

Oncodesign confirms its very good results in 2021 and an attractive outlook for 2022



- Group turnover up by 23% at €31.3 million
- Operating income and revenue of €36.2M, offsetting the foreseen discontinuation of the GSK subsidy (€8M)
- R&D investments amounting to €7.4M
- Net profit/loss near the break-even point (-€0.3M)
- Service BU:
 - Very strong organic growth in external turnover at +31%, reaching €27.6M,
 - EBITDA has doubled, from €3.3M to €6.1m (+€2.8M) to reach 20% compared to 11% in 2020,
 - Order book up by 39% to €36M
- Biotech BU: €3.7m turnover and 2 programs ready to enter clinical trials in 2022:
 - The ODS-101 program, which is being developed in-house,
 - The LRRK2 program, in partnership with Servier, for which the Biotech BU earned sales of €3.3m in 2021, including a milestone of €2m for the selection of its second drug candidate after ODS-101
- Substantial cash position of €25M on December 31, 2021

Dijon, France, on Thursday, April 7, 2022, at 5:45pm CEST – ONCODESIGN (ALONC – FR0011766229), a biopharmaceutical group specialized in precision medicine, announces its FY 2021 results and takes stock of its activities.

Philippe GENNE, Chairman and CEO of Oncodesign, states: “Oncodesign has achieved several major targets, two years after implementing its new organization into Business Units, with: the growth in our overall turnover of +23% to reach €31.3M, supported by the external turnover of our Service BU, which increased by +31% to €27.6M, combined with EBITDA that reached 20% at €6.1M, one year ahead of our roadmap on the way to CRO profitability standards. The Biotech BU meanwhile earned €3.7M in turnover, driven mainly by the progress of the LRRK2 program in partnership with Servier and the selection of our 2nd drug candidate (after ODS101). Our two drug candidates from our Nanocyclix® technology will go into clinical studies on healthy volunteers in 2022. Last but not least, thanks to these efforts, we have managed to make up for the scheduled end of the €8M GSK subsidy with a net result close to breakeven (-€0.3M) while continuing to invest €7.4M in R&D this year (i.e. 24% of our turnover). Of course, all this was accomplished without going to the market and thus without exposing our shareholders to dilution.

The prospects for 2022 are excellent. Firstly, organic growth in Service turnover is right on track, drawing on its 2021 order book, up +39% to €36M, and thus on a record stock to be produced of more than €20M in turnover. DRIVE and InPact contracts account for 40% of this inventory, as compared with 27% last year. In addition, we are very active in our search for acquisitions, which is the stated objective of reaching €50M in Service turnover by 2023. The Biotech BU is engaged in the regulatory development of ODS101 to bring it to clinical research this year. Concurrently, our partner Servier is doing the same with the LRRK2 inhibitor candidate, which should enable us to reach a significant milestone in the year. In addition, we have signed two new early-stage international drug discovery partnership agreements (with TiumBio in Korea and SEngine in the US) around our Nanocyclix® technology, which will continue to provide us with turnover and new compounds in 2022. In parallel, we are working to build our systemic radiotherapy platform, the recent FDA approval of Pluvicto and its diagnostic companion Logametz is a very strong signal for non-responding metastatic prostate cancer patients and the future of this therapeutic approach in oncology. In 2021, we developed a platform for the selection of new therapeutic targets within the scope of the Artificial Intelligence (AI) BU and we are focusing this year on its scientific and commercial exploitation through pharmaceutical partnerships.”

Arnaud Lafforgue, Chief Financial Officer of Oncodesign, continues: “We knew that with €8M less in revenue due to the end of the GSK subsidy this year, we had to implement an aggressive strategy combining growth in our Service business and productivity/profitability gains. The near-balance of our net income (-€0.3M) demonstrates both the relevance and the good execution of our projects for the Group. Our cash position meanwhile stands at nearly €25M, with cash consumption, mainly for ODS-101 and for the AI BU, remaining moderate in 2021.”

Oncodesign Group - Income statement

In €M Audited consolidated data	2021	2020	Evolution	
			In %	In value
Turnover	31.3	25.5	+ 23%	5.8
Other operating income and revenue	4.9	13.0	- 62%	- 8.1
Total operating income and revenue	36.2	38.5	- 6%	- 2.3
Goods and raw materials purchased	(16.4)	(16.0)	+ 3%	- 0.5
Personnel expenses	(17.9)	(17.5)	+ 2%	- 0.4
Other operating expenses	(0.5)	(0.6)	- 15%	0.1
Taxes and duties	(0.8)	(1.1)	- 34%	0.4
Net changes in amortization and depreciation	(1.5)	(1.9)	- 19%	0.3
Total operating expenses	(37.1)	(37.0)	+ 0%	- 0.1
Operating profit/loss	(0.9)	1.5	- 160%	- 2.4
Financial income and expenses	(0.3)	(0.6)	- 47%	0.3
Extraordinary income and expenses	(0.1)	(0.2)	- 20%	0.0
Taxes on profits	0.0	0.4	- 88%	-0.3
Share of profit of companies accounted for using the equity method	-	-	-	-
Reversal of amortization	1.0	1.0	+ 0%	-
Consolidated net profit/loss	(0.3)	2.1	- 114%	- 2.4

2021 results

Group turnover in 2021 amounted to €31.3M, up 23% compared with 2020, driven by growth in the Service BU's turnover, which grew by 31% to €27.6M, and by Biotech BU's turnover, at €3.7M, including in particular the €2M of the milestone received for the selection of the LRRK2 inhibitor drug candidate.

Other operating income and revenue, reached €4.9M compared with €13M in 2020 with GSK's €8M subsidy, composed primarily of the Research Tax Credit (€4M in 2021, i.e. €1M more than in 2020 thanks to the growth in our North American and Asian customers in the Service BU's turnover).

Operating expenses at €31.7M did not vary compared to the previous year thanks to our purchasing optimization efforts (+3% to €16.4M) and productivity, while over the same period, our taxes and duties, and changes in depreciation decreased.

Investments in Research and Development represented €7.4M in 2021, compared with €10.8M in 2020. These expenses stem from the development of our drug candidate ODS-101, mainly for the regulatory development stages paving the way for the start of the phase I trial with healthy volunteers in 2022. This work has been largely outsourced to specialized service providers. The AI BU is also investing in the development of its technological platform, with nearly €1M in 2021 going towards its OncoSNIPE® program, as well as in its recruitment and infrastructure, doubling its effort compared to 2020, year of its inception.

The sharp increase in our turnover and the control over all our expenses has enabled us to achieve **operating income of -€0.9M**, down by €2.4M compared with 2020, demonstrating the strong momentum that enables us to largely offset the end of the GSK subsidy of €8M.

As a result, **net income amounted to -€0.3M, almost at break-even**. We paid close attention to our financial expenses (down 50%) and our exceptional expenses (down 20%) when our reversals of depreciation and amortization (restatement of goodwill, following the *sell and lease-back* of the building in Les Ulis) enabled us to record income of +€1M in our consolidated financial statements.

Cash flow

Available cash as at 31 December 2021 amounted to €25M.

SERVICE BU: External turnover up sharply by 31% and overall EBITDA at €6.1M (20%)

Oncodesign - Service BU P&L

In €M Audited consolidated data	FY21	FY20	Evolution	
			In %	In value
External turnover	27.6	21.1	+ 31%	6.5
Internal turnover	3.3	8.5	- 61%	- 5.2
Turnover	30.9	29.6	+ 4%	1.3
Direct costs	(6.6)	(6.4)	+ 2%	- 0.1
Gross margin	24.3	23.2	+ 5%	1.1
Internal costs	(16.8)	(17.5)	- 4%	0.7
Net margin	7.5	5.7	+ 33%	1.8
Other costs and income	(1.4)	(2.3)	- 41%	1.0
EBITDA	6.1	3.3	+ 84%	2.8
<i>% of gross margin</i>	78.8%	78.3%		
<i>% of net margin</i>	24.3%	19.1%		
<i>% of EBITDA</i>	19.9%	11.3%		

Total turnover for the Service BU reached €30.9M, up by 4% compared with 2020, mainly due to growth in External turnover (+31%), which amounted to €27.6M.

The current development phase of ODS-101 was in very large part outsourced to external service providers and little was carried out within the Service BU. The result was a fall in internal turnover, to €3.3m compared with €8.5M in 2020.

The Service BU also significantly improved its EBITDA by doubling it to €6.1M, i.e. a margin rate of 20%.

Direct costs (purchases of services on behalf of our customers) remained stable in 2021 (+2%), as the studies carried out were mainly internal, and thus without subcontracting.

At the same time, our internal costs dropped by 4%. They are made up of payroll, which reflects our efforts in terms of productivity.

Lastly, our other costs and products are made up of *Corporate* and *Business Development* costs, which remain stable, and along with the research tax credit. Consequently, the significant increase in our turnover generated with our customers in the United States and Asia enable us to generate +€1M in additional research tax credit in 2021.

The Service BU's objectives are unchanged: to speed up the development of the sale of integrated, long-term service contracts in Drug Discovery to ensure growth in the Service BU's turnover and EBITDA. Oncodesign's objectives for 2023 for the Service BU are to achieve turnover of €50M and EBITDA of 20%.

Biotech BU: Turnover of €3.7M and controlled expenditure

Oncodesign - Biotech BU P&L				
In €M Audited consolidated data	FY21	FY20	Evolution	
			In %	In value
Turnover	3.7	4.4	- 16%	- 0.7
Direct costs	(5.2)	(10.4)	- 50%	5.2
Gross margin	(1.5)	(6.0)	- 75%	4.5
Internal costs	(0.9)	(0.9)	+ 7%	- 0.1
Net margin	(2.4)	(6.9)	- 65%	4.5

Biotech BU's turnover comes from the sale of early partnerships targeting kinase inhibitors and licensing agreements from our portfolio. In 2021, this turnover amounted to €3.7 million, resulting mainly from our partnership with Servier.

It should be noted that the Biotech BU has signed two new early partnerships with TiumBio (Korea) and SEngine (USA), the impact of which in terms of turnover will be expected in 2022.

The Biotech BU's expenditure is derived mainly from the regulatory development of ODS-101, which is on track. In 2021, this new compound, which inhibits a new target, also required further regulatory toxicological analysis in various animal species in order to better prepare for the entry into phase I trial with healthy volunteers in 2022.

Previously, Oncodesign had run the back-up program and validated the follower compounds¹. No major problems related to the toxicity of the product likely to stop development have been identified to date. After intensive discussions with several pharmaceutical companies, Oncodesign chose to develop this promising compound internally through to the Phase 1 Healthy Volunteers stage, which will begin in 2022. The financing for future stages is already in place, with the objective of licensing the compound under the best possible conditions.

The objectives of the Biotech BU are: to continue to enable the ramp-up of the pipeline through, first of all, the selection of kinase inhibitor drugs candidate derived from Nanocyclix® technology and, secondly, the selection and development of systemic radiotherapy compounds. Oncodesign's ambition is to bring 3 products to the clinical phase by 2023.

¹ Back-up and follower compounds are molecules that have the same mode of action on RIPK2 and fall respectively within the same chemical series as the lead candidate or a different chemical series, thus de-risking the program.

ARTIFICIAL INTELLIGENCE BU

Oncodesign - AI BU P&L

In €M Audited consolidated data	FY21	FY20	Evolution	
			In %	In value
Turnover	0.0	-	-	0.0
Direct costs	(0.2)	(0.2)	- 11%	0.0
Gross margin	(0.2)	(0.2)	- 19%	0.0
Internal costs	(0.7)	(0.3)	+ 116%	- 0.4
Net margin	(0.9)	(0.5)	+ 67%	-0.3

The AI BU is continuing the construction phase of its platform for selecting new therapeutic targets, dedicating nearly €1M to it in 2021 after having invested €0.5M in 2020. Advanced-stage discussions are underway to enter strategic partnerships in 2022.

The AI BU continues to run the OncoSNIFE® project (PSPC/2017) in which it has invested €2M since the start and which is progressing according to plan, with steady patient recruitment in the 3 selected indications (Lung, Breast, Pancreas). This observational trial makes it possible to build up high-quality data and thus rapidly educate the algorithms and isolate resistant patient populations.

This BU is aimed at building, by 2023, a platform for identifying and validating new therapeutic targets, to improve reliability and reduce the time needed for the Drug Discovery process, all while developing its turnover within the industry.

Oncodesign's mission is to discover effective therapies to fight cancer thanks to its precision medicine platforms and innovative model, and through three strategic activities: Experimentation, Discovery and Etiology. Each BU brings its own respective technology to the table with the aim of generating innovative therapeutic products and targets, and thus fulfilling Oncodesign's mission together.

Oncodesign's three techno-scientific challenges for 2025 are:

- To develop an innovative and effective drug discovery platform based on precision medicine
- To constitute a portfolio of therapeutic products focused on oncology
- To build an effective platform for selecting new therapeutic targets in oncology

Oncodesign's economic model is built on the various business models in place at its BUs, each in line with specific markets. This integrative vision lies at the very foundation of our ability to adapt, and affords us extreme agility in an ever-evolving environment.

The 2021 Annual Report will be available on the company's website www.oncodesign.com, on 28 April 2022. The consolidated financial statements have been reviewed, and the Statutory Auditors' report will be issued shortly.



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.

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