage of the Phase I clinical trial assessing the first radiotracer using Nanocyclix® technology confirming the radiotracer's potential as a companion biomarker for patients with non-small cell pulmonary tumours. Details of the results of these two stages will be provided at EANM¹ in Düsseldorf from 13 to 17 October. If the final results of Phase I are positive, this would enable Oncodesign's partner to move directly to a Phase III clinical trial with the final stage of applying for AMM marketing authorisation.
- Inauguration in June 2018 of the IDMIT infrastructure uniting CEA, Institut Pasteur, Université Paris-Sud, Inserm, ANRS and Oncodesign and bringing together their teams and cutting-edge equipment worldwide in infectiology and immuno-inflammation. IDMIT aims to facilitate the achieving of fundamental and preclinical results obtained in non-human primates to allow for therapeutic or prophylactic options that can be used in clinical trials on humans. Oncodesign will be responsible for commercial operation of the IDMIT platform.

¹ Each year, the EANM congress brings together over 6,000 researchers to talk about recent advances in nuclear medicine, particularly in oncology, cardiology and neurology.

- Continuation of the collaboration launched 12 years ago with Japanese pharmaceutical group Eisai with the signing of a new service-level agreement. The aim of this program is to assess the anti-tumour efficacy of new Eisai compounds, alone and in combination with standard treatments, in a panel of patient-derived xenografts (PDX) with breast cancer, developed specially by Oncodesign between 2012 and 2017. In 2018, orders generated for Oncodesign could exceed €700 thousand with the Tsukuba (Japan) and Andover (United States) research sites.
- Creation of the Hu-PreciMED project to structure the French precision medicine industry and step up the emergence of new therapeutic and innovative diagnostic approaches. To come up with this project, the two competitiveness clusters from the Paris region, Medicen Paris Région and Cap Digital, have joined forces with Oncodesign, Servier and Intersystems. The Hu-PreciMED currently involves a number of major digital technology and healthcare groups alongside over 45 innovative companies. Hu-PreciMED is aiming to become operational in 2019 by means of a pilot phase concerning immuno-inflammatory diseases.

Next financial release: 2018 revenue, January 31, 2019 (after market close)

Upcoming financial and scientific events:

- Discovery on Target – September 25-28 in Boston (USA)
- EurOPDX – October 1st-3rd in Weggis (Switzerland)
- 31st Annual Congress of the European Association of Nuclear Medicine – October 13-17, 2018 in Düsseldorf (Germany)
- 21st Edition of Salon Actionaria – November 22- 23, 2018 in Paris (France)

About ONCODESIGN: www.oncodesign.com

Founded over 20 years ago by Dr Philippe Genne, the Company's CEO and Chairman, Oncodesign is a biopharma company dedicated to the precision medicine. With its unique experience acquired by working with more than 600 clients, including the world's largest pharmaceutical companies, along with its comprehensive technological platform combining state-of-the-art medicinal chemistry, pharmacology, regulated bioanalysis and medical imaging, Oncodesign is able to predict and identify, at a very early stage, each molecule's therapeutic usefulness and potential to become an effective drug. Applied to kinase inhibitors, which represent a market estimated at over \$46 billion in 2016 and accounting for almost 25% of the pharmaceutical industry's R&D expenditure, Oncodesign's technology has already enabled the targeting of several promising molecules with substantial therapeutic potential, in oncology and elsewhere, along with partnerships with pharmaceutical groups such as Bristol-Myers Squibb and UCB. Oncodesign is based in Dijon, France, in the heart of the town's university and hospital hub, and within the Paris-Saclay cluster, Oncodesign has 227 employees and subsidiaries in Canada and the USA.

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