We care about cancer

PRESS RELEASE

First-half 2016 results

- Further investments in R&D, including Nanocyclix (+34%)
- Launch of Oncodesign's first clinical study evaluating a radiotracer of mutated EGFR-receptor
- Strategic Experimentation partnership agreed with IPSEN
- First milestone reached in collaboration with Bristol-Myers Squibb
- Cash burn limited to €0.6 million in the first half of 2016

Dijon, France, September 19, 2016 - **ONCODESIGN (FR0011766229 - ALONC),** a biotechnology company serving the pharmaceutical industry in the discovery of new therapeutic molecules to fight cancer and other serious illnesses with no known effective treatment, has reported its results for the first half of 2016.

€ million - *Unaudited figures*	**H1 2016**	**H1 2015**	**Change**
Experimentation revenue	4.70	4.57	-3%
Discovery revenue	1.03	1.42	-27%
Total revenue	**5.74**	**5.99**	**-4%**
Other operating revenue	0.10	0.41	-76%
Total operating revenue	**5.84**	**6.40**	**-9%**
Operating costs	(8.48)	(7.43)	n/a
Operating profit/(loss)	**(2.64)**	**(1.03)**	**n/a**
Net profit/(loss)	**(1.77)**	**(0.26)**	**n/a**
Cash position (at June 30)	8.5	9.4	

Philippe Genne, Oncodesign's CEO and founder, commented: *"Our first-half 2016 performance was in line with our strategy and our goals. Our results reflected the downturn in our Discovery revenue, which was boosted by a milestone payment from UCB in the first six months of 2015, our ongoing investments in our Nanocyclix platform and the development of our Experimentation business. From a qualitative standpoint, our strong expansion in North America and Asia, our new Experimentation partnership with IPSEN and the extension of our proof-of-concept service offering, turning it into a broad full service drug discovery offering, have opened up fresh growth prospects. In the Discovery segment, the extension of our patents in the United States and Europe has consolidated our technology. We are actively pursuing our programs, including with Bristol-Myers Squibb, which has identified an initial target as part of our collaboration, and RIPK2 concerning which talks about appropriate agreements are continuing with pharmaceutical partners. During the first half of 2016, we thus achieved key objectives that will support our development, and so we can look ahead to the second half of 2016 with a great deal of confidence."*

Higher Experimentation revenue and first key milestone reached under the agreement with Bristol-Myers Squibb in Discovery

Experimentation revenue rose 3% to €4.70 million. Despite a more competitive environment in the market for the preclinical evaluation of anti-cancer therapies, especially in Europe (36% of sales), revenue surged higher in North America (22% of sales) and Asia (21% of sales), with growth running at 52% and 412% respectively. What's more, the strategic service partnership agreed in May 2016 with IPSEN did not have a material impact on first-half revenue.

At June 30, 2016, Oncodesign had an order backlog of €7.1 million, up 65% on its level at December 31, 2015. Of this total, the guaranteed minimum receivable by Oncodesign under its long-term partnership with IPSEN, which should make a larger contribution to second-half 2016 revenue, accounted for €3.7 million.

First-half 2016 Discovery revenue came to €1.03 million, compared with €1.42 million in the first six months of 2015 when Oncodesign received a milestone payment from UCB upon the exercise of its option to acquire the global rights to a selection of highly specific Oncodesign molecules in the treatment of neurological diseases.
Even so, the first half of 2016 was underpinned by a first milestone payment from Bristol-Myers Squibb after the selection of a first target. To recap, Oncodesign may earn payments under this partnership of up to €80 million per target plus progressive royalties on future sales and additional payments linked to the commercial performance of each product.

Ramp-up in R&D efforts and start of clinical trials of Oncodesign's first molecule reflected in interim results

In the first half of 2016, Oncodesign posted an operating loss of €2.64 million, compared with a loss of €1.03 million in the first half of 2015.

This trend reflected the ramp-up in R&D efforts, which grew 20% in the first six months of 2016. The Nanocyclix kinase inhibitor research platform was a particular focus. Investments in this technology platform rose by 34% from €1.21 million to €1.61 million, representing 64% of total R&D expenditure.

A first molecule from the Imakinib (pharmaco-imaging) program has gained authorization for the commencement of clinical trials. It is a ligand radiotracer of the mutated EGFR receptor. The first NSCLC (non-small cell lung cancer) patients are due to be enrolled by the end of September 2016 in a clinical trial running for 18 to 24 months.
Mutations activating EGFR kinase, responsible for resistance to standard NSCLC treatments, are found in 10% to 15% of patients, and there are expected to be approximately 1.3 million of them by 2022 in Europe, North America and Asia. As the first radiotracer of this type, it would open the way for a new range of imaging biomarkers, which are set to play a crucial role in the development of precision medicine.

Personnel costs rose 14%, with the workforce averaging 102 over the first six months of the year, compared with 76 a year earlier. This represented an increase of 34%.

External costs came to €0.7 million over the first half, up 24% compared with the first six months of 2015. These costs, the bulk of which were devoted to scientific subcontractors, flowed from the ramp-up in R&D expenditure on the Nanocyclix platform.

Purchases of materials and supplies declined 21% from €1.22 million in the first half of 2015 to €0.95 million in the same period of 2016. The bulk of this reduction came in the Experimentation business, translating into a significant increase in its value-added over the period.

Lastly, after taking into account a 20% increase in the research tax credit to €0.84 million, financial income from treasury investments and a negative currency impact arising from Bristol-Myers Squibb's payment of $3 million in January 2016, the net loss came to €1.77 million, compared with a loss of €0.26 million in the first half of 2015.

Limited and controlled cash burn

In the first half of 2016, Oncodesign only used €0.6 million in cash despite the increase in R&D expenditure over the period.

Given the €0.30 million advance repayable by Bpifrance for the IMODI project (leading French industrial personalized medicine consortium), net cash at June 30, 2016 stood at €8.5 million ahead of the impact of the forthcoming repayment of the €1.7 million research tax credit and effective receipt of the milestone payment from Bristol-Myers Squibb on July 8, 2016.

Oncodesign continues to manage its cash tightly, reflecting the resilience of its diversified and integrated business model.

Next financial publication: Full-year 2016 revenue, Tuesday January 31, 2017 (after the market close)

About Oncodesign: www.oncodesign.com

Founded over 20 years ago by Dr Philippe Genne, the Company's CEO and Chairman, Oncodesign is a biotechnology company that maximises the pharmaceutical industry's chances of success in discovering new therapeutic molecules to fight cancer and other serious illnesses with no known effective treatment. 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, advanced animal modelling 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 $40 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, Ipsen and UCB. Oncodesign is based in Dijon, France, in the heart of the town's university and hospital hub. It has 108 employees and subsidiaries in Canada and the USA.

Contacts

Oncodesign
Philippe Genne
Chairman and CEO
Tel: +33 (0)3 80 78 82 60
investisseurs@oncodesign.com

NewCap
Investor & Press Relations
Julien Perez / Nicolas Merigeau
Tel: +33 (0)1 44 71 98 52
oncodesign@newcap.eu

ALONC
LISTED
ALTERNEXT