

Oncodesign announces a sharp increase in turnover in the first half of 2021



- Group turnover up by 33% at €15.8M
- Strong organic growth for the Service BU with an external turnover¹ of €12.6M (+39%) and an increased order book at €15.5M (+33%)
- Operating income and revenue of €18.2M at the same level as in 2020, despite the GSK subsidy not having been received since the same year
- Success for the LRRK2 program: payment of a milestone €2M to Oncodesign following the choice of drug candidate by Les Laboratoires Servier
- Cash position of €27M as of June 30, 2021

In Dijon, France, on July 21, 2021, at 6:15 pm, ONCODESIGN (ALONC – FR0011766229), a biopharmaceutical group specializing in precision medicine, announces its results for the first half of 2021 and takes stock of its activities.

Oncodesign Group - Turnover and other operating income and revenue

In €M Unaudited consolidated data	First half - '21	First half - '20	Evolution
Service BU turnover	12.6	9.1	+38.4%
Biotech BU turnover	3.2	2.8	+15.8%
Total turnover	15.8	11.9	+33.1%
Other operating income and revenue (*)	2.3	6.3	-62.8%
Total operating income and revenue	18.2	18.2	-0.1%
Cash position (as of June 30, 2021)	27.1	19.9	+36%

(*) Grant received from GSK, each year in January, for the year prior. The last GSK grant payment was made in January 2020.

Philippe Genne, Chairman and CEO of Oncodesign, states: "After 18 months marked by the unforgiving global health crisis, Oncodesign has achieved historic results in these first 6 months, with a turnover of €15.8M, up by 33% compared to last year. This remarkable performance is largely thanks to the Service BU, which is experiencing record organic growth in terms of both its external sales (€12.6M, i.e., +38%) and its order book (+33%). This reflects the significant commitment of the teams to develop new offers (DRIVE SM, DRIVE MRT and COVID) that best meet our customers' expectations thanks to our innovative technological platforms. While still constrained in their mobility, our teams managed to sign €15.5M for our Service order book during the first half of 2021. The company keeps following the initial strategy to the letter; this strong organic increase in Service turnover mechanically compensates for the discontinuation of the GSK subsidy (€4M recognized pro rata temporis for the first half of 2020, €8M total per year) and thus allows operating income and revenue to remain steady at €18M. The sales outlook for the second half of the year suggests that this momentum will last with the support of our new website, which is up and running since June 22. At the same time, the Biotech BU has experienced new success with the selection of a second drug candidate within the LRRK2 program, based on our proprietary Nanocyclix® technology, thus resulting in the payment of a new milestone of €2M from our partner Servier. The Biotech BU's turnover reached €3.2M (+16% compared with the first half of 2020). Since April 2019, Servier has already paid a total of €13M to Oncodesign."

¹To this external turnover, it is necessary to add the turnover generated internally with the Biotech BU, which amounts to €2.4M

Arnaud Lafforgue, Chief Financial Officer of Oncodesign, adds: "Oncodesign's cash level reached €27M as of June 30, 2021. This cash includes the full €15.9M received in the context of the French State-guaranteed loan obtained in September 2020, as well as cash flows relating to the collection of recurring revenue for the Service BU and research tax credit for 2020 of €3M. This cash does not yet include the €2M relating to the Servier LRRK2 milestone. These resources confirm our excellent financial visibility, which will provide the company with the means to both finance the development of the ODS 101/RIPK2 and MRT (Molecular RadioTherapy) programs, and to carry out its external growth policy for the Service BU."

Service Business Unit: Very strong growth for both the order book (+33%) and turnover (+39%)

The Service BU activity is experiencing strong growth in both its external sales and order book.

Service BU Turnover

In €M	First half - '21	First half - '20	Evolution
External turnover	12.6	9.1	+38.4%
Internal turnover	2.4	4.0	-40.8%
Total Service BU turnover	15.0	13.1	+14.3%

External turnover rose by nearly 40% to €12.6M, compared with €9.1M in the first half of 2020 and €10M in the first half of 2019 (last reference year before the health crisis).

In line with past years, contracts with both Japanese and Korean customers rose the most (+150%), followed by our American clientele (+70%). Similarly, turnover from COVID studies amounted to €2.6M, a constant increase since the offer was launched in the middle of last year.

It is necessary to add this External turnover to the turnover generated internally with the Biotech BU, which amounts to €2.4M. The Service BU thus generated a total turnover of €15M in the first half of 2021.

Since the selection of ODS 101, the molecule has entered the regulatory development phase, meaning that investments are devoted mainly to external services and are therefore no longer considered as part of the internal turnover of the Service BU. The internal resources mobilized for the Biotech BU's programs have thus been divided by two, from approximately 40 FTE¹ to around 20 FTE. These additional resources support the strong growth observed in the Service BU's external turnover and the company's profitability. The objective we set – to achieve an external turnover of €50M for the Service BU with 15 to 20% EBITDA by 2023 – is supported by these results, as well as the implementation of our external growth strategy.

Order book

In €M	First half - '21	First half - '20	Evolution
France and Southern Europe	4.3	3.7	+16.3%
Central Europe	2.9	3.6	-18.4%
Asia	3.5	2.8	+25.8%
North America	2.3	1.1	+115.7%
Northern Europe	2.6	0.6	+348.0%
Total	15.5	11.7	+33.3%

Despite the global health crisis, which continues to limit international travel, face-to-face trade fairs and forums and meetings with customers, our order book has increased by 33% to €15.5M compared to €11.7M last year during the same period, guaranteeing a record total stock of €16.2M to produce.

¹ Full-Time Equivalent

Oncodesign continues to generate numerous orders in Asia and North America – +25% and +115% respectively (compared with the first half of 2020) – for significant amounts totaling €5.8M, i.e., 40% of the total.

This growth was driven by the signing of multi-year contracts, which alone totaled €5M (30%) of all contracts for the first half of the year. Furthermore, we are still seeing strong demand for COVID studies, orders of which reached €2M in the first half of 2021, i.e., 14% of the total, with demand showing no sign of abating for the time being.

The good health of our order book and the medium-term outlook are also strong arguments that bolster our expectation that we will achieve our objectives in 2023.

Biotech Business Unit: Turnover increased by 16% to €3.2M, including a €2M milestone

Turnover reached €3.2M in the first half of 2021, compared to €2.8M last year. This can be explained by the payment of €2M made by Servier for a new milestone, in addition to the €3M already paid upon signing in March 2019, and the €1M paid in April 2020 as part of the strategic partnership signed in March 2019 for the development of LRRK2 kinase inhibitors for Parkinson's disease. In total, the LRRK2 program has enabled Oncodesign to generate €13M in turnover since the signing of the partnership, including upfront payments, milestones and recurring revenue (research costs).

All industrial property rights concerning our "Florepizol" radiotracer were recovered in March 2021, giving us complete freedom of action to develop and operate the IMAkinib pharmaco-imaging platform (discovered using Nanocyclix® compounds from radiotracers capable of detecting the presence of kinase targets and monitoring the effect of treatments). This molecule and this technology, particularly innovative in its application, have attracted sufficient interest from a number of clinicians and investors to allow us to finance the development of both new radiotracers and Florepizol.

The Group has chosen to postpone the IND application for its first-in-class ODS 101 compound, initially scheduled for mid-2021, and to finance its phase 1, which will start over the next year. Additional studies are necessary to deepen our knowledge due to the novelty of the target. Furthermore, the company is awaiting the final conclusions of certain service providers and experts. Over this period, Big Pharmas and major investors have shown strong interest at this stage of the compound's development, thus explaining the decision to carry out phase 1.

As a reminder, the MNK1/2 project was suspended at the beginning of the year because, on the one hand, it had fallen behind its initial 2020 objectives, and on the other hand, the company wanted to focus its financial resources on the development of the ODS 101 project.

AI Business Unit still in the structuring stage

The Artificial Intelligence BU continued its technological structuring around the construction of an innovative platform for selecting therapeutic targets, focused on the development of the OncoSNIFE® project, the assets of the IMODI® project and several academic collaborations. A commercial partnership offer with the industry has been set up and validated, and discussions are underway with pharmaceutical companies.

In line with Oncodesign's philosophy of building collaborative projects, an international campus bringing together AI and drug discovery specialists is under advanced construction to optimize the entire process of discovering new treatments.

Solid cash position as of June 30, 2021 with €27M (+36% compared to the first half of 2020), ensuring excellent financial visibility

The company's available cash is made up of the full €15.9M received in the context of the French State-guaranteed loan for which Oncodesign applied in September 2020, which has been set aside to finance the company's development (and not to finance the day-to-day business), the collection of recurring revenue for the Service BU and research tax credit for 2020 of €3M. This cash does not yet include the €2M relating to the Servier LRRK2 milestone.

Lastly, with regard to the tax audit on research tax credit for 2016, 2017 and 2018, the risk for the cash position of having to repay €3M is completely alleviated, with the conclusions of the administration having been communicated in early June 2021.

Next financial publication:

Results for the first half of 2021, on September 30, 2021 (after market closing)

Next Investor meetings:

- TP ICAP Midcap Global Megatrends Conference, on September 7, 2021
- Investor Access, September 27-28, 2021
- European Midcap Event, October 21-22, 2021
- VFB, on October 23, 2021
- Investir Day, on November 23, 2021, in Paris.

About ONCODESIGN: www.oncodesign.com

Oncodesign is a biopharmaceutical company dedicated to precision medicine, founded in 1995 by its current CEO and majority shareholder, and has been listed on Euronext Growth Market since April 2014. Its mission is the discovery of effective therapies to fight cancer and other diseases without therapeutic solutions. With its unique experience acquired by working with more than 800 clients, including the world's largest pharmaceutical companies, along with its unique technological platform combining Artificial Intelligence, state-of-the-art medicinal chemistry, pharmacology, regulated bioanalysis, medical imaging, Oncodesign is able to select new therapeutic targets, design and develop potential preclinical candidates through to clinical phases. Oncodesign has configured its organization to offer innovative services to its customers and to license its proprietary molecules. 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 global pharmaceutical groups. 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 within 3 Business Units (BU): Service, Biotech, Artificial Intelligence and subsidiaries in Canada and the USA. www.oncodesign.com



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