PRESS RELEASE

Vector of innovation.

Oncodesign: 2017 annual results

- Operating revenue up 77% to €25.91 million
- R&D spending doubled to €13.9 million
- Solid operational execution and rigorous management of acquisitions despite various accounting and tax impacts
- Cash position net of short-term debt of €9.8 million (excluding GSK payment of €7.9 million received in January 2018)
- Full results of the radiotracer trial expected at the end of Q2 2018 with the possibility of directly entering Phase III

Dijon, France, April 11, 2018 at 6:00pm CEST – **ONCODESIGN (ALONC – FR0011766229)**, a biopharmaceutical group specialized in precision medicine, is today announcing its 2017 annual results and outlook for 2018.

"*With the effective integration of the François Hyafil research centre, the acquisition of Bertin Pharma's services operations and the publication of the first-in-man results of a molecule from Oncodesign's research, 2017 was a highly structural year that enabled us to step up our growth on the basis of ever more solid foundations,"* **said Philippe Genne, Oncodesign's CEO and founder.** *"On the back of this success and with growth of 77% in operating revenue in 2017, we intend to grow further in 2018 and present solid news flow: 1/ Full results of our clinical trial with the mutated EGFR specific radiotracer in Q2 2018, which could possibly directly enter Phase III; 2/ Further progress in our portfolio of proprietary molecules such as LRRK2 or RIPK2; 3/ Signing of new long-term services agreements reflecting the full scope of our new offering*."

Numerous strategic developments in 2017

Following a number of significant advances in 2016 (signing of partnership agreements, acquisition of the François Hyafil centre, start of clinical trials for the radiotracer), 2017 allowed for the transformation of the company to prepare for its future growth.

In 2017, Oncodesign acquired Bertin Pharma's pharma and biotech services operations, offering a significant scientific, technological, regulatory and cultural strategic fit, and took on 46 new highly qualified employees. The acquisition was followed by the structuring of the Group's organisation in order to optimise its cost structure, benefit from the integration of new skills and further step up the development of its R&D programmes.

At December 31, 2017, the Group had 220 employees (including 50 researchers with PhDs), giving Oncodesign one of the highest number of researchers of all French listed biotech companies.

This considerable research capacity allowed for promising advances in oncology in 2017, with the ALK1 and MNK1/2 programmes entering the lead optimisation phase. Oncodesign, in collaboration with Cyclopharma and the Georges François Leclerc centre for cancer, also announced promising intermediate clinical results for the current trial with the first radiotracer (mutated EGFR) from the IMAkinib programme. Full results are expected to be announced at the end of the second quarter of 2018. Lastly, the recovery of rights for the joint programme with Ipsen (LRRK2) in Parkinson's disease is an opportunity to create value for the Group and its teams.

€ million	2017	2016
Sales	14.31	11.27
Other operating income	11.61	3.34
Operating revenue	**25.91**	**14.61**
Purchases consumed	(8.89)	(6.35)
External costs	(5.47)	(3.12)
Staff costs	(12.87)	(7.11)
Other operating expenses	(0.16)	(0.05)
Tax	(1.31)	(0.24)
Net change in depreciation and amortisation	(1.58)	(0.69)
Operating income	**(4.36)**	**(2.94)**
Financial income and expense	(0.16)	0.12
Recurring profit of fully consolidated companies	**(4.52)**	**(2.82)**
Exceptional income and expense	(1.16)	(0.01)
Income tax	(.26)	3.50
Net income of fully consolidated companies	**(5.94)**	**0.67**
Share of income/(losses) from associates	(0.07)	(0.11)
Badwill amortisation	1.00	0.08
Net loss (attributable to equity holders of the parent)	**(5.00)**	**0.64**
Net cash position	**9.89**	**9.25**

Strong growth in operating revenue: up 77% to €25.91 million (up 62% like-for-like)

In 2017, the Group's operating revenue rose by 77% to €25.91 million (up 62% like-for-like).

The Group achieved sales growth of 27% in 2017 (up 12.9% like-for-like), benefiting from solid growth in Services activities of 51.3% to €13.45 million (up 31% excluding Bertin Pharma, which generated sales of €1.9 million over the period from September to December 2017).

The Services business was fuelled by the ramp-up of a number of long-term contracts, providing solid visibility, and the winning of more than 45 new clients. Since the beginning of the year, another Service agreement has been announced with Erytech (see press release of March 27, 2018).

Meanwhile, Partnership sales fell by 64% to €0.9 million after the LRRK2 project was brought in-house following the change in Ipsen's R&D strategy, as well as a smaller contribution from the partnership with UCB, for which certain phases of development are currently in progress at UCB before coming back to Oncodesign in the near future. As a reminder, Partnership sales also benefited from two milestone payments from BMS in 2016.

In addition to sales, Oncodesign received its annual subsidy from GSK in respect of the acquisition of the François Hyafil centre, representing €7.9 million in 2017 compared with €1.3 million in 2016. This annual subsidy of €7.9 million will be paid until January 2020. Furthermore, the growing allocation of the Group's resources to R&D activities allowed for an increase in the research tax credit of 83.3% to €3.3 million in 2017.

R&D spending doubled to €13.9 million and decline in operating income limited to €1.4 million

In 2017, the sharp rise in the Group's revenues allowed it to step up its spending on R&D, which constitutes the cornerstone of the future development of its Partnership and Licensing activities. Over the year, R&D spending reached a record of €13.9 million. A total of 80% of additional R&D spending could be self-financed thanks to the increase in the Group's operating revenue, thereby limiting the increase in the operating loss to just €1.4 million (operating loss of €4.36 million compared with €2.94 million in 2016).

The Group's two main expenses are purchases consumed and staff costs. Purchases consumed rose by 41% to €8.9 million as a result of increased activity and bringing chemistry projects in-house for the development of Nanocyclix molecules at the Les Ulis site. Staff costs increased by 81% to €12.9 million, reflecting the change in the headcount relating to the two recent acquisitions.

Net income impacted by various non-recurring items

Net financial result was -€0.3 million compared with +€0.1 million in 2016. This was partly due to dollar currency losses, as well as higher financial expenses as a result of new loans taken out (€3.8 million) within the framework of the acquisition of Bertin Pharma's services operations.

2017 was also penalised by an exceptional loss of €1.16 million, partly as a result of costs relating to the acquisition of Bertin Pharma's business activities and the leaseback agreement for the Les Ulis building, as well as the streamlining of the patent portfolio, resulting in an outflow of assets of €0.8 million in 2017, and a reduction in patent protection spending of €0.9 million over the next three years.

Lastly, despite a tax loss carryforward of over €18 million, Oncodesign still had to pay corporation tax of €0.26 million (compared with a tax credit of €3.5 million in 2016), due to the cap of €1 million, on the capital gain realised on the Les Ulis building within the framework of the leaseback agreement.

Overall, the Group posted a consolidated net loss of €5.0 million compared with a profit of €0.64 million in 2016. Adjusted for non-recurring items, the net loss was €3.58 million in 2017.

Cash position net of short-term debt of €9.8 million at December 31, 2017

The cash position net of short-term debt was €9.8 million, compared with €9.6 million as at December 31, 2016. The cash position as at December 31, 2017, includes in particular the leaseback agreement concerning the François Hyafil centre buildings over a period of 15 years (ownership of which will return to Oncodesign at the end of this period) and for a net amount of €8.2 million, in exchange for an equivalent amount recognised under medium- to long-term financial debt. The total amount of debt was €13.3 million, including €5.0 million of more than one year and €6.6 million of more than five years.

Note that financial support from GSK in respect of 2018 (paid in January 2018) in the amount of €7.9 million was not yet included in the cash position at end-2017. Oncodesign will also benefit from a similar amount each year over the next two years (final payment in January 2020).

At December 31, 2017, Oncodesign's total balance sheet assets stood at €43.2 million compared with €32.8 million in 2016, reflecting both revenue growth and the integration over the year of Bertin Pharma's services operations (goodwill of €2.5 million).

Philippe Genne concludes: *"2017 was a year of major developments, during which the Group doubled its R&D spending (80% self-financed), strengthened its expertise in a number of areas and increased the size of its targetable Services market by around 30 times, which is now worth $14.5 billion. On the back of these developments, we are completely confident about the Group's potential over the years ahead*."

The Annual Financial Report will be available in April 2018

Next financial release: 1st half 2018 revenue, July 24, 2018 (after 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 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 220 employees and subsidiaries in Canada and the USA.

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APPENDICES

Consolidated income statement

in €	Year 2017.12	Year 2016.12
Sales	14,305,010	11,269,175
Other operating income	11,605,349	3,342,153
Purchases consumed	-8,885,981	-6,345,845
External costs	-5,469,695	-3,117,345
Staff costs	-12,868,563	-7,109,282
Other operating expenses	-160,977	-52,619
Tax	-1,305,311	-236,455
Net change in depreciation and amortisation	-1,580,819	-688,233
Operating income/(loss)	**-4,360,987**	**-2,938,453**
Financial income and expense	-155,391	117,186
Recurring profit of fully consolidated companies	**-4,516,378**	**-2,821,267**
Exceptional income and expense	-1,164,440	-9,529
Income tax	-255,917	3,498,737
Net income of fully consolidated companies	**-5,936,735**	**667,941**
(Income) loss from equity-accounted companies	-66,791	-113,158
badwill amortisation	1,002,270	80,945
Consolidated net income	**-5,001,256**	**635,728**
Minority interests		
Net loss (attributable to equity holders of the parent)	**-5,001,256**	**635,728**

Consolidated balance sheet

31/12/2017		Closing		Opening
in €	**Gross**	**Depr. prov.**	**Net**	**Net**
Capital subscribed but not called	0		0	0
Goodwill	2,476,388		2,476,388	
Intangible assets	1,238,408	-666,059	572,349	976,946
Property, plant and equipment	19,385,390	-6,178,670	13,206,720	13,639,516
Long-term investments	342,812	0	342,812	180,725
Investments in associates	0		0	0
Total fixed assets	**23,442,998**	**-6,844,729**	**16,598,269**	**14,797,188**
Inventories and work-in-progress	634,619	-35,925	598,694	456,040
Trade receivables	8,915,362	-222,190	8,693,172	3,289,202
Accrued income and prepaid expenses	5,773,978	0	5,773,978	4,338,563
Short-term investments				
Cash and cash equivalents	11,536,735		11,536,735	9,887,735
Total Assets	**50,303,692**	**-7,102,844**	**43,200,848**	**32,768,729**

	Closing	**Opening**
Share capital	545,473	545,473
Additional paid-in capital	17,691,894	17,691,894
Revaluation reserves		
Reserves	-5,289,534	-5,890,587
Group translation reserves	19,153	-20,494
Profit (loss) for the year	-5,001,256	635,728
Other	-202,595	-139,117
Total Equity	**7763136**	**12,822,897**
Minority interests	0	0
Other equity	1,705,945	1,453,944
Provisions	7,490,268	8,108,869
Loans and borrowings	13,310,042	1,541,847
Trade payables	4,052,915	3,406,583
Deferred income and accrued expenses	8,878,542	5,434,588
Total Liabilities	**43,200,848**	**32,768,729**

Statement of cash flows

in €	Year 2017.12	Year 2016.12
Total net profit (loss) of consolidated companies	-5,001,256	635,728
Elimination of depreciation and provisions	524,267	462,835
Elimination of change in deferred tax assets	35,401	-2,877,871
Elimination of gains or losses on disposals of assets	1,342,575	-796,587
Elimination of share in income of equity affiliates	66,791	113,158
Total cash flow from operations	**-3,032,222**	**-2,462,737**
Dividends received from equity affiliates		
Change in inventories relating to operating activities	-142,654	2,966
Change in trade receivables relating to operating activities	-6,895,223	-71,446
Change in trade payables relating to operating activities	3,963,528	3,197,199
Net cash flow from operating activities	**-6,106,572**	**665,983**
Capital expenditure	-4,159,724	-874,525
Disposal of fixed assets	7,613	71,388
Total net cash flow from investing activities	**-4,152,111**	**-803,137**
Increases (reductions) in share capital		
Loan issues	12,625,011	1,210,319
Loan repayments	-601,352	-375,435
Net disposal (acquisition) of treasury shares	-63,478	-77,103
Net change in bank overdrafts	-3,463	1,278
Total net cash flow from financing activities	**11,956,718**	**759,059**
Impact of change in exchange rates	-48,965	19,720
Change in cash and cash equivalents	**1,649,070**	**641,624**
Opening cash position	9,887,735	9,245,998
Closing cash position	11,536,735	9,887,735