



PRESS RELEASE

First-half 2017 results

- Additional resources of the François Hyafil research center now integrated
- R&D spending doubled without affecting the bottom line
- €10.2 million in cash at June 30, 2017
- Preliminary results from the clinical trial of the radiotracer still expected by the end of the year

Dijon, September 19, 2017 at 6:00pm CEST – ONCODESIGN (ALONC – FR0011766229), a biopharmaceutical group specialized in precision medicine, is today announcing its first-half 2017 results and publishing an update on its business activities.

Introduction of a new organization and integration of the François Hyafil research center

The December 2016 acquisition of the François Hyafil research center from GSK has strengthened and extended Oncodesign's skill set and capabilities.

In the first half of 2017, Oncodesign completely reviewed its organization to achieve optimum efficiency in its business development, production and innovation. As part of this process, it has introduced a new structure spanning all of Oncodesign's sites based around three business streams (services, partnership and licensing), which start out from business development and extend to Oncodesign's strategic activities, including Experimentation and Drug Discovery.

Xavier Morge, formerly Bertin Pharma's Chief Executive Officer, now has responsibility for business development and marketing. Jan Hoflack, Chief Operating Officer, retains his duties as Chief Scientific Officer and has also been given operational responsibility for the strategic activities. Fabrice Viviani has been given charge of Experimentation and the Les Ulis facility and Alexis Denis of the Drug Discovery unit. Each has worked on the operational organization of their activities and on inter- and intra-site coordination. The activities recently acquired from Bertin Pharma will be integrated with the Experimentation unit without any major changes to their existing operational processes.

"We have devoted a great deal of energy and resources since the beginning of the year to scaling up the business as rapidly and effectively as possible", said Philippe Genne, Oncodesign's CEO and founder. "We lost no time in launching the partnership and licensing projects from December 2016 at the François Hyafil research center. New chemists were hired to increase the capacity of our chemistry unit and, at the same time, we designed two new service offerings. The first is an Integrated Drug Discovery Service, and the second a preclinical proof of concept activity covering five new therapeutic areas—inflammatory diseases, cardio-metabolism, fibrosis, diabetes and infectious diseases."

First-half 2017 results

Income statement

The Oncodesign group's revenue was stable in the six months to June 30, 2017 compared with the first half of 2016. The solid growth in Service revenue (up 9.7% to €5.3 million) offset the decline in Partnership revenue (down 48% to €0.5 million) owing to the end of collaboration on LRRK2. Oncodesign has now taken over the development project and all the associated rights and patents.

Overall, operating revenue still posted a significant increase of 70% to €11.4 million. The key contributors were the increase in the research tax credit (€1.5 million in the first half) and the grant paid by GSK in connection with the acquisition of the François Hyafil research center, which amounted to €3.9 million in the first half of 2017. The total grant of €33 million over 4 years should enable Oncodesign to roll out its new service offerings and to capitalize on all the center's new resources and skills by developing its Drug Discovery programs.

In the first half, research and development spending more than doubled (€4.7 million vs. €2.0 million in the first half of 2016), with priority given to the Partnership (UCB, BMS, Cyclopharma, IMODI, Oncosnipe) and Licensing (non-oncology: RIPK2, LRRK2, ALK2; oncology: ALK 1, MNK1/2) projects.

Overall, first-half 2017 operating expenses came to €13.58 million, compared with €8.49 million in the same period of 2016. This 60% increase was primarily attributable to the integration of the François Hyafil research center (€1.0 million in external costs over the period and integration of 57 employees).

Oncodesign posted an operating loss of €2.19 million in the period, compared with a loss of €1.71 million in the first half of 2016. After €90,000 in net financial expense arising from currency effects, its share of the Canadian subsidiary's losses (€81,000) and €486,000 linked to the progressive reversal over a 7-year period of the €6.8 million provision for goodwill arising from the acquisition of the François Hyafil research center, the consolidated first-half 2017 net loss came to €1.86 million compared with a loss of €1.76 million in the first half of 2016.

The acquisition of the François Hyafil research center has thus equipped Oncodesign with the resources and capabilities of GSK's research center, enabling it to double its R&D efforts without significant change in the Group's bottom line over the period.

€ million	H1 2017	H1 2016
<i>Consolidated data, French GAAP</i>		
Revenue	5.82	5.87
Other revenue	5.57	0.85
Total operating revenue	11.39	6.72
Operating expenses	(13.58)	(8.49)
Operating income/(loss)	(2.19)	(1.71)
Financial income and expense	(0.06)	0.09
Share of income/(losses) from associates	(0.08)	(0.12)
Reversal of provisions for goodwill	0.49	-
Net loss (attributable to equity holders of the parent)	(1.86)	(1.76)
Cash position (at June 30)	10.18	8.65

Balance sheet and cash position

Oncodesign held €10.2 million in cash at June 30, 2017, compared with €9.9 million at December 31, 2016 and €8.7 million at June 30, 2016.

This figure reflects the €7.9 million grant paid by GSK in January 2017 in respect of FY 2017 (€3.9 million recognized under Other revenue in respect of the first half of the year, and €4.0 million recognized under Other liabilities and accruals on the balance sheet in respect of the second half of the year). Conversely, cash at June 30, 2017 does not include the €1.8 million research tax credit due in the next few weeks in respect of 2016 and the first €0.3 million instalment of the repayable advance in respect of the OncoSNIPE® project.

Subsequent events and outlook for 2017

- Acquisition of the pharmaceutical and biotech services activities of Bertin Pharma, a subsidiary of Bertin Technologie, which is part of the CNIM group. The scope acquired generated EBITDA of €0.8 million on revenue of €5.3 million in 2016. This deal includes the transfer of a team of 46 highly qualified multidisciplinary employees to support the proprietary or third-party discovery and development of new drugs in areas such as immunology and infectious diseases. The commencement of exclusive negotiations was announced in May 2017 and the acquisition was finalized in late August 2017.

- Operational start-up of Oncodesign's collaborative OncoSNIPE® project, which received a €7.7 million PSPC grant under Bpifrance's PIA (investments for the future) program. The project in which Unicancer (French federation of cancer centers) will participate recently received its initial funding payments from Bpifrance in connection with the launch of a clinical trial to study the molecular profiles associated with the emergence of resistance among cancer patients. This trial is taking place at the cancer centers in Dijon, Marseille and at the university hospitals of Strasbourg.
- Preliminary results still expected by the end of the year for the Phase I clinical trial of the radiotracer targeting mutant EGFR.

Next financial report: Full-year 2017 revenue on January 30, 2018 (after market close)

Upcoming financial and scientific events:

- ELRIG Drug Discovery – October 3-4 in Liverpool (United Kingdom)
- 17th Edition of the European Large & Midcap Event – October 4-5 in Paris (France)
- 30th Annual Congress of the European Association of Nuclear Medicine – October 21-25 in Vienna (Austria)
- Group's Pharmacokinetics and Metabolism Days – October 25-27 in Paris (France)
- AACR-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics: Discovery, Biology, and Clinical Applications – October 26-30 in Philadelphia (PA, United States)
- 2nd National Congress of Living Organism Imaging – November 8-9 in Paris (France)
- ICI Europe Summit (Immune Checkpoint Inhibitors) – November 14-16, 2017 in Munich (Germany)
- European Bioanalysis Forum – November 15-17 in Barcelona (Spain)
- Biotech Agora evening – December 7 in Paris (France)
- 3rd edition of the Invest Securities Biomed Event – December 19 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 215 employees and subsidiaries in Canada and the USA.

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