



PRESS RELEASE

Business update and FY 2016 results

- Profitable 2016 consolidated net income
- €9.6 million in net cash, compared with €9.2 million at year-end 2015
- Clinical trial launched for the first radiotracer developed using Nanocyclix technology as part of the Imakinib project
- François Hyafil research center acquired from GSK

Dijon, France, on March 30, 2017 at 7:30am CEST – ONCODESIGN (ALONC – FR0011766229), 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, is announcing its full-year 2016 results and providing a business update.

“Rarely is a year as prominent as 2016 was for Oncodesign”, said Philippe Genne, Oncodesign’s CEO and founder. “Beyond our financial performance and the record new orders we logged, we signed several multi-year service agreements, began the clinical trial of our first molecule and acquired the François Hyafil research center from GSK, thereby expanding our service offering and speeding up our Drug Discovery programs. As a result, we will be able to ramp up our strategic partnership with BMS—several targets have already been identified—and drive forward our in-house programs, including RIPK2 and LRRK2 to which we recently recovered the rights from Ipsen.”

2016 consolidated results: a year of profitability

€ million	2016	2015	Change
<i>Consolidated data, French GAAP¹</i>			
Service turnover	8.89	9.37	-5%
Partnership turnover	2.41	5.15	-53%
Total turnover	11.30	14.52	-22%
Other operating revenue	3.34	2.20	+52%
Total operating revenue	14.64	16.72	-12%
Operating costs	17.59	15.43	+14%
Operating income/(loss)	-2.94	1.29	n/a
Net income, Group share	0.64	1.27	-49%
Net Cash position² (at December 31)	9.6	9.2	

Operating revenue

In FY 2016, Oncodesign’s revenue totalled €14.64 million, including €1.3 million from GSK in December 2016 related to the acquisition of the François Hyafil research center. The higher level of revenue recorded in 2015 was attributable to two main factors—recognition of the \$3 million upfront payment from BMS to gain access to Nanocyclix technology and the payment from UCB in June 2015 to exercise its option to secure a license to an Oncodesign program targeting neurological diseases.

¹ For the first time, Oncodesign is publishing consolidated financial statements including its North American subsidiaries, which contributed zero revenues in previous financial years

² Net cash represents cash and cash equivalents less short-term debt

Revenue from commercialization of the proof of concept services in oncology totalled €8.89 million, compared with €9.37 million in 2015. Conversely, new orders rose 28% to a record high of €12.8 million, with the order backlog surging 95% to €8.2 million at December 31, 2016.

An analysis by geographical region shows that revenue in France remained stable (€2.14 million in 2016 vs. €2.15 million in 2015). North America and Asia delivered growth of 25% and 174% respectively in 2016. Revenue growth in these two regions, which now account for close to 40% of Service revenue, made up for the bulk of the top-line contraction in Europe (outside France).

Operating performance

Oncodesign recorded an operating loss of €2.94 million owing to the decline in its revenue and increase in its payroll costs. Nonetheless, Oncodesign maintained its R&D spending at €3.95 million, with an increase of 8% in the development of the Nanocyclix platform and the start-up of the OncoSNIPE project.

The €1.3 million grant paid by GSK in December 2016 in respect of its €35 million support to Oncodesign over a 4-year period, helped to cover all the expenses related to the François Hyafil research center. These include salaries and the facility's overhead in December, advisory and audit costs, and the building transfer costs.

Furthermore, the research tax credit of €1.78 million was noticed in operating grant.

Net income

Group Oncodesign posted net income in positive territory for the second successive year in FY 2016. This figure takes into account €3.5 million in deferred taxes. Oncodesign's consolidated net income came to €0.64 million.

Balance sheet and cash position

€ million	2016	2015
<i>Consolidated data, French GAAP</i>		
Net fixed assets	14.80	2.97
<i>o/w intangible assets</i>	0.98	0.61
<i>o/w tangible assets</i>	13.64	2.14
<i>o/w financial assets</i>	0.18	0.23
Current assets	17.97	17.22
<i>o/w cash and marketable securities</i>	9.89	9.25
Total Assets	32.77	20.20
Equity	12.82	12.28
Other equity	1.45	1.11
Provisions (including badwill)	8.11	0.19
Debts	10.38	6.62
<i>o/w financial debts</i>	1.54	1.05
Total Liabilities	32.77	20.20

At December 31, 2016, Oncodesign had total consolidated assets of €32.8 million, compared with €20.2 million at year-end 2015. The preparation of consolidated financial statements triggered the following effects:

- Recognition of €6.8 million in negative goodwill, which will be amortized over a 7-year period, following the purchase of the François Hyafil research center
- Recognition of a provision of around €1.2 million for pension liabilities as an off-balance sheet commitment
- Restatement of the real estate finance lease for the Dijon facility (expires in 2019):
 - Recognition at year-end 2015 of €3.5 million in gross assets (o/w €3.3 million in buildings) and €1.9 million in depreciation
 - Recognition of a €1.2 million medium-term financial liability.

Net cash totaled €9.6 million, up €0.4 million compared with at December 31, 2015. This includes receipt of the upfront payment from BMS recognized in 2015 and payment of the grant received from GSK in connection with the acquisition of the François Hyafil research center.

This performance is testimony to Oncodesign's financial strength and its ability to finance its development without recourse to any instruments diluting its shareholders' interests.

Strategic priorities for 2017

- Development of Drug Discovery programs, both in-house and under partnerships—including the radiotracer program currently at the clinical stage, for which patient enrolment continues
- Additions to Oncodesign's technology platform with the introduction of the new OncoSNIPE module and the design of the T.O.T technology
- Integration and promotion of synergies with the François Hyafil research center
- International expansion of new commercial service offerings built around its Experimentation and Discovery activities in four new therapeutic areas (inflammatory diseases and fibrosis, cardio-metabolism, diabetes, infectious diseases) and in the new preclinical proof of concept and integrated drug discovery markets.

Next financial release: First-half 2017 revenue on Thursday, July 20, 2017 (after market close)

Upcoming financial and scientific events:

- ESN/CM-CIC Conference, March 30, Paris (France)
- American Association for Cancer Research Annual Meeting, April 1-5, Washington, DC (USA)
- MIDCAP Partners Forum, May 2 and 3, Paris (France)
- Meet2win, Oncology Business Convention, May 11 and 12, Bordeaux (France)
- 15th Gilbert Dupont Health Forum, May 30, Paris (France)
- Kepler-Chevroux Biotech Days, June 8, Paris (France)
- World Preclinical Congress, June 12-16, Boston (USA)
- International Drug Discovery Science and Technology Congress, July 25-27, Osaka (Japan)

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 \$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 165 employees and subsidiaries in Canada and the USA.

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