

ONCODESIGN announces the separation of its two business lines – Service and Biotech – and its entry into exclusive negotiations with Elyan Partners for the sale of a majority stake in ONCODESIGN (Service), followed by a simplified takeover offer



The planned transactions are as follows:

- The subsidiarisation by ONCODESIGN of its Biotech/AI activities through a partial transfer of assets to the ONCODESIGN Precision Medicine (OPM) subsidiary, and the listing of this subsidiary through an exceptional distribution in kind to ONCODESIGN's shareholders concomitant with the admission of all OPM's shares to listing on Euronext Growth
- The creation of two distinct listed entities, with different corporate purposes which are ambitious, motivating for employees and value-creating for shareholders:
 - The Service activity, dedicated to Drug Discovery CRO activities within ONCODESIGN Service;
 - The Biotech activity, integrating Artificial Intelligence, within OPM. The company will seek to refinance itself on the market to meet the increasing costs of clinical development.
- The acquisition by Edmond de Rothschild Equity Strategies IV SLP, advised by Elyan Partners, of 52.17% of the share capital and 51.43% of the voting rights (excluding double voting rights) of ONCODESIGN from its main shareholders subject to completion of the transactions described above, followed by a mandatory simplified public tender offer for the remaining shares and, a mandatory squeeze-out by the end of the offer period if the conditions are met:
 - Price per share of €14.41, subject to an audit on pro forma financial statements (excluding Biotech/AI activities) at 31 May 2022 on the basis of which the price was set and to an audit of the flows between the Service and Biotech activities between May 31, 2022 and the effective separation of the two activities;
 - The share price values 100% of ONCODESIGN's capital (excluding Biotech/AI activities) at approximately €100 million on a fully diluted basis.
- These transactions planned will be subject to a preliminary information and consultation process with bodies representing ONCODESIGN employees.

Dijon, July 1st, 2022, at 8:45am CEST – ONCODESIGN (FR0011766229 - ALONC), a biopharmaceuticals group specialising in precision medicine, today announced that, as part of the planned separation of its two business areas, “Service” and “Biotech” (the “**Separation**”), the Board of Directors has approved the subsidiarisation of its Biotech business.

At its meeting of 29 June 2022, the Board of Directors authorised the signature of the draft agreement for the partial transfer of assets under the legal regime for spin-offs, with **ONCODESIGN Precision Medicine** (“**OPM**”, a 100% owned subsidiary of ONCODESIGN), under which ONCODESIGN will transfer to OPM all assets and liabilities relating to its Biotech Business Unit (BU; development of new molecules dedicated to precision medicine and new targets identifiable thanks to Artificial Intelligence) valued at 3.4 million euros by Cabinet Arthaud & Associés. The purpose of OPM will remain the discovery of effective new treatments for cancers and other diseases where no effective therapies currently exist. To this end, OPM will draw on the Nanocyclix and Oncosniper technologies as well as on an innovative technological approach linked to systemic radiotherapy.

The draft agreement was signed on 30 June 2022.

This subsidiarisation forms part of the process of separation of business activities within ONCODESIGN that began more than two years ago with the creation of the 3 BUs (Service, Biotech and AI), with the goal of isolating the Biotech/AI BU from the Service BU with a view to:

- Increasing the visibility of the new therapeutic and diagnostic product discovery activities under the ONCODESIGN Precision Medicine (OPM) brand, and differentiating them from the activities of ONCODESIGN Service (ODS);
- Accelerating the development of innovative therapeutic molecules produced by the proprietary Nanocyclix® technology and Molecular RadioTherapy (MRT), based on the discovery of new therapeutic targets;
- Separating the two business areas for reasons of management and optimisation of monitoring and development of the transferred business area;
- Enabling, eventually, the acquisition of the Service business by Edmond de Rothschild Equity Strategies IV SLP, advised by Elyan Partners, to include a reinvestment by Philippe Genne and the management team.

Philippe Genne, Chairman, Chief Executive Officer and Founder of ONCODESIGN, commented: *“The transaction we have announced meets all investor expectations for greater transparency between the two businesses and a better valuation of each entity and of the whole. Each business area will be able to unleash its growth potential, based on many years of investment in precision medicine, and seize the growth opportunities specific to its business. Past efforts have resulted in the establishment for Biotech of a portfolio of proprietary or partnership projects based on the proprietary medical chemistry platform Nanocyclix®, with an RIPK2 programme now entering the clinical phase, an LRRK2 programme in Parkinson’s Disease in partnership with Laboratoires SERVIER, and very high-potential emerging MRT programmes together with an AI platform for identifying new therapeutic targets and optimization of the efficiency of the drug discovery process. As far as the Service activity is concerned, its post-Covid resilience has demonstrated its strength, despite the ending of subsidies from GSK. Therefore, now is the time to separate the two businesses, giving each of them their independence whilst creating maximum value for shareholders. A separation will provide new, robust and lasting momentum for each entity, both of which will be national leaders in their field. Lastly, this separation will accelerate growth in the portfolios of products and services in Drug Discovery and will therefore offer all employees in each entity a new personal adventure towards an even better future.”*

The logic behind the Separation

Each entity is a leader in its market (ONCODESIGN in Drug Discovery services, OPM in precision medicine) and has established the critical mass and international reputation that will now allow it to act independently in these fast-changing markets.

The Drug Discovery services branch, with its 600 clients in 33 countries and 210 employees around the world, is a national leader, with a unique base in France.

After several years of pre-clinical development, the first two drug candidates from OPM are due to go into the clinical phase this year.

It is now clear that:

- The Biotech and Service businesses draw on specific expertise and skills and operate in different environments;
- With adequate funds of their own, they will be better equipped to face up to growing international competition;
- Given that their operational, commercial, and legal structures are already separate, the two entities will be able to develop independently.

The Separation will be beneficial to both entities, as it will allow:

- The continuation of two business projects under dedicated management teams, thus strengthening the sense of belonging and cohesion of the employee teams;
- The creation of two “pure players”, listed separately, with, over time, investors specific to each business, and;
- The creation for both entities of new opportunities for partnerships, strategic alliances, and financial transactions to fund their future growth.

Mr Philippe Genne, via the holding company PCG, will remain as a significant shareholder in both companies. He will be a member of the Supervisory Board of the acquisition holding company and the Chairman and Chief Executive Officer of OPM, thus ensuring strategic continuity for this business.

The details of the Separation

The partial asset transfer to OPM under the legal regime for spin-offs will be a simplified procedure as allowed for under Articles L.236-22, paragraphs 2 and 3 and R.236-5-2 of the French Commercial Code. As a result, there will be no requirement for the transaction to be approved by an extraordinary general meeting of shareholders of the companies involved in the transaction. This transfer will not be subject to review by the demerger’s auditor or the transfer auditor and will not give rise to a report from the Board of Directors. A valuation of the perimeter contributed to OPM has been carried out and the conclusions of a report from an independent valuer appointed for this purpose, which report is available on the Company’s website at www.ONCODESIGN.com, under the heading “regulated information”, shows a valuation of the Biotech and AI activities of 3.4 million euros.

It is expected that the partial transfer of assets under the legal regime for spin-offs will happen no later than 30 September 2022, and will have effect, for accounting and tax purposes, retroactively from 1 January 2022.

The draft transfer agreement has been placed in the public domain and can be consulted on the Company’s website at www.ONCODESIGN.com, under the heading “regulated information”. It will also be lodged with the clerk of the Dijon Tribunal de Commerce.

Notification will also be made available to the public on the ONCODESIGN corporate website containing the details set out in Articles L 236-6, al 2 et R 236-2, al2 et S. of the French Commercial Code.

ONCODESIGN will retain the Drug Discovery (Service) activities, whilst the new OPM company will receive the Biotech and AI activities. Shares newly issued in consideration of the partial asset transfer will then be distributed to ONCODESIGN shareholders on the basis of one OPM share for each ONCODESIGN share held.

This Separation would entail a transfer of debt from ONCODESIGN to OPM for an amount of €4,138,308.08 as well as cash and cash equivalents valued at €4,920,309.76 for a pro-forma balance sheet total of €8,371,133.64 as at 31/12/2021.

The activities contributed in the context of the Separation have also been valued by an independent expert appointed by ONCODESIGN's Board of Directors, Cabinet Arthaud & Associés represented by Olivier Arthaud, at € 3.4 million.

Shares in ONCODESIGN (retained Service business) and in the new OPM biotech company will be listed on Euronext Growth.

The information document, submitted to Euronext for review, setting out the details of the listing of OPM and providing all necessary information for shareholders in the newly listed company, is expected to be distributed in September 2022, with a view to the first listing of the new biotech company in early October 2022.

Acquisition by Edmond de Rothschild Equity Strategies IV SLP, advised by Elyan Partners, of the Service activities through the acquisition of a majority stake in ONCODESIGN triggering a simplified public tender offer for all ONCODESIGN shares

Elyan Partners, has opened exclusive negotiations with a view to acquiring from the main shareholders in ONCODESIGN, subject to the final completion of the Separation and the absence of any events that could have a lasting effect on the continuity of operations at ONCODESIGN, a controlling stake currently representing 52.17% of ONCODESIGN's capital (the "**Controlling Stake**"), it being stipulated that it is intended that PCG (Mr. Philippe Genne's holding company) and some ComEx members will reinvest in the acquisition structure.

Subject to the acquisition of the Controlling Stake and in the absence of any events that could have a lasting effect on the continuity of operations at ONCODESIGN, by Edmond de Rothschild Equity Strategies IV SLP will then make a mandatory public tender offer (OPAS) subject to the compliance of the AMF and relating to the remaining shares issued by ONCODESIGN at the same price as used for the acquisition of the Control Block, i.e. 14.41 euros per share, subject to an audit of the pro forma financial statements for ONCODESIGN at 31 May 2022 (being the financial statements for ONCODESIGN excluding the Biotech/AI BU) and an audit of the flows between the Service and Biotech activities between May 31, 2022 and the completion of the sale of the Control Block. The firm BM&A would be appointed, subject to the AMF's right to object, as an independent expert in charge of drawing up a report on the fairness of the financial terms of the public offer in accordance with article 261-1 of the AMF's general regulations.

Final signature of agreements relating to Edmond de Rothschild Equity Strategies IV SLPs' acquisition of the Controlling Stake cannot take place until after completion of the consultation with staff representative bodies at ONCODESIGN.

If the conditions are met at the closing of the tender offer, the offeror will implement a squeeze-out procedure for the ONCODESIGN shares not tendered to the offer.

ONCODESIGN's Board of Directors welcomed the proposed transaction, without prejudice to the considered opinion of the Board of Directors on the tender offer (OPAS), which will be issued following receipt of the independent valuer's report on the equitable nature of the tender and possible subsequent squeeze-out, as well as the opinion of staff representative instances.

Jean-François Félix, Vincent Manès and Maxence de Vienne, Partners in Elyan, commented: *“We are delighted to be joining forces with Philippe Genne, Fabrice Viviani and the whole ONCODESIGN Service team to make ODS a European leader in Drug Discovery services. Drawing on the strength of its unique scientific expertise, its international presence and its innovative commercial approach, ODS has considerable development potential in supporting its clients – biotech and pharmaceuticals groups – in the growth of their research projects. We are keen to contribute to this creation of value through a collaborative approach to development, and most notably through the completion of targeted acquisitions.”*

The two future corporate projects

ODS: a strategy to accelerate growth

ODS has the ambition of becoming the European leader in Drug Discovery services by 2025, building on five major strategic pillars:

- A portfolio of innovative technologies adapted to biotech and pharma clients around the world;
- Operational excellence, based above all on a strong team recognised for its expertise and a full and innovative service offering;
- A business model based on the acceleration of the Drug Discovery strategy, with a target of acquiring several entities in Europe and developing international clients by 2025;
- A plan for active acquisition of specialised service companies;
- A company that puts its people at the heart of its strategy, to strengthen links with its clients and partners and remain the most attractive company in the sector for its employees.

OPM: a strategy of accelerated clinical development in innovative therapies

On the strength of its diversified portfolio of molecules and therapeutic targets, OPM is positioned as the discoverer of molecules that are effective against resistant and advanced cancers and other pathologies which currently lack a therapeutic solution. An innovative platform for the selection of new therapeutic targets has been developed on the basis of patient data and through a novel approach using Artificial Intelligence.

Two drug candidates produced by the Nanocyclix technology are due to move into the clinical phase in 2022, one in partnership with Servier to treat Parkinson’s Disease, the other with OPM in the treatment of chronic immuno-inflammatory diseases.

These two corporate projects have the ambition to offer each employee a motivating environment and to create value for shareholders.

ONCODESIGN has been supported in these transactions to separate its two business areas of Biotech and Service and in the acquisition followed by a public tender offer for the Service activity by Lamy Lexel as legal counsel, by Bryan, Garnier & Co as M&A advisor and “listing sponsor” and by the team at 8Advisory in Lyon for financial and accounting matters.

About Elyan Partners

Elyan Partners SAS ("Elyan"), a partner of Edmond de Rothschild Private Equity, is a financial investment advisor. Elyan is the exclusive advisor to the ERES fund and advisor to the Privilege fund from Groupe Edmond de Rothschild. Edmond de Rothschild Equity Strategies IV SLP ("ERES IV") invests in mid-sized companies in Europe and North America, in four main areas: the biotech ecosystem, on-line commerce, financial services, and new consumers.

Edmond de Rothschild Private Equity is the trade name of the private equity entities of Edmond de Rothschild Group and has more than CHF3.4 billion in assets under management. With an entrepreneurial approach to finance and backed by strong convictions, Edmond de Rothschild Private Equity creates and develops differentiated investment strategies that provide a lasting response to environmental and social challenges. Created in 1953, the Group had nearly CHF178 billion in assets under management on 31 December 2021, 2,500 employees and 29 offices around the world.

About ERES IV

ERES IV is a professional fund managed by Edmond de Rothschild Private Equity (France), licensed by the Autorité des Marchés Financiers ("AMF"), advised by Elyan Partners. ERES IV is a fund registered under French law with the AMF, is being marketed and is reserved for professional investors within the meaning of the MiFID Directive. ERES IV may not be authorized for marketing in the reader's country of residence. Any investment in Private Equity entails specific risks, including the risk of loss of capital, discretionary management discretionary management, and liquidity risk. It is the responsibility of each investor to analyze his or her risk by reading the fund's regulatory documents, which are available free of charge on request from the management company.

The mention of certain investments does not constitute a recommendation to buy or sell the securities or shares of the companies presented.

About ONCODESIGN: www.ONCODESIGN.com

ONCODESIGN is a biopharmaceutical company specializing in precision medicine, founded in 1995 by its current CEO and majority shareholder. It has been listed on the Euronext Growth Market since April 2014. Its mission is to discover effective therapies to fight cancer and other diseases without a therapeutic solution. With its unique experience, enriched thanks to over 1,000 customers – including the world’s largest pharmaceutical companies – and based on a one-of-a-kind technological platform combining artificial intelligence, medicinal chemistry, pharmacology, regulatory bioanalysis and cutting-edge medical imaging, ONCODESIGN is able to select new therapeutic targets, then design and develop potential preclinical candidates up to the clinical phase stage. ONCODESIGN has configured its organization to offer innovative services to its customers and licenses for its proprietary molecules. Applied to kinase inhibitors – molecules that represent a market estimated to be worth more than \$65 billion by 2027 and nearly 25% of R&D investments in the pharmaceutical industry – ONCODESIGN’s technology has already made it possible to target several molecules of interest with a high therapeutic potential, both in and outside of oncology, and has signed partnerships with international pharmaceutical groups. Based in Dijon, France, at the heart of the University Hospital complex and part of the Paris-Saclay complex, ONCODESIGN has 230 employees across three Business Units (BU): Service, Biotech, Artificial Intelligence, and has subsidiaries in Canada and in the United States.

ONCODESIGN.com



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Forward-looking statements

This document contains forward-looking statements and estimates regarding the financial position, results of operations, strategy, projects and future performance of the Company and the market in which it operates. Some of these statements, forecasts and estimates may be recognized by the use of words such as, without limitation, “believe”, “anticipate”, “predict”, “expect”, “project”, “plan”, “intend”, “estimate”, “may”, “want”, “continue” and similar expressions. These include all questions that are not historical facts. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors that were considered reasonable when made but may not prove to be correct. Actual events are difficult to predict and may depend on factors beyond the control of the Company. Accordingly, the Company’s actual results, financial conditions, performance or achievements, or industry results, may differ materially from future results, performance or achievements as expressed or implied by such statements, forecasts and estimates. In light of these uncertainties, no representation is made as to the accuracy or fairness of such forward-looking statements, forecasts and estimates. In addition, forward-looking statements, forecasts and estimates are only valid as of the date of publication of this document. The Company disclaims

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