

Oncodesign reports its first-half revenue and a strong increase in its cash position at June 30, 2020

Resilient top-line performance,
excluding upfront and milestone payments (down 0.9%)

Strong increase in cash to €19.9 million (+50%),
providing the Group with first-class financial visibility

Successful roll-out of the new business model predicated on three autonomous
business units: Service, Biotech and Artificial Intelligence

Dijon, France, July 23, 2020, 5:45pm – ONCODESIGN (ALONC – FR0011766229), a biopharmaceutical group specialized in precision medicine, is today announcing its first-half 2020 revenue and its cash position at June 30, 2020.

“The unprecedented health crisis in the first half of 2020 has naturally rocked the ecosystem we operate in, by hampering business development in particular. At the present time, it is still hard to predict whether there will be an impact on our overall 2020 revenue given the uncertainty as to how long the pandemic will continue for. That being said, we have adapted successfully and taken various measures to keep our operations running at our facilities”, commented Philippe Genne, Chairman and Chief Executive Officer of Oncodesign. “Our resilient revenue performance in the first half of 2020, with revenue contracting by just 0.9% excluding upfront and milestone payments, shows the robustness of our hybrid business model. Our multi-year service contracts (DDSAs¹) deliver recurring revenue streams barely affected by cyclical fluctuations. At the same time, we are very proud to have reached an initial milestone in February under our strategic alliance with Servier to develop LRRK2 kinase inhibitors as a treatment for Parkinson’s disease. We have reached this milestone ahead of the original schedule, triggering a €1 million milestone payment. Lastly, this half-yearly report provides an opportunity for us to thank our employees, our shareholders and our business partners for their unstinting support and, most importantly, to salute all the healthcare and other key workers who are working flat-out to combat the pandemic.”

Arnaud Lafforgue, Chief Financial Officer of Oncodesign, added: *“Oncodesign’s cash position of €19.9 million at June 30, 2020, represents a new high. These resources give us first-class financial visibility despite the turbulent economic environment. This record level, supported chiefly by the cash flows generated by our Service BU’s recurring revenue streams, also reflects the milestone payment by Servier, the GSK subsidy payment and the research tax credits in respect of FY 2018 and FY 2019. Lastly, we are very pleased with this performance, especially since the figure does not yet include the PGE state-guaranteed loan.”*

¹ Drug Discovery Strategic Alliance

€ million	H1 2020	H1 2019	Change
<i>Consolidated figures - unaudited</i>			
Service BU, revenue	9,1	10,0	-8,8%
Biotech BU, revenue	2,8	4,0	-30,5%
<i>Biotech BU, research services</i>	1,8	1,0	+77,8%
<i>Biotech BU, upfront/milestone revenue</i>	1,0	3,0	-66,7%
Total sales	11,9	14,0	-15,0%
Other revenue and operating revenue ⁽¹⁾	6,1	6,0	+0,5%
Total operating revenue	18,0	20,0	-10,3%
Cash position (at June 30)	19,9	13,3	+50%

(1) *Other revenue and operating revenue consist of the following:*

- *subsidy received from GSK on a pro rata basis. For the full year, it amounted to €7.92 million.*
- *CIR on a pro rata temporis basis*
- *capitalized production and write-backs of operating provisions*

Service BU: another firm revenue performance despite the economic slowdown triggered by the pandemic

The Service BU recorded revenue of €9.1 million in the first six months of the year, down slightly (-9%) compared to the first half of 2019. This contraction directly reflects the pandemic's impact since the Service BU's performance depends on the activity levels of pharmaceutical and biotech industry players, and the pandemic obliged them to postpone their studies. Even so, the impact of this was moderate, and revenue was almost on a par with the level recorded in the first six months of 2019. Note that Service BU revenue would total €12.7 million if the "internal" revenue consisting of services provided by the Service BU to the Biotech BU were taken into account.

Internationally, our activity in Asia has seen a very strong increase this year, with an order book in this hemisphere increasing by 15% (2.8M€ signed in H1'20 notably with the TORAY group, which has renewed its confidence in us for a second DDSA contract this year) and the turnover achieved has also risen by 33% to 0.6M€.

Operations in North America (United States and Canada) contributed 15% of revenue, up 20% compared to the first half of 2019.

In general, the order intake rose 15% to €11.7 million as a result of new multi-year DDSA agreements. The first half of 2020 was also marked by the launch of the DRIVE SM (IDDS) offer in partnership with the Chinese company Hitgen.

Biotech BU revenue reaches €2.8M

The revenue (integrating up-front and milestone) totalled €2.8 million in the first half of 2020, compared to €4.0 million last year. The prior-year figure reflects the €3 million upfront payment made by Servier under the strategic alliance agreed in March 2019 to develop LRRK2 kinase inhibitors as a treatment for Parkinson's disease. In the first half of 2020, Oncodesign received a €1.0 million milestone payment reflecting the program's initial success. To recap, Oncodesign also receives €3 million in annual payments under this alliance to cover the cost of the project's research activities.

Excluding upfront and milestone payments under the alliance, the Biotech BU's recurring revenue streams amounted to €1.8 million, up 77.8% from €1.0 million last year. And for the Group, revenue came to €10.9 million, excluding upfront and milestone payments, reflecting the resilience of its business activities compared to last year (down 0.9%).

Thanks to its major R&D investments, Oncodesign was able to select in late 2019 a first-in-class drug candidate—a RIPK2 kinase inhibitor for autoimmune and inflammatory diseases. As a reminder, we initially planned to finance the development of ODS 101 up to the IND, i.e. in theory until June 2021, while looking for a Pharma partner. The search for a partner has therefore been initiated for this drug candidate and confirms that this molecule and its target are attracting strong interest from Big Pharmas. This encourages us to respect our business plan in order to seek maximum value in the context of a deal of this type (game changer).

In addition, negotiations on resuming clinical development of the mutated EGFR radiotracer are underway with new partners. As related to the agreement with Bristol-Myers Squibb, further development of the program originating from the Nanocyclix platform was fully internalized by Bristol-Myers Squibb and will be reviewed in September 2020. Lastly, the MNK1/2 program continues to progress towards the pre-candidate stage by the end of the year 2020.

Roll-out of the new Artificial Intelligence BU

The new Artificial Intelligence Business Unit headed up by Stéphane Gérard was established in April 2020. The remit given to the new BU is to support development of the drug discovery of the future and halve research and development times for drug candidates by 2023, while developing its revenue streams by providing research services to industry and the clinical sector. The new BU based mainly in Dijon has seven employees working in a data science laboratory. The Oncosnipe project suffered the health crisis in the first half of the year because it is based on an ongoing clinical trial. In return, we opened 5 new clinical centers and received the €0.4 million grant related to BPI's PSPC project at the end of June.

Solid cash position of €19.9 million at June 30, 2020 (up 50% compared to June 30, 2019), providing first-class financial visibility

Available cash at June 30, 2020 totalled €19.9 million, a very strong increase of 50% compared to the €13.3 million held at June 30, 2019 while continuing to pursue Oncodesign's substantial R&D investments. In addition, this cash includes the €1.0 million milestone payment from Servier, the (last payment received in January 2020) €7.92 million GSK subsidy in respect of 2020, and the research tax credits in respect of 2018 (€3.5 million, not received by the end of 2019 and received in April 2020) and 2019 (€3.2 million, usually received at the end of the following year). Lastly, note that the reported cash position does not yet reflect the impact of the PGE state-guaranteed loan.

Next report: First-half 2020 results on October 1, 2020 (after market close)

About ONCODESIGN: www.oncodesign.com

Founded 25 years ago by Dr. Philippe Genne, the Company's CEO and Chairman, Oncodesign is a biopharmaceutical company dedicated to precision medicine. With its unique experience acquired by working with more than 800 clients, including the world's largest pharmaceutical companies, along with its comprehensive technological platform combining state-of-the-art medicinal chemistry, pharmacology, regulated bioanalysis, medical imaging and Artificial Intelligence, 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 \$65 billion by 2027 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. 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 233 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 Relations
Mathilde Bohin / Louis-Victor Delouvrier
Tel. : +33 (0)1 44 71 94 95
oncodesign@newcap.eu

NewCap

Media Relations
Arthur Rouillé
Tel. : +33 (0)1 44 71 00 15
oncodesign@newcap.eu



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