A French "*Société anonyme*" company with capital of €12,673,913.25
Registered Office: 49, boulevard du général Martial Valin – 75015 Paris - France
410 910 095 Trade & Companies Register of Paris

2017 REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT AND THE MANAGEMENT REPORT

AMF AUTORITÉ DES MARCHÉS FINANCIERS

This document was filed with the French Financial Markets Authority (AMF) on 25 April 2018, in accordance with article 212-13 of its general regulations. It may be used in support of a financial transaction if supplemented by a transaction note approved by the AMF. This document has been drawn up by the issuer at the liability of its signatories.

Copies of this registration document are available free of charge at the registered office of Onxeo, 49, Boulevard du général Martial Valin – 75015 Paris, as well as on Onxeo's website: www.onxeo.com and on the website of the Financial Markets Authority: www.amf-france.org.

SOMMAIRE

Note

In this Registration Document, unless it is provided otherwise:

- The term "**Registration Document**" means this Registration Document;
- The terms "**Company**" or "**Onxeo**" mean the company Onxeo whose registered office is situated at 49, boulevard du Général Martial Valin, 75015 Paris, France, registered with the Paris trade and companies register under number 410 910 095;
- The term "**Group**" means the group consisting of the Company and its subsidiaries.

A glossary defining certain terms used in the Registration Document is set forth in Chapter 13.

Disclaimer

Market and competition information

The Registration Document contains, in particular in chapter 2 "Company activity in 2017", information relating to the Group's markets and its competitive position. This information derives, in particular, from studies conducted by external sources. The publicly available information which the Company believes to be reliable has not been verified by an independent expert, and the Company cannot guarantee that a third party using different methods to collect, analyze or compute data on these markets would obtain the same results.

Forward-looking information

The Registration Document contains information on the Group's prospects and development strategies. This information is sometimes identified by the use of the future or the conditional tense or forward-looking terms such as "consider", "envisage", "think", "aim to", "expect", "intend", "should", "aspire to", "estimate", "believe", "wish", "could", "promising", "encouraging", "interesting" or, where appropriate, the negative of the terms thereof or any other similar variation or terminology. This information is not historical data and should not be interpreted as a guarantee that the facts and data set out herein will occur. This information is based on data, assumptions and estimates considered as reasonable by the Company. It is subject to change or is likely to be modified due to uncertainties related, in particular, to the economic, financial, competitive, and regulatory environment. This information is mentioned in various chapters of the Registration Document and contains data relating to the Group's intentions, estimates and objectives, in particular regarding the market in which it operates, its strategy, its growth, its results, its financial position, its cash flow and its forecasts. The forward-looking information contained in the Registration Document is provided only as of the date of the Registration Document. The Group operates in a constantly changing and competitive environment. It is therefore unable to anticipate all the risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the occurrence of a risk or a combination of risks could have significantly different results from those stated in any forward-looking information, it being reminded that none of this forward-looking information constitutes a guarantee of actual results.

Risk factors

Investors are encouraged to carefully read the risk factors described in section 5.7.1.4 "Risk Factors" of the Registration Document before making any investment decision. The occurrence of some or all of these risks may have a material adverse effect on the Group's business, financial position, results or prospects. In addition, other risks, not yet identified or deemed immaterial by the Company at the date of registration of the Registration Document, could also have a material adverse effect.

1. ESSENTIAL INFORMATION ABOUT THE GROUP

1.1 PROFILE AND STRATEGY

Onxeo is a French biotechnology company that develops innovative oncology drugs, based on tumor DNA-targeting, an increasingly important area of research in the treatment of cancer. The Company focuses on developing innovative or disruptive compounds from preclinical (or translational) research to proof of clinical concept in man, which represents its specific know-how and its field of expertise. The Company thus leads its programs up to the most value-creating and attractive point of inflection for potential partners.

After the merger by acquisition with Topotarget, which contributed belinostat, the acquisition of DNA Therapeutique and a new "first-in-class" product named AsiDNA™ permitted the Group to strengthen its expertise in a domain at the cutting edge of scientific and clinical research in oncology, the approach to tumour DNA repair and ultimately, to strengthen its attractiveness in the international market.

Onxeo is listed on both the Euronext Paris and Nasdaq Copenhagen exchanges.

The Company's portfolio includes several products and platforms:

- AsiDNA™, a *first-in-class* inhibitor of the repair of breaks in tumors' DNA, which is based on a unique decoy mechanism. AsiDNA™ was already successfully evaluated in a phase I trial in metastatic melanoma by local administration and is currently being developed for treating other tumors by systemic administration (IV).
- platON™, the Onxeo decoy oligonucleotides platform, which is aimed at generating new compounds to extend the Company's pipeline, AsiDNA™ being the first compound taken from PlatON™.
- Belinostat, a HDAC (epigenetic) inhibitor that already has conditional approval by the FDA for the 2nd line treatment of patients suffering from peripheral T-cell lymphoma and is sold in the United States in this indication by Spectrum Pharmaceuticals, Onxeo's partner (Beleodaq®). At the same time, belinostat is developed in association with AsiDNA for new oncology indications. An oral formulation is also being developed to make it easier to use in these new indications.

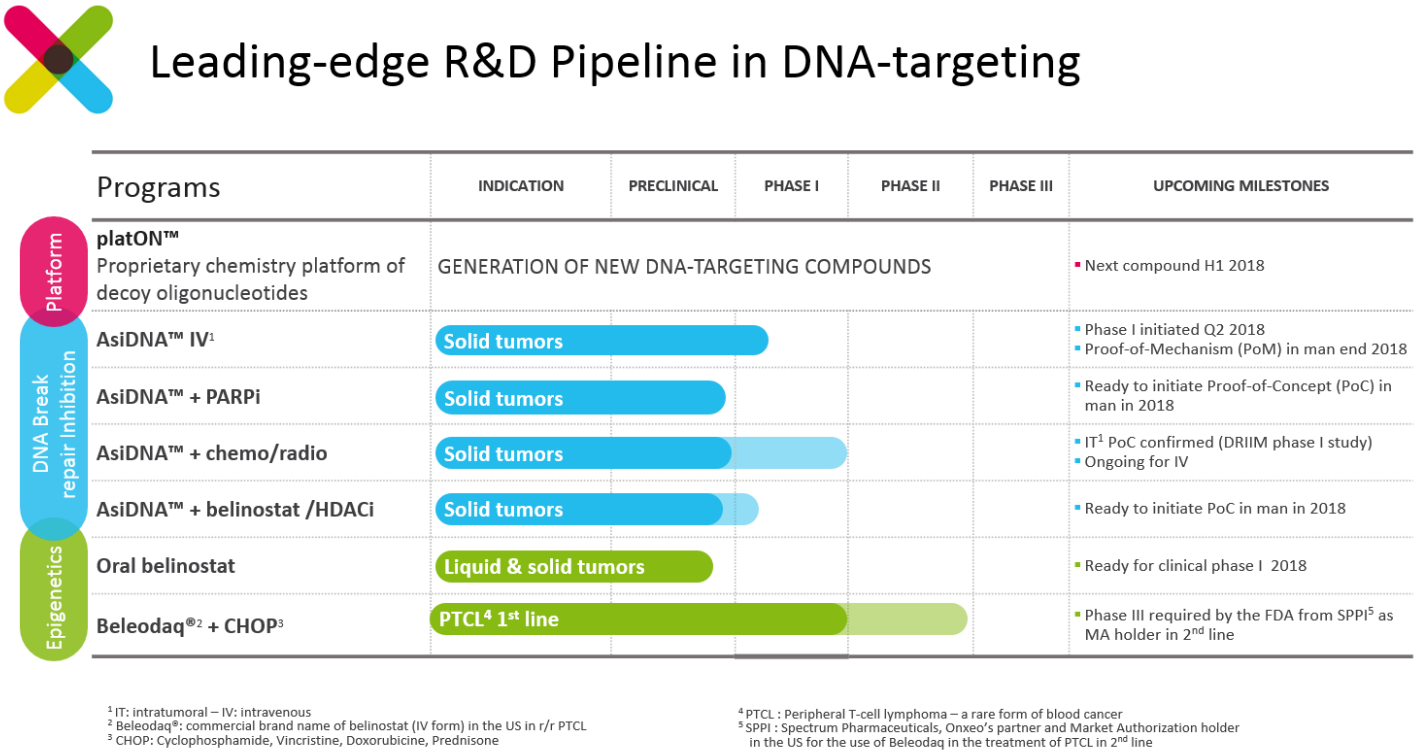
This portfolio, through innovative, high scientific value treatment approaches, makes Onxeo a key player in one of the most important fields in oncology.

In order to implement its growth strategy, the group relies on solid assets and distinctive skills which form the basis for its future growth:

- A unique profile for a biotechnology company with a portfolio consisting of products deriving from particularly promising technologies. Used in monotherapy or in combination with other cancer treatments, these programmes offer development prospects for various indications with broad market potential;
- A highly experienced European scientific team, which has successfully conducted preclinical and clinical trials on several occasions up to registration, in Europe and in the United States. These teams are led by a high-level management team and a Board of Directors with an international profile and experience;
- International scale, with know-how for clinical studies conducted in Europe and in the United States, collaborations with leaders in academic and scientific opinion at international level and commercial partners who are respected in the pharmaceutical world.

The portfolio of orphan products for oncology under development consists of 2 key assets, Beleodaq® and AsiDNA™, one of which is marketed but for which other indications are under development, while the second is ready to enter clinical trials with the scheduling of a second phase I by systemic route.

This pipeline is detailed in the following graph:



Detailed information on each product is provided in Paragraph 4.2.1 of the Registration document.

1.2 MANAGEMENT AND SUPERVISORY BODIES

1.2.1 BOARD OF DIRECTORS

Joseph Zakrzewski
Chairman of the Board of Directors and Independent director

Judith Greciet
CEO

Independent directors:
Danièle Guyot-Caparros
Thomas Hofstaetter
Jean-Pierre Kinet
Jean-Pierre Bizzari
Christine Garnier
Elivira Sanz Urgoiti

Director representing the shareholders:
Financière de la Montagne SARL, represented by Nicolas Trebouta

1.2.2 MANAGEMENT COMMITTEES

Executive Committee

Through the leadership of Judith Greciet, Chief Executive Officer, the Executive Committee prepares the Company's strategy, its major policies and growth scenarios. It takes all decisions pertaining to strategy, defines priorities, and allocate resources, in relations with the Company Board of Directors. It reviews and validates development plans and oversees their implementation. It reviews all strategic decisions impacting projects and timelines, and validates all strategic and/or financial decisions based on recommendations of the Operations Committee, with a specific focus on critical issues and risks. It also defines the Company's HR policy. It meets once a week to ensure that the Company is being managed in a collective and cross-functional manner.

Operations Committee

Composed of the operational R&D departments, the Project Coordinator and ad hoc project team members, it sets the operating strategy, systematically reviews and validates the progress of projects, and coordinates the teams. It takes all operational decisions on specific projects and prepares recommendations for the Executive Committee. A specific emphasis is given to adhering to corporate goals and respecting projects' timelines. The committee meets once a week.

Risk Management Committee

This committee updates the Company's risk mapping and monitors action plans with the departments concerned.

1.2.3 STATUTORY AUDITORS

Grant Thornton
French member of Grant Thornton International 29 rue du Pont 92200 Neuilly / Seine

Represented by Mr. Samuel Clochard, a member of the Regional Association of statutory auditors of Versailles.

Ernst & Young Audit
Tour Ernst & Young, Faubourg de l'Arche,
1/2 place des Saisons, 92400 Courbevoie

Represented by Mr. Frank Sebag a member of the Regional Association of statutory auditors of Versailles.

1.3 KEY FIGURES

The table below presents selected financial data extracted from the Company's consolidated financial statements prepared under IFRS for the years ended 31 December 2016 and 31 December 2017.

Notes on the key figures are found in Section 3 of this Registration Document and should be read in relations with Section 6 of this Registration Document.

Consolidated Accounts (IFRS) ***In thousands of Euros.***	**31/12/2017**	**31/12/2016**
Net Sales, of which	**9,505**	**4,423**
Recurring sales	*3,042*	*3,454*
Non-recurring sales	*6,463*	*969*
Operating Expenses, of which	**(28,694)**	**(27,591)**
R&D Expenditures	*(18,857)*	*(18,075)*
R&D tax credit	*3,699*	*3,955*
Other operating expenses	*(13,536)*	*(13,471)*
Current Operating Income	**(19,189)**	**(23,168)**
Non-Current Operating Income, of which	**(47,188)**	**(43)**
Depreciation of Beleodaq-related assets	*(38,111)*	-
Financial Income	**(491)**	**1,106**
Taxes	**7,797**	**(566)**
Net Income	**(59,071)**	**(22,671)**

Cash and cash equivalent	**14,277**	**29,243**

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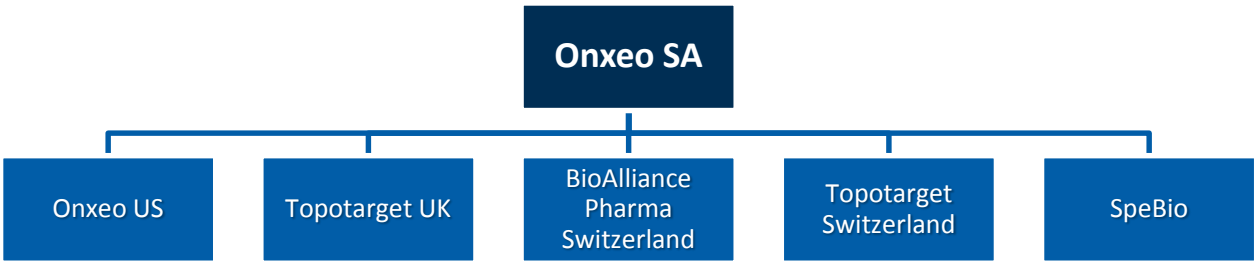
2. COMPANY ACTIVITY IN 2017

2.1 SIGNIFICANT EVENTS IN 2017

2.1.1 GROUP COMPANIES

The Group is comprised of the Company, which concentrates the majority of its business in Paris and at its Danish establishment in Copenhagen, and its subsidiaries, most of which have limited activity:

- Onxeo US
- Topotarget UK
- BioAlliance Pharma Switzerland
- Topotarget Switzerland
- SpeBio (subsidiary 50%-owned with SpePharm B.V.)



2.1.2 CHANGES IN ACTIVITY AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the Company actively continued the pre-clinical development of its two key products AsiDNA™ and belinostat, which allowed it to file an authorization request for a clinical trial in France and Belgium at the end of 2017, for a systemic single-therapy AsiDNA™ phase 1 trial, in accordance with the announced timetable.

The Livatag® "ReLive" phase 3 trial, a nanoformulation of doxorubicin, in 2nd line treatment of primary liver cancer did not achieve the results hoped for in September 2017. The Company stopped developing this product, which would only be possible within the framework of a partnership.

At the same time, the Company sold or licensed its non-strategic assets in support care (Lauriad® technology).

The Company's strategy rests on its expertise in developing a so-called "early stage" i.e. preclinical programme, at the clinical proof of concept stage. This is a major value creation stage for a product, with the objective, once this stage of optimal value has been achieved, of assigning the subsequent development to a larger partner, thereby generating revenues and growth for the company.

The Company already has a partnership with a U.S. pharmaceutical group, Spectrum Pharmaceutical for its product Beleodaq®, which is marketed in the United States and moreover has a platON™ platform, which serves to generate other molecules with the same oligonucleotide technology, which will feed the Company's portfolio, while benefiting from the expertise developed for AsiDNA™.

Moreover, the Company still has an external growth strategy, which should also contribute to the expansion of its portfolio with innovative programmes.

The principal operational advances and organisational changes of the Group during the financial year are detailed below.

2.1.2.1 R&D programs

2.1.2.1.1 AsiDNA™

The acquisition of AsiDNA™ strengthened the Group's portfolio of orphan oncology products and positioned it on a new field at the forefront of scientific and clinical research in oncology, that of DNA repair.

AsiDNA™ is a *first-in class* product which aims to interfere with the repair of tumor DNA through a decoy mechanism. It is composed of 64 nucleotides (fragment of DNA) constituted of two strands of 32 nucleotides, of complementary and specific sequence.

In 2017, the Group actively pursued the pre-clinical development of this candidate as a systemic single therapy and in combination with other treatments in various types of solid tumors and overcame several key steps:

- *In-vivo trial presented to the AACR in April 2017, showing the therapeutic interest of combining AsiDNA™ with PARP (Poly ADP-Ribose Polymerase) inhibitors.*

This combination significantly inhibits tumor growth regardless of the genetic profile of the tumor, unlike the anti-tumor effect of PARP inhibitors which only act on tumors bearing gene mutations coding for the proteins involved in the DNA repair by homologue recombination. Thus, in a pre-clinical tumor model in mice, whereas the PARP olaparib inhibitor shows no inhibiting effect on the growth of the tumor, AsiDNA™ partially blocks this tumor growth and the combination of olaparib and of AsiDNA™ shows synergy anti-tumor efficacy. Very interestingly, the absence of appearance of clones resistant to AsiDNA™ suggests the potential of lasting clinical efficacy, contrary to most targeted therapies.

- *Pre-clinical in-vivo proof of concept results announced in June 2017 confirming the activity of AsiDNA™, by systemic administration (intravenously).*

The data generated confirm the activity of AsiDNA™ administered intravenously as testified by the prevention of tumor growth in a murine triple negative breast cancer (TNBC) model. These data also show a significant synergy effect by combining AsiDNA™ with carboplatin, a neoadjuvant chemotherapy used in the treatment of TNBC.

Thus, AsiDNA™ administered intravenously is an ideal candidate as a single therapy and in combination with genotoxic anti-cancer treatments, such as radio or chemotherapy, or with other DNA repair inhibitors targeting a single means of repair, such as the PARP inhibitors. Further, the pharmacodynamic data generated confirm the unique mechanism of action of AsiDNA™, which behaves like a decoy attracting the repair enzymes, breaking the cycle of the DNA repair activities of the tumor and interfering with multiple means of repair, whilst sparing the healthy cells.

- *Results of in-vitro pre-clinical trials of the association of AsiDNA™ with the Histone deacetylase inhibitors (HDACi), including belinostat, on various tumor lines, announced in September 2017.*

The Company has put in place an experiment plan demonstrating the synergy effect of combining AsiDNA™ with several HDACi, and particularly with its other key strategic product, belinostat, a multi-potent HDACi. The trial evaluated the efficacy of the combination, in relation to that of the compounds alone, on tumor and healthy cell lines. The results of these in vitro pre-clinical trials show that the association of AsiDNA and belinostat is highly synergistic and leads to the death of tumor cells. Contrary to the use of HDAC inhibitors alone, the combination of AsiDNA™ with an HDACi remains synergistic over time, after repeated treatments, which could open up the way to very interesting treatment protocols. These experiments have been reproduced with other HDACi, such as vorinostat, entinostat and romidepsin, generating similar data highlighting pronounced synergy effects.

These data and their potential applications are completely protected by a patent application which covers the use of AsiDNA™ in combination with any HDAC inhibitor, regardless of the treatment protocol.

- *Submission of an authorization request for a phase I systemic clinical trial at the end of 2017 in France and in Belgium, in accordance with the development timetable announced in 2017.*

AsiDNA™ is the leading candidate of a therapeutic class that could have a clinical interest in a wide range of indications, which the Group would be able to develop alone or in partnership. AsiDNA™ thus has the capacity

to generate, in the short and long term, many catalysts of growth and value creation for the Company and its shareholders.

On a patent perspective, the Group announced in February 2017that the United States Patent and Trademark Office (USPTO) issued it with a new patent (no. 15/232.844) concerning its candidate AsiDNA™, and was informed by the European Patent Office (EPO) of its intention to grant the equivalent patent in Europe in January 2018.

AsiDNA™ is thus internationally protected. The patents protect all the analogue compounds of between 40 and 400 nucleotides, irrespective of their sequence, in addition to the associated pharmaceutical compositions and the related methods for treating cancer. They give Onxeo a very wide field of protection in this class of compounds.

These patents will expire mid-2031. The protection term could be extended until 2036 via the different supplemental protection systems prevailing in the United States and in Europe.

2.1.2.1.2 platON™

The Group is convinced of the major therapeutic potential of the decoy oligonucleotides technology, particularly by interference with the tumor DNA repair signals, and of the disruptive innovation it represents, which could open up the way to a new cancer treatment paradigm.

PlatON™, (decoy OligoNucleotides platform), is based on three components: a double strand oligonucleotides sequence, a binding molecule and a molecule encouraging intra-cell penetration. Each of these three components can be modified to generate various compounds expressing different properties and/or activities, with the common feature of targeting tumor DNA functions through a decoy mechanism.

AsiDNA™, Onxeo's first-in-class tumor DNA break repair inhibitor, is the first drug candidate that has emerged from the platON™ platform.

The Company intends to capitalize on this platform to enhance its portfolio with innovative drug candidates, targeting the tumor DNA functions and plans to start the pre-clinical evaluation of a new molecule from the end of 2018.

2.1.2.1.3 Beleodaq® (Belinostat par voie intraveineuse)

Beleodaq® already has conditional approval in the United States for the treatment of peripheral T cell lymphoma in 2nd line and is marketed by US partner Spectrum Pharmaceuticals. Spectrum is conducting the necessary studies and discussions to initiate a Phase III study for the same indication in 1st line, a study required by the American authorities (FDA) to confirm the marketing authorization of Beleodaq®.

In parallel, the Company has carried out intensive pre-clinical trials on the association of belinostat, which creates double-strand tumor DNA breaks, and of AsiDNA™, which interferes with their repair. These trials showed very promising pre-clinical results (please refer to the previous paragraph on AsiDNA™).

Further, the Company plans to develop an oral formulation for belinostat, which for the time being is available intravenously (IV). Such a formulation would be a clear benefit for patients and physicians alike in terms of ease of administration, compliance, and lack of assistance from medical personnel. It would also offer Onxeo the possibility of extending its patent protection for belinostat until 2038 and increase interest in developing belinostat in combination with other drugs for new indications.

On 24 April 2017, Onxeo and Clinigen became partners to launch in Europe a Managed Access Program - also called Named Patient Program - for belinostat (Beleodaq®), for patients suffering from relapsed or refractory PTCL. Within the framework of this program, a doctor can ask for treatment using belinostat for his eligible patients not having any other treatment option. In Europe, some patients could therefore have treatment using belinostat before it is authorized to be marketed in Europe.

2.1.2.1.4 Livatag®

During 2017, the Company finalized the recruitment in the Phase III "ReLive" study to evaluate the efficacy of Livatag®, in the second-line treatment of advanced hepatocellular carcinoma. ReLive was an international multi-

center randomized study assessing the intravenous efficacy of Livatag (doxorubicin Transdrug™) compared to the available standard of care chosen by physicians for patients with advanced hepatocellular carcinoma (primary liver cancer) after failure or intolerance to sorafenib.

On 11 September 2017, the Company announced negative outcome of the study, where that the main criterion of the trial, improving survival in relation to the control group, had not been achieved.

The main reason lies in a stronger effect on survival than expected in the control arm. Indeed the study was not compared to a placebo, and the patients of the control group were able to receive other anti-cancer agents (including oxaliplatin, gemcitabine or tyrosine kinase inhibitors), which may explain the high survival in the control arm. Livatag® administered in as a single therapy showed similar efficacy to what was observed for the control group composed of active treatments (particularly poly-chemotherapies and tyrosine kinase inhibitors). No difference in efficacy was found between the two doses in arms treated with Livatag® (20mg/m² and 30mg/m²).

The overall safety and tolerance profile of Livatag® in the ReLive trial was favorable, with a fully controllable toxicity profile in the two Livatag groups (20mg/m2 and 30mg/m2), including in patients treated the longest, for over a year. The overall tolerance was comparable to what was observed in the control group.

The Company considers that Livatag® is still eligible for several areas of development, but this will only be able to be done within the framework of a partnership. Indeed, the Company made the strategic decision not to continue its development, preferring, in the interests of its shareholders, to focus its resources on the AsiDNA™ and belinostat programs based on innovative and highly appealing mechanisms of action.

2.1.2.2 Autres produits dédiés aux partenariats

Continuing with its strategic repositioning, in 2017, the Company sold the products Sitavig® and Loramyc® to Vectans Pharma and granted a global license for Validive® to Monopar Therapeutics Inc.

The agreement to sell Sitavig® and Loramyc® to Vectans Pharma, entered into in July 2017, provided for an initial payment of €4 million in addition to a profit-sharing clause concerning future sales, based on the cumulated commercial performance of the two products worldwide. Further, Onxeo will receive from existing partners most of the payments expected in the next three years, relating to successfully completing regulatory steps or achieving commercial performance targets.

Within the framework of the global license for Validive® granted to Monopar Therapeutics Inc. in September 2017, Onxeo received the immediate payment of a license fee of $1.0m and will receive payments for subsequent stages, which could reach $108m subject to overcoming the agreed steps, particularly payments related to the regulatory phases, from phase II to the registration, for $15.5m. The agreement also provides for the payment of increasing royalties on sales, which could experience double-digit percentage growth.

2.1.3 FINANCING

In June 2017, the Company announced a capital increase through the issue of new ordinary shares with cancellation of the preferential subscription right of existing shareholders, pursuant to the 18th and 20th Resolutions adopted by the Extraordinary General Meeting of 24 May 2017 and on the basis of Articles L. 225-136 of the French Commercial Code and L. 411-2(II) of the French Monetary and Financial Code. This fund-raising was done through the accelerated construction of an order book open to institutional investors in France and in each of the Member States of the European Economic Area in accordance with the exemptions provided by Article 3(2) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended) insofar as they have been transposed in this Member State or, if not, in the situations not requiring the publication of a prospectus under the aforementioned Article 3(2) and/or regulations applicable in that Member State, and outside the United States in accordance with Regulation S of the U.S. Securities Act 1993, as amended (the “Securities Act”). Simultaneously, the Company raised funds through a private placement in the United States with “qualified institutional buyers" as defined by Rule 144A of the Securities Act or “institutional ‘accredited investors’” as defined by Rule 501(a) of the same Act.

On 20 June 2017, this capital increase led to the issue of 3,529,411 new ordinary shares for a gross amount befof €15m including issuance premium and exclusing transaction fees.

Leading American and European institutional investors, and health and biotechnology sector specialists participated in the placement, thereby strengthening and diversifying the Company's shareholder structure. The funds raised allowed the Group to reinforce its cash flow and were allocated to developing its R&D programs in the field of orphan oncology diseases and, more generally, to financing the Company's business.

This revenue was supplemented by the revenue from the sale of two historical products, Sitavig® and Loramyc®, which allowed the Company to receive an initial payment of €4.0m, and by granting the Validive license to Monopar Therapeutics, which generated the immediate payment of a license fee of $1.0m.

2.1.4 CORPORATE GOVERNANCE

2.1.4.1 Developing and strengthening the Board of Directors

Onxeo enhanced its Board of Directors with two new members, Elvira Sanz Urgoiti and Christine Garnier, appointed by the General Meeting of 26 April 2017, to replace Russell Greig and David Solomon.

Elvira Sanz Urgoiti has over 25 years' experience in the pharmaceutical industry, with positions of increasing responsibility in different business sectors for MSD, Roche and Cyanamid. In 2000, she became Managing Director of Wyeth Pharma in Spain, then joined the global headquarters of Wyeth in the United States, where she reported directly to the Chairman & CEO within the framework of a global restructuring plan of the international subsidiaries of Wyeth. In 2009, following the acquisition of Wyeth by Pfizer, she became Chairman & CEO of Pfizer Spain until 2015.

In 1998, Christine Garnier co-founded AEC Partners, a consultancy firm specialized in corporate, international and operational strategies in the life sciences industry, where she has been Managing Partner. In the last twenty years, she has headed up more than 200 missions on drugs, vaccines, as well as medical devices and products sold without a prescription. Before co-founding AEC Partners, she worked for 12 years in the pharmaceutical industry, in marketing positions at Wyeth and international marketing and strategic planning positions at Rhône Poulenc Rorer.

2.1.4.2 Changes in and reinforcement of management teams

On 1 March 2017, the Company announced the reinforcement of its Executive Committee with the appointments of Françoise Bono, PhD, as Scientific Director, and Olivier de Beaumont, MD, MBA, as Medical Director.

Françoise Bono worked for more than 25 years at Sanofi, then at Evotec, where, up until the end of 2016, she was Executive Vice President in charge of oncology. A renowned specialist in cancer biology, she has contributed several innovative molecules from the early pre-clinical development to the IND filing and Phase 1, and has headed up over 20 major projects, particularly in immuno-oncology.

Olivier de Beaumont was, from 2005, Senior Vice-President of Stallergenes Greer, Director of Global Clinical Development, Pharmacovigilance and Medical Affairs, and Member of the Executive Committee. Before this he headed up several clinical development programs and strategic marketing operations at Quintiles and Aventis, in a wide range of therapeutic fields, particularly in oncology.

With these appointments, Onxeo has boosted the excellence of its management teams in order to be in a position to achieve, under the best conditions, the short- and medium-term stages of its strategic plan.

2.1.5 LITIGATION

On February 27, 2009, Onxeo broke off collaboration with SpePharm and reacquired the rights to market Loramyc® in Europe from the SpeBio joint venture. Onxeo took SpePharm and SpeBio to the International Court of Arbitration of the International Chamber of Commerce (ICC) to obtain damages for the losses suffered on account of breaches of contract committed by these companies under the partnership that had been agreed for the commercial launch of Loramyc®.

In a partial arbitral decision as to the question of its jurisdiction, the Court of Arbitration affirmed its jurisdiction in respect to the one framework contract and only against SpePharm. Onxeo then had a claim form issued by the Commercial Court and served on SpeBio regarding its contractual liability. Onxeo then lodged an application

with the Commercial Court for the forced intervention of SpePharm on criminal grounds, and, by a 3 May 2016 ruling, the Paris Commercial Court upheld Onxeo's application pronouncing the forced intervention of SpePharm and consolidation of the Onxeo v. SpeBio and Onxeo v. SpePharm proceedings. In a counterclaim, SpeBio and SpePharm filed claims for damages.

On 17 October 2017, the Paris Commercial Court handed down a judgement ordering Onxeo to pay to SpeBio the sum of €8.6 million for costs sustained before the termination with interest at the statutory rate from 30 June 2014 with compound interest (in addition to €250,000 on the basis of Article 700 of the French Code of Civil Procedure) and to SpePharm the sum of €50,000 in damages (in addition to €15,000 on the basis of Article 700 of the French Code of Civil Procedure). This judgement was handed down along with provisional enforcement. It should be noted that Onxeo and SpePharm own jointly 50% of SpeBio each.

On 20 October 2017, Onxeo lodged an appeal against this ruling and lodged its submissions with the Court of Appeal of Paris on 9 January 2018, in order to ensure that the appeal proceedings are dealt with promptly in the interests of its shareholders. The Company intends to do make all efforts to convince the Court of Appeal of its merits, and the judgement should be handed down at the end of the fourth quarter of 2018.

2.1.6 TIMELINE SUMMARY OF SIGNIFICANT EVENTS IN 2017 FISCAL YEAR

24 January	Onxeo completes enrollment in Phase III Study of Livatag® for the treatment of hepatocellular carcinoma
8 February	Information on the design of the ReLive trial and on the role of the Data Safety Monitoring Board (DSMB)
13 February	The US Patent and Trademark Office issues Onxeo with a new patent relating to AsiDNA™, extending its protection to the United States.
1 March	Onxeo appoints two experienced directors to boost its pre-clinical and clinical development.
7 March	Onxeo presents its annual results for the financial year 2016 and its outlooks for the year 2017
21 March	Onxeo presents scientific data on its 3 key oncology products during the annual ACCR congress.
17 April	Onxeo: Q1 2017 financial information and business update
20 April	Onxeo receives the EnterNext Label Tech 40
24 April	Clinigen and Onxeo launch a managed access program for belinostat in Europe for patients suffering from peripheral T-cell lymphoma (PTCL)
25 April	Publication of the Company's Registration document 2016
26 April	Combined General Meeting
5 May	Onxeo obtains a new patent in the United States for Livatag® in the treatment of hepatocellular carcinoma
23 May	Onxeo announces the 10th positive recommendation by the DSMB to continue its Phase III study on "ReLive" of Livatag® for primary liver cancer.
24 May	Extraordinary General Meeting
19 June	Onxeo launches a capital increase by accelerated construction of an order book
20 June	Onxeo successfully raises €15 million from American and European investors
5 July	Onxeo announces positive pre-clinical proof of concept results demonstrating the activity of AsiDNA™ systemically
28 July	Onxeo presents its half-year results and provides an update on business for H1 2017
31 July	Onxeo sells two non-strategic products in oral pathologies to Vectans Pharma
11 September	Onxeo announces the main results of the ReLive Livatag® phase III trial, in advanced hepatocellular carcinoma
13 September	Onxeo grants Monopar Therapeutics an exclusive global license for Validive®, a product ready to enter phase III
28 September	Onxeo announces convincing pre-clinical data for use of its two innovative molecules, AsiDNA™ and belinostat in combination
2 October	Onxeo presents platON™, a chemical oligonucleotides platform based on the "decoy" mechanism
17 October	Onxeo announces the first instance ruling of the Commercial Court of Paris within the framework of the proceedings against SpeBio/SpePharm
26 October	Onxeo provides an update on its innovation strategy and publishes the Q3 2017 financial information
28 November	Onxeo sets up a scientific committee composed of international experts, specialists in DNA targeting

The full text of these press releases can be accessed on the Company website at (ww.onxeo.com).

2.2 SIGNIFICANT POST CLOSING EVENTS

On 23 January 2018, the Company announced having lodged its submissions with the Court of Appeal of Paris, as part of the proceedings on the merits between it and SpePharm and SpeBio B.V, in order to ensure that the appeal proceedings are dealt with promptly in the interests of its shareholders. The Company intends to do make all efforts to convince the Court of Appeal of its merits, and the judgement should be handed down at the end of the fourth quarter of 2018. Given the planned payment of the amounts imposed on it by the Commercial Court on 17 October 2017, the Company is currently putting an action plan in place, allowing it to continue the R&D programs in accordance with the initially planned timetable.

On 25 January 2018, the Company announced having received notice from the European Patent Office (EPO), informing it of its intention to grant a new license covering AsiDNA™, its *"first-in-class"* inhibitor of the repair of DNA breaks, in all countries of the European Union (EU). This new patent considerably boosts the Company's intellectual property portfolio around the AsiDNA™ program by protecting the different compositions and pharmaceutical formulations and their therapeutic use, particularly for the treatment of cancers, alone and in combination with other tumor DNA-targeting agents (such as radiotherapy, chemotherapy or other agents damaging the tumor DNA). This European patent will expire mid-2031. The corresponding patent was already granted in the United States in July 2016.

On 14 March 2018, the Company announced that it will record an impairment charge of about €38 million in its 2017 consolidated accounts pursuant to value tests performed in accordance with IFRS accounting standards. This accounting adjustment does not impact in any way the Company's cash balance or its ability to advance its strategic value creation strategy.

On 15 March 2018, the Company announced the presentation of two preclinical study abstracts highlighting AsiDNA™, the Company's first-in-class DNA break repair inhibitor candidate, at the American Association for Cancer Research (AACR) Annual Meeting being held April 14-18, 2018 in Chicago, Illinois. Onxeo has filed a priority patent application claiming the use of maintenance therapy with AsiDNA based on a property newly-identified in one of the studies presented at AACR.

On 15 March 2018, the Company announced the initiation of DRIIV (DNA Repair Inhibitor administered IntraVenously) phase I clinical trial of AsiDNA™, its "first-in-class" DNA repair inhibitor. The aim of the study is to assess AsiDNA™ safety profile and identify its optimal clinical dose, as well as determine its active dose at the tumor level, in patients with advanced solid cancer..

2.3 FORESEEABLE DEVELOPMENTS AND FUTURE PROSPECTS

The Company will continue its value creation strategy based on developing innovations in therapy for severe or rare cancers, and is planning on the following major catalysts for growth in 2018:

- AsiDNA™: publication of the in-vivo pre-clinical data during international scientific congresses; first preliminary results of AsiDNA™ phase 1 clinical trial in single therapy (DRIIV) planned before the end of the year 2018; start of a trial testing use in combination with another anti-cancer agent in order to demonstrate the synergy of the combination in humans.
- belinostat (Beleodaq®): initiation of a phase 1 trial, testing use in combination with AsiDNA™ in indications other than PTCL, particularly solid tumors; continued development of the oral formulation developed by the Company.

Onxeo considers that, in light of its current activities, it has no specific comments to make on trends that might affect its revenue and its general operating conditions from the date of the last financial year ending 31 December 2017, up to the publication date of this Registration Document.

The Company's main investments will focus on research and development. With cash of €14,277,000 at 31 December 2017, which includes the impact of the judgement in the dispute with SpeBio/SpePharm, the Group has sufficient resources to carry out its projects until the middle of 2019. The Company is also looking into the opportunity of consolidating its financial resources through new, non-dilutive financing or fundraising, together with the continued search for new license agreements.

2.4 SOCIAL AND ENVIRONMENTAL INFORMATION

In accordance with the provisions of Article L. 225-102-1, R. 225-104, and R. 225-105 of the French Commercial Code, this report includes information relating to our awareness of the social, environmental and societal impact of the Company's activities - the "Social and Environmental Responsibility Report".

The information contained in Onxeo's Social and Environmental Responsibility (SER) Report is based on internal contributions from the Human Resource Department and the Quality Department. Activities are coordinated by the Executive Management. The list of indicators was defined in accordance with the French ministerial decree relating to SER matters.

The information published reflects the Company's desire for transparency and its wish to objectively describe its most relevant historic and newly-engaged activities that reflect its commitment to Social and Environmental Responsibility (SER). The process for collecting SER information and indicators will be reviewed and optimized each year.

The company has taken into account the following elements of the aforementioned Decree that are judged to be both relevant and significant in terms of its core business and its current and future challenges:

- **Social information: employment, work organization, employee-related relations, health & safety and training.**
- **Societal information: relations with stakeholders.**
- **Environmental information: pollution and waste management.**

Accordingly, the following sections of the SER Decree of 24 April 2012, are excluded due to a lack of relevance or to the fact that the information was deemed insignificant in terms of scale or effect:

- Release of greenhouse gases, adapting to climate change: the Group's activities are not subject to the issues raised by greenhouse gases, and its sites are not located in areas subject to major climatic constraints.
- Biodiversity: the Group is not directly affected by biodiversity protection issues as the risks associated with raw material used are limited.
- Sustainable use of resources, energy consumption, measures taken to improve energy efficiency and the use of renewable energies, water consumption and supply based on local constraints: as these products are outsourced, and the Group does not have an industrial site, the impact on these issues is related to the activity of two laboratories and R&D offices and is therefore limited.
- Land use: the Group's activities do not have any particular impact in terms of land use.
- Visual and noise impact of the Company's activity on the environment: the impact is limited, as the Group's business causes no visual or sound nuisance. Moreover, R&D activity is strictly supervised to ensure that there are no emissions of aqueous or gaseous waste from dangerous products (see section on Pollution and Waste Management).
- Local, economic, and social impact: Due to the Group's size and limited workforce, the impact in terms of employment and regional development, as well as on neighboring and local populations, is not significant.

The **period covered** by the data collated is the calendar year 2017. In order to provide additional data on the development of the Group's activities, data for 2016 is also presented.

The **scope of consolidation** includes the company Onxeo and its subsidiaries within the meaning of Article L. 233-3 of the French Commercial Code.

2.4.1 EMPLOYEE-RELATED INFORMATION

With the exception of section 2.5.1.1.5 below, which relates to the Onxeo's secondary establishment located in Denmark (1 employee as at 31 December 2017), the employee-related information given here only covers Onxeo's principal place of business located in France; the subsidiaries of the Company have no salaried employees. Since Onxeo's American establishment has just one employee at 31 December 2017, it is not included in the figures below.

2.4.1.1 Employment and remuneration

2.4.1.1.1 Human Resources Policy

The Group's human resources policy aims to support and accompany the Group in its momentum and strategy.

By its actions, the Human Resources Department aims to create the necessary conditions:

- for improving individual and collective performance;
- for employee development, by providing access to training; and
- to promote a culture of managerial excellence.

The Group meets all legal requirements for information and consultation of the social partners, and maintains close ties and has dialogue with them on a permanent basis.

The Group's employment policy is based on objective criteria and individual merit. Professional equality is therefore given to employees, without distinction of race, color, religion, sex, handicap, family status, sexual orientation, age and national or ethnic origin.

2.4.1.1.2 Total number of employees at 31 December 2017

As at 31 December 2017, there were 46 employees and 1 director, i.e. 45.4 full-time equivalents (42.4 permanent, 2 fixed-term, and 1 trainee). This includes in full-time equivalents, 37.4 Executives and 8 Non-Executives, including 1 trainee. Onxeo's other subsidiaries do not have any employees.

Employee breakdown by gender, age, and geographical area at 31 December 2017

The table below shows the distribution within the Group between men and women, excluding Director, at 31 December 2017 by category:

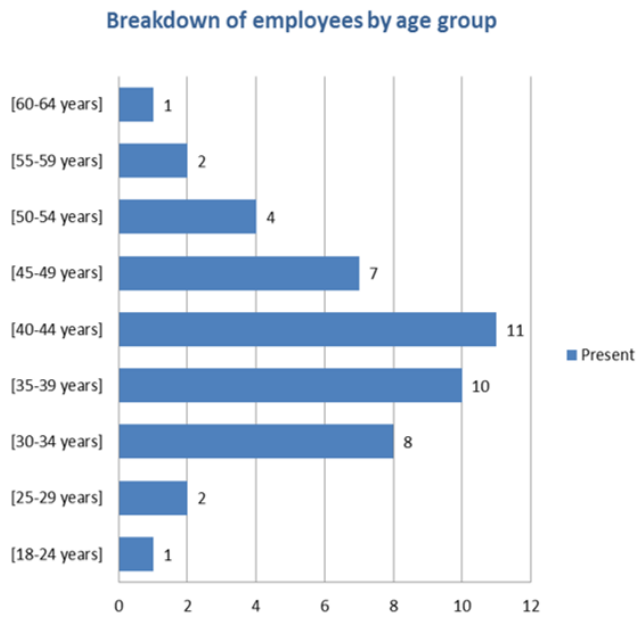
Type of contract:	**Women**	**Men**	**Total**
Fixed term	2	0	2
Permanent	30	13	43
Trainee	1	0	1
Total	**33**	**13**	**46**

CSP:	**Women**	**Men**	**Total**
Managers	27	11	38
Non-managers	5	2	7
Trainee	1	0	1
Total	**33**	**13**	**46**

Breakdown of the workforce by age, men and women combined, as at 31 December 2017

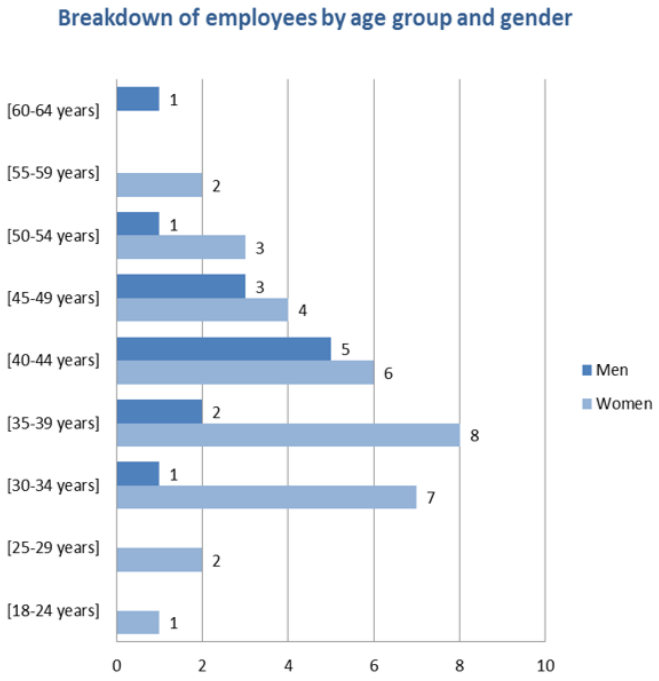
At 31 December 2017, the average age was 41, 40 for women and 44 for men.

The table below shows the distribution within the Group by age at 31 December 2017:



Breakdown of employees by age and gender at 31 December 2017

The table below details the distribution within the Group between men and women by age category at 31 December 2017:



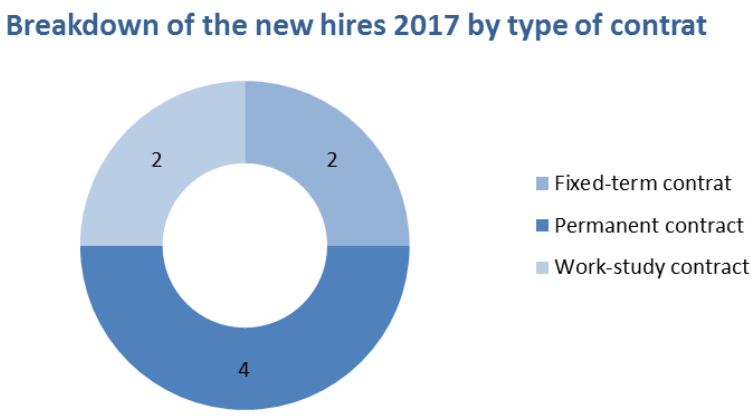
Breakdown of employees by geographical area at 31 December 2017

All of the above employees are based in France.

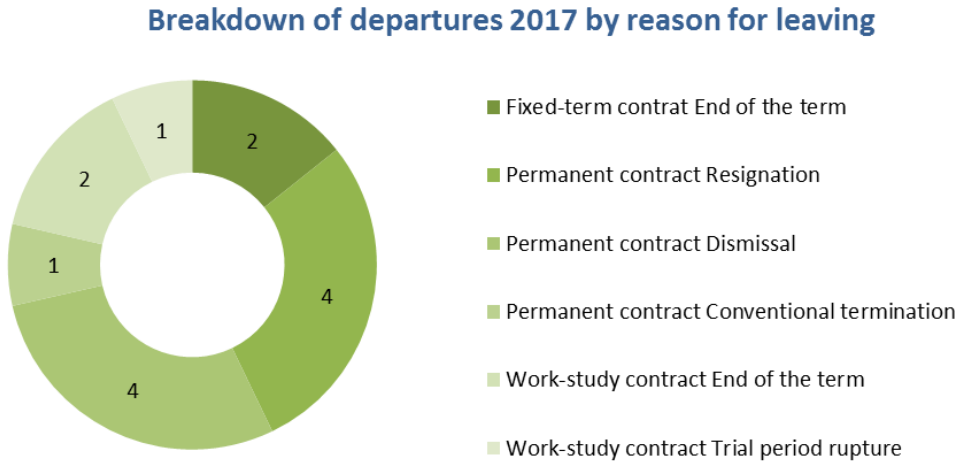
2.4.1.1.3 Personnel movements during the year ended 31 December 2017

At the Company level:

- **New hirings: 8 employees, 4 of whom permanent, 2 fixed-term and 2 trainees**



- **Departures: 14 employees: including 4 resignations, 1 trial period termination on the employer's initiative (work experience contract), 2 fixed-term contracts ended, 1 contractual termination, and 2 training periods ended.**



2.4.1.1.4 Remuneration policy within the Company

Onxeo's remuneration policy is based on the following three main principles:
- Performance recognition;
- External competitiveness; and
- Experience in the post and function.

All employees receive a fixed salary and variable compensation linked to individual performance and to the Company's performance.

The table below shows the average increase, by status, of Group employees' base salary, employed full-time, under a permanent employment contract, working as of 1 February 2017, and having more than one year's seniority:

STATUS	Average individual increases in 2017	Average individual increases in 2016
Executive	2.9%	2%
Non-executive	2.7%	2%

A salary benchmark was recognized in 2017 for all Company employees. This benchmark revealed that salaries at Onxeo were broadly in line with the market. Random checks were carried out where necessary on certain salaries or when hiring new employees. The aim is to check the relevance, integration, and consistency of proposed salaries with the rest of the team and vice versa.

In 2017, the percentage salary increase was the same for men and women.

All employees on open-ended contracts with at least four months' service also benefit from stock option plans and bonus shares voted at the General Meeting of Shareholders and implemented each year by the Board of Directors. During fiscal 2017, the Board of Directors allocated 347,800 stock options to 51 non-executive employees of the Company, including those in Denmark and the United States. These allocations have exercise schedules over 4 years, 25% exercisable at the end of each year elapsed from the date of the grant and, at the latest, within 10 years of their allocation by the Board. Also, an envelope of 238,447 bonus shares was allocated by the Board of Directors (excluding executive company representative).

2.4.1.1.5 Danish Establishment

As at 31/12/2017, the permanent Danish establishment based in Copenhagen had 1 employee under a permanent full-time contract.

The salary and stock option allocation policy is the same as that of Onxeo in France. 3 employees resigned from the Danish office in 2017.

2.4.1.2 Organization of working time and absenteeism

2.4.1.2.1 Organization of working time

Under the agreement on the adjustment and reduction of working time of 11 July 2007, working time in the Company is calculated on an annual basis, on the basis of 218 days a year for managers who work a fixed number of days and on the basis of 36 hours 45 minutes per week for non-managerial staff.

Three employees work on an 80% part-time basis as at 31 December 2017.

The Company very occasionally hires agency workers during peak business periods.

2.4.1.2.2 Absenteeism

The main reasons for absenteeism in 2016 and 2017 were sickness and maternity leave. Absences due to sickness were slightly higher than those for maternity in 2017.

In 2017, 152 sick days of less than one month were taken, compared with 149 working days in 2016, while sick days in excess of one month came to 17 working days, compared with 77 in 2016.

Maternity leave represented 96 working days in 2017, compared with 206 in 2016.

Absenteeism rates for sickness/work accidents and maternity were 1.53% and 0.75% respectively, hence a total rate of 2.28% representing a decrease over 2017.

The absenteeism rate takes into account the number of working days lost versus the number of working days.

With regard to accidents, Onxeo recorded one occupational accident in the year 2017 that happened on Company premises, having entailed 28 days off work following a fall. In 2017 the Company recorded one work interruption for therapeutic treatment lasting 8.5 days.

2.4.1.3 Labour relations

2.4.1.3.1 Labour relations and description of collective bargaining agreements

Employee-related dialogue is led by the Executive Management with staff representatives. Employee delegate and Works Council monthly meetings were held during the year ended 31 December 2017.

2.4.1.3.2 Staff representatives

The Single Delegation of Personnel was renewed in 2016. Professional elections took place in February 2016. The Single Delegation of Personnel includes as at 31 December 2017: 3 members from management and 1 non-executive member. The Company ensures that the rights and freedoms of the staff representatives are strictly respected, and that they have the same prospects for professional development and training as the other employees.

The management and staff representatives together and freely agree on common provisions ensuring the development of a social policy of quality and progress through the maintenance of a permanent and constructive social dialogue on subjects relating to the Company and its employees.

2.4.1.3.3 Principal agreements

The main collective bargaining agreements in force within Onxeo are as follows:

- Agreement for the Adjustment and Reduction of Working Time dated 11 July 2007;
- A company charter relating to the system for employee inventors, concluded on 17 March 2006 and updated on 26 February 2013, to encourage innovations, the Company's core business;
- The collective agreement dated 11 July 2007 on the change from the collective agreement that applies to the Company, the Collective Bargaining Agreement for Chemical Industries to that of the Pharmaceutical Industry as of 1 October 2007;
- Company collective agreement of 11 July 2007 covering personal protection and healthcare schemes.

Finally, each year the company submits a report to the Works Council summarizing part-time work in the company, employment trends, qualifications, training and salaries, the situation compared to general employment and training conditions for men and women, and measures concerning the employment of disabled workers in the company.

In accordance with Article L. 225-37-1 of the French Commercial Code, this report is presented to the Board of Directors during the first quarter.

2.4.1.4 Health & Safety

2.4.1.4.1 Occupational Health & Safety (OH&S)

Group activities include office work and pharmaceutical product research and development. These activities involve general risks applicable to any company - fire, electrical, travel-related risks and specific risks related to R&D activities. All these risks are assessed, managed and controlled by the OH&S system implemented by Onxeo and presented below.

2.4.1.4.2 Health & Safety Department: presentation and assignments

To ensure the health and safety (H&S) of its employees, Onxeo has a Health and Safety Department that ensures the prevention of occupational risks and the implementation of H&S actions. The company also relies on an IPRP security referent (engineer specialized in the prevention of security risks). It is responsible for the

prevention and management of the risks inherent in the Company's business, jointly with the Management, Human Resources and the Scientific heads.

2.4.1.4.3 OH&S Policy

The Company's occupational health and safety policy is based on the following principles:

- The staff operates responsibly and in complete safety;
- The Company strictly complies with H&S legislation;
- H&S is an integral part of all projects, processes, decision-making and planning activities;
- Any incidents and OH&S issues are deferred and evaluated so that they are accompanied by corrective and/or preventive action;
- The Company promotes a policy of continuous OH&S improvement;

With daily attention to the work, health and safety of its employees, and the environment, and in focusing on spreading good practices and implementing preventive actions, the OH&S policy is an integral part of sustainable development and the corporate social responsibility policy.

In 2015, Onxeo Management set up an Occupational Health & Safety audit and included it in the 2016 action program on Health, Safety, and Working Conditions.

The audit was organized around three main objectives: to take an inventory, make recommendations for action, and establish a reference safety profile.

The OH&S audit and its associated action plan were presented to the HSC. The audit revealed the following:

Workplace health and safety is being managed by committed actors;
The existing organization is effective;
The positions taken by the key actors facilitates exchanges at all levels;
The demands on complying with the regulatory requirements are high.

Several recommendations, none of which are critical, stemming from the action plan defined under the audit became actions in 2016.

Thus, the main actions carried out in 2017, following the action plan prepared and initiated in 2016 and subsequent to the OH&S audit are:

- **The definition and development of a Workplace Health and Safety policy for 2016-2017, optimized and formalized with respect to the policies of previous years.**

  This policy is the subject of a specific document and is based around three areas:

  - Continuously protecting health and ensuring workplace safety;
  - Increased consideration for the quality of working life within Onxeo organizations and in management actions, including developing means to prevent psychosocial risks.
  - Ensure compliance with the Company's legal and regulatory obligations.

  This would include a policy of dealing with any internal violence, especially bullying, sexual harassment, or any deviant behaviour, based on the principles of loyalty, respect for the dignity of persons, the rights of persons and individual freedoms within the Company.

  - The Company will make every effort to continue to ensure effective prevention of workplace harassment under the internal provisions defined in a specific document entitled, "Framework for dealing with internal violence".
  - This document mentions the definition of harassment and violence at work, expectations of the various actors, sanctions against the perpetrators of workplace violence, and procedures covering harassment and violence at work.

Moreover, within the continuity of the Health and Safety policies of previous years, several other actions were undertaken in 2017:

- **The annual update of Onxeo's Occupational Risk Assessment Document;**

- **The finalization of the post 2016 OH&S audit recommendations,**
- **Continuous actions involving product management, risk assessment of new activities, updating H&S documents, and regulatory monitoring,**
- **Training: The training of personnel is important in terms of risk prevention and meeting general safety requirements; it includes issues around prevention of Psycho-Social Risks for all employees. The addition of new staff systematically involves OH&S training.**

For staff working in labs, this OH&S training is supplemented with a part concerning general laboratory H&S, chemical risk prevention, especially biological carcinogenic mutagenic reprotoxic substances and related equipment.

- **In addition to training newcomers, OH&S training sessions are carried out by the OH&S Department. The purpose of these training sessions is to review laboratory hazards and risks, to train for safe practices and manipulations in the laboratory, and to ensure that employees anticipate or respond to a sensitive situation or potential risk of an incident.**
- **Training of new people in charge of evacuation in addition to the existing team.**

For specific projects, Onxeo conducts a study of the impact on hygiene, health, and working conditions.

H&S legal and regulatory developments are closely monitored at Onxeo. This makes it possible to keep up-to-date with regulatory changes affecting the Company.

Prevention and protection in terms of occupational health and safety receives constant attention at Onxeo; investments have been made in this area, notably concerning the purchase and maintenance of collective and individual protection equipment and expenditure associated with regulatory inspection and assessment. Total OH&S investment amounted to nearly €55,499 in 2017.

2.4.1.4.4 2017 OH&S Program

The OH&S program has been established to meet regulatory obligations and is designed to achieve continuous improvement.

The main commitments for 2017 include:

- Risk assessment and prevention approach:
    - The update to Onxeo's Occupational Risk Assessment Document;
    - Monitoring the various prevention plans and risk management situations;
    - Follow-up of the action plans resulting from the Occupational Risk Assessment Document and the OH&S audit;
    - Performing exercises or drafting procedures and specific operating modes;
- Internal communication on OH&S (prevention, etc.);
- The implementation of OH&S training sessions;
- The application of fire regulations:
    - Running fire drills;
    - Regulatory electrical and fire extinguisher controls;
- Continuous and recurring actions involving product management, risk assessment of new activities, updating H&S documents, and regulatory monitoring;
- Verification of protective equipment:
    - Purchase and maintenance of PPE;
    - EPEC maintenance;
- Waste management.

The 2017 annual report on hygiene, safety, and working conditions and the 2018 annual OH&S program were presented to members of the Health and Safety Committee in accordance with Article L4612 of the French Labour Code at its regular meeting on 6 March 2018.

2.4.1.4.5 Summary of agreements signed with the OH&S staff representatives

No new text was signed in 2017 on Occupational Safety and Health.

2.4.1.4.6 Occupational illnesses and work accidents

In 2017, the work-related accident frequency rate (TF1) plus that of work-related accidents while commuting (TF2) reached 11.08 and the severity rate (TG1) plus the work-related accidents commuting severity rate (TG2) reached 0.31, due to a fall that happened on the premises that resulted in a 28-day work stoppage.

An accident is considered to be a work accident, irrespective of the cause, if it occurs due to or during work and affects any salaried or other person working for whatever reason and at whatever location, for one or several employers or managers. A work accident is also any travel accident that occurs over the normal route of the employee between:

- The place of work and one's main residence - or secondary residence if this location is stable in nature (a weekend home, for example) or a place at which one stays for family reasons;
- And the place of work and that in which they normally take their meals (restaurant, canteen, etc.).

Onxeo did not register any occupational illnesses. Occupational illnesses are those resulting from exposure to risk at one's workstation.

2.4.1.5 Training

2.4.1.5.1 Development and training

The Company continually strives to offer its employees quality opportunities for training and development that are adapted to the needs of the Company and the specific requirements of each job. Broken down into two parts: training programs to promote managerial skills and technical training related to the expertise required by different jobs.

2.4.1.5.2 Investments in training and development

In order to enhance individual and collective performance, the Company's training plan sets out the investment levels necessary to meet the strategic needs of the Company in the short and medium term.

In 2017, the focus was placed on the following three areas:

- The acquisition and development of know-how in science, technical skills, regulations and safety.
- The development of the people and managerial skills of employees.
- The development of language techniques and practices aimed at improving the level of English for employees working in an international environment, which concerns 50% of Onxeo employees.

In 2017, the Company committed a total of €66,769.50 to continuous vocational training, including €42,754.86 on inter/intra training courses conducted at 31 December 2017, i.e. nearly 1.01% of the total payroll, in addition to contributions due under Individual Training Leave and professionalization. This represents an investment in training of €1,033 per trained employee; average annual FTE. A major budget optimization program was carried out in 2017, without decreasing the overall amount of training compared with previous years.

During the year ended 31 December 2017, 1,634 hours were committed to inter/intra training (143 individual actions), for a total of 1,087 hours completed, compared to 1,235 hours in 2016.

In 2017, the focus was placed on business and English language training to strengthen skills related to job requirements and cross-disciplinary work in a multicultural context.

The Company's annual training program also includes in-house training, especially in the areas of pharmacovigilance, quality assurance, health and safety, and in the laboratory - clearances, and handling, etc.

Training newcomers is systematic and tailored to their specialty in these areas.

2.4.1.6 Equal treatment

The majority of Onxeo's staff are women - 71.7% women compared with 28.3% men at 31 December 2017 - which is representative of its sector.

For information, women represent 56.8% of the workforce in the pharmaceutical industry (source LEEM - Annual Report 2015). The distribution of men/women has been stable for more than 20 years.

According to employment center statistics, the proportion of men/women is very different in other industrial sectors, where the trend is reversed: there are 29% women for 71% men.

High majority of women executives in key positions:

- 81.8% of the women at Onxeo have executive status;
- Several key positions at Onxeo are held by women:
    - Chief Executive Officer
    - Director of Human Resources
    - Head of Investor Relations and Corporate Communication
    - Head Accountant
    - Senior Regulatory Affairs Manager
    - Senior Quality Assurance Manager
- Recruitment 2017:
    - Scientific Director

In 2016, 13 executives were hired or integrated. These figures include employees of DNA Therapeutics following the absorption of the subsidiary): one man and nine women on permanent employment contracts, and one man and two women on fixed-term employment contracts

In 2017, 3 executives were hired: one man on a permanent employment contract, and two women on a permanent employment contract.

The Company will ensure that it receives an equal number of women and men candidates in 2017, enabling it to interview both men and women for the vast majority of positions. However, as the final choice of candidates was made exclusively based on professional and human skill criteria, actual hirings were not at parity in 2017, reflecting a highly feminized sectorial trend.

2.4.1.6.1 Professional inclusion of disabled persons

In 2017, the Company did not have any disabled employees. Nevertheless, the Company's employment policy is based on objective criteria and individual merit. Professional equality is thus shown to all employees, irrespective of disability.

A study has been made since 2013 to define a disability action plan and reference protective workstations or adapt specific work to provide certain services or facilities. This plan of action has been conducted since 2014, through the implementation of specific actions in connection with the Establishment and Personal Assistance Services, such as packaging, purchasing supplies (paper) and ordering meal trays. Each year since 2015, Onxeo has carried forward these specific actions in favour of employing people with disabilities, by renewing its purchase supply contracts for paper, and its meal tray and buffet orders. Engaging a suitable company specializing in recycling and archiving has supplemented these actions since 2015.

2.4.1.6.2 Diversity and non-discrimination

The Company makes every effort to ensure the equal treatment of its staff and respect diversity. It refuses any and all discrimination, regardless of the nature, origin, gender, or age, etc. in its hiring practices and during

employment contracts. Employee development within the Company is linked to merit as well as opportunities and openings that depend on the progress of its projects.

2.4.1.6.3 Fundamental ILO conventions

The Company makes every effort to ensure that it complies with applicable regulations and is not aware of any particular issues in this respect.

2.4.2 ENVIRONMENTAL INFORMATION

As product manufacturing is outsourced, the Group does not have its own factories. The Company's activities are conducted in offices and two R&D laboratories and, consequently, the impact of its activity on the environment is limited.

The Company and the Group operate as a responsible corporate citizen that seeks to limit the potential negative impact of its activity on the environment and respects the main principles aimed at ensuring the protection of human health and the environment.

2.4.2.1 General policy

R&D activity is strictly supervised to ensure that there are no hazardous aqueous or gaseous emissions from dangerous products (see section 2.4.2.2. Pollution and Waste Management).

Those responsible for ensuring compliance on this issue at Onxeo are the Health and Safety Department and the Laboratory Manager. Regulatory monitoring is performed jointly by these two departments.

Regular training programs, clearances and workstation notices help maintain the level of security on the activities carried out in the laboratory.

Tracking expenditures linked to air treatment, the accreditation of waste management contractors and the administration of waste monitoring documentation are the responsibility of the Laboratory Manager.

The Company is not subject to the rules applicable to installations classified under environmental protection. An audit conducted in the autumn 2016 confirmed that the Company did not fall within the scope these rules.

To date, the Company has not initiated any specific voluntary certification process.

2.4.2.1.1 Training & information concerning environmental protection

The training of each newly recruited employee includes environmental awareness. This awareness centres on the management of waste paper and energy savings.

Communication campaigns are also conducted on the theme of sustainable development and energy consumption.

2.4.2.1.2 Resources devoted to the prevention of environmental risks and pollution

In 2017, the resources devoted to the prevention of environmental and pollution risks concerned R&D activities and costs associated with:

- the air treatment unit: €12,000, covering preventive and corrective maintenance activity, support for the improvement of the air treatment system, and qualification of the air treatment system;
- ad hoc waste management by service providers: €9,187

2.4.2.1.3 Amount of provisions and guarantees for environmental risks

There were no provisions or guarantees related to environmental risks.

2.4.2.2 Pollution and waste management

2.4.2.2.1 Preventive measures and reduction of emissions in air, water and soil

Gaseous discharges

Onxeo's facilities comply with the recommendations issued by the INRS (national institute for research and safety) on managing gaseous discharges.

The R&D laboratory is equipped with an air treatment unit. The laboratory air is extracted only after having been processed using suitable filters including HEPA (High Efficiency Particulate Air).

Contaminations generated at workstations are confined, and the air extracted at these workstations is filtered at a level corresponding to the recommendations and guidelines.

The rules of technical controls and maintenance ensure the reliability of the systems in place.

Specific training for the different workstations and procedures implemented to ensure good operating conditions and avoid releases into the environment is adequate.

Aqueous discharges

No aqueous effluent of a hazardous product has been released into the environment by Onxeo: all hazardous waste and unused liquid products are managed and processed by approved service providers.

2.4.2.2.2 Recycling and waste disposal prevention measures

Data on waste tonnage produced is not consolidated due to their insignificant nature in terms of the company's activities. However, Onxeo has implemented measures aimed at improving waste management.

2.4.2.2.3 Circular Economy

Recycling of waste paper and packaging.

Most waste paper and packaging is sorted and recycled.

Disposal of waste (specific pollution).

Laboratory waste is of two types: non-hazardous and hazardous.

Non-hazardous waste does not require special treatment. Hazardous waste, however, is sorted according to the risks presented; it is stored securely in the laboratory before contractors specialized in the treatment of chemical and biological waste remove it.

All new Company employees are entitled to a Health & Safety induction. In the laboratory, this induction includes additional training on all instructions and rules specific to the laboratory, including waste management. Specific training or clearances are then provided.

Fight against food waste

There is no Company cafeteria or restaurant.

2.4.2.2.4 Significant greenhouse gas emissions generated by the Company

The Company's operations are dedicated to research and development. They do not include industrial production or distribution, and therefore have no significant use of raw material for products to be marketed, and no significant releases to the environment, or greenhouse gases.

2.4.3 SOCIETAL INFORMATION

2.4.3.1 Relations with stakeholders

2.4.3.1.1 Shareholder and investor relations

All shareholders have access to full, transparent, and clear information that is adapted to the needs of the individual and can be used to make an objective assessment of Onxeo's growth strategy and results. This financial communication policy aims to ensure that all shareholders have access to information that complies with usual market practices.

A very diverse array of public documents, including regulatory information covering the company's business activities, strategy and financial position are available on the company's website under the heading Investors, in French and English, and on request from Onxeo Executive Management. Email us at contact@onxeo.com to directly receive annual reports, institutional brochures, and press releases.

As part of the regulatory information required of a listed company, Onxeo publishes annual and other periodic information. Financial information is supplemented by press releases aimed at the financial community and the wider public, concerning subjects of significant importance to better understand the company's business activities and strategy. The Company holds periodic meetings with fund managers and financial analysts to explain the Company's challenges, products, plans, and results.

In 2017, Onxeo also gave numerous individual presentations to the financial community, primarily in France and the US.

2.4.3.1.2 Sponsorship

Currently the Company does not pursue any sponsorship activities.

2.4.3.2 Outsourcing

Onxeo focuses its activity and its human resources on its know-how developing innovative drugs. To this end, it organizes the use of subcontracting for numerous research and development (R&D) operations at pre-clinical, clinical and industrial level, as well as for operations relating to the Company's day-to-day operations, particularly IT and the management of premises.

The supplier selection and audit process for R&D activities is conducted in line with pharmaceutical industry regulations, Good Manufacturing Practice, Good Clinical Practice and Good Laboratory Practice. Audits of the Company's subcontractors are conducted once the contract has been signed and are also a contractual requirement for key production stages and the delivery of outsourced products.

The Company, in its subcontractor selection criteria, aligns adequacy with need, quality and the associated cost - social and environmental criteria, however, are not decisive at this time.

2.4.3.3 Fair commercial practices

The risk of corruption with regard to Onxeo and its employees is deemed low or zero. The Company is not involved in winning public market contracts or tender offerings. For this reason, the following ethical elements have been developed.

2.4.3.3.1 Adoption of a code of ethics

Onxeo's shares trade on the Euronext Paris Stock Exchange. Accordingly, all activities affecting Onxeo shares are regulated, notably the purchase, sale, and free allocation of shares and share options.

Several years ago, Onxeo implemented a code of ethics, which was harmonized in 2017 with the AMF recommendation-position no. DOC-2016-08 of 26 October 2016 relating to inside information, insider's duties, and prevention tools put in place by the Company.

This code applies:

- to all employees, whether or not included on the list of insiders, permanent, or temporary;
- to third persons or companies, service providers, and consultants working on behalf of Onxeo when they were notified of their inclusion on a list of external insiders, permanent or temporary;
- to Directors, the Chairman of the Board of Directors, the Chief Executive Officer, and Executive Vice Presidents.

2.4.3.3.2 Managing conflicts of interest

As provided for in the Board's internal rules, each Director shall endeavour to avoid any conflict that may exist between his moral and material interests and those of the Company. He/she fully and in advance shall inform the Board of any actual or potential conflict of interest in which he/she could be directly or indirectly involved.

In the case of a potential conflict of interest occurring after the start of his/her term of office, the Director concerned must inform the Board immediately upon becoming aware of this, refrain from participating in discussions and decision-making on the issues concerned and, if necessary, resign.

A lack of notification by the Director concerned is a recognition that no conflict of interest exists.

2.4.3.3.3 Consumer health and safety measures

Measures taken to ensure the integrity of consumer health and safety are covered by the Company's compliance with Good Manufacturing Practice and Good Laboratory Practice, as well as with French and international regulations relating to clinical trials and the rules of pharmacovigilance. The Company therefore complies with a number rules: statutory and regulatory provisions defined by the National Agency for the Safety of Medicines (ANSM) in France, the European Commission and European Medicines Agency (EMA) in Europe, the Food and Drug Administration (FDA) in the USA and equivalent regulatory authorities in other countries, all of which govern research and development work, preclinical trials, clinical trials, regulation of pharmaceutical establishments, and the manufacture and marketing of the drugs. Such regulation in the main countries in which the Company operates is based on the procedures defined by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH). This regulatory framework is broadly described each year in the registration document.

2.4.3.3.4 Actions taken in support of human rights

The Company makes every effort to ensure that it complies with applicable regulations and is not aware of any particular issues in this respect.

3. RESULTS AND FUNDING

Historical financial situation

The information describing the evolution of the financial situation and the results of operations performed during the exercises corresponding to historical financial information are included in the Registration Document as follows:

- Chapter 3 « Management report and financial situation », pages 30 to 35 of the Registration Document of the financial period ending 2016 filed with the AMF on April 24, 2017, under number D 17-0423.

- Chapter 3 « Management report and financial situation », pages 37 to 43 of the Registration Document of the financial period ending 2015 filed with the AMF on April 29, 2016, under number D 16-0452.

This chapter is extracted from the management report authorized by the Board of Directors on March 29, 2018. The numbers therein must be read in connection with those presented in chapter 6 of the Registration Document.

3.1 RESULTS

3.1.1 PRESENTATION OF ONXEO'S FINANCIAL STATEMENTS AND ALLOCATION OF EARNINGS

The Company's annual financial statements, submitted for your approval, have been prepared in accordance with the rules of presentation and assessment methods prescribed by the legislation in force.

3.1.1.1 Review of the financial statements and results

For the financial year ended 31 December 2017, the Company's revenue came in at €895 thousand compared to €557 thousand for the financial year ended 31 December 2016. This revenue corresponds mainly to sales of finished products of Loramyc®/Oravig® and Sitavig® to license partners and to service providers rebilled to third parties, particularly Vectans Pharma following the acquisition of Loramyc® and Sitavig® by Vectans Pharma.

Other income totalled €8,363 thousand, significantly up from €3,485 thousand recorded for 2016. This increase is due to the sale of the Loramyc® and Sitavig® products to Vectans for an amount of €4 million and to the signing of the license agreement with Monopar for Validive® for an amount of €0.8 million ($1 million). Other income also includes the royalties calculated on sales made by licensing partners for €2 million, the proportionate share of payments received on the signing of partnership agreements spread over time in the amount of €1.1 million and other contractual payments within the framework of the license agreements in place for an amount of €400 thousand.

Operating costs of the financial year amount to €31,918 thousand, compared with €29,512 thousand for the financial year 2016. This item includes research and development expenditure in the amount of €18,806 thousand (compared with €17,325 thousand in 2016), due both to the finalization of the ReLive trial with Livatag at international level and to the roll-out of the pre-clinical and pharmaceutical programs with AsiDNA and belinostat, prior to the phase I clinical trials planned for 2018. Other operating expenses amounted to €13,112 thousand, slightly up on the €12,187 thousand of 2016, part of this increase being due to the impact of the redundancy plan implemented at the end of 2017.

Operating income showed a loss of €21,610 thousand, compared with a loss of €25,393 thousand for fiscal 2016.

Financial income recorded a loss of €638 thousand, compared with a profit of €21,671 thousand in fiscal 2016. This change comes mainly from the provision reversals on securities and receivables of the German subsidiary Topotarget, which was liquidated during the financial year 2016. This income was offset by the recording of a €21,742 thousand technical liquidation loss recognized as exceptional expenses. In fiscal 2017, the Company also recognized foreign exchange losses (€350 thousand compared with €145 thousand in 2016), investment income (€60 thousand compared with €113 thousand in 2016), as well as financial charges (€346 thousand compared with €267 thousand in 2016).

Income before exceptional items and tax was a loss of €22,248 thousand, compared with a loss of €3,722 thousand in fiscal 2016.

Net exceptional items was a loss of €47,862 thousand, mainly comprising the impairment of R & D assets related to Beleodaq® up to 34.2 million euros, the € 3.9 million depreciation of the shares of the Topotarget UK subsidiary, which holds a portion of these assets, as well as the sum of €9.2 million that the Commercial Court of Paris ordered the Company to pay in its dispute with SpeBio and SpePharm.

The Company recognized in the financial year 2017 a €3,699 thousand research tax credit.

As a result of these various income and expense items, the Company posted a net loss for the year of €66,424 thousand, compared with a loss of €21,236 thousand in the financial year 2016.

3.1.1.2 Allocation of net loss

It is proposed to allocate in full the loss for the year amounting to €66,424,572 to the 'losses carried forward' account, which would therefore be brought from €(162,780,871) to € (229,205,443).

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, we remind you that no dividend was distributed in the last three financial years.

3.1.1.3 Non-deductible expenses

In accordance with the provisions of Article 223 *quater* of the French General Tax Code, we inform you that no non-deductible tax expense was incurred during the financial year.

Furthermore, no overheads as per Articles 39-5 and 223 *quinquies* of the French General Tax Code which are not listed in the special statement have been noted.

3.1.1.4 Financial summary

In accordance with Article R 225-102 paragraph 2 of the French Commercial Code, we attach a table showing the Company's results over the last five years as paragraph 6.3 within this Registration Document.

3.1.1.5 Equity investments and controlling interests at year-end

In accordance with the provisions of Article L. 233-6 of the French Commercial Code, we inform you that in the past financial year, the Company did not invest in any company having its registered office in France.

3.1.1.6 Statement related to payment terms

In accordance with the provisions of Article L. 441-6-1 of the French Commercial Code, in the table below we specify the payment terms for the Company's suppliers and customers for the financial year ended 31 December 2017.

Invoices received and issued but unpaid at financial year-end whose payment is due

	Article D.4441 I-1: invoices received but unpaid at financial year-end whose payment is due						Article D.4441 I-2: invoices issued but unpaid at financial year-end whose payment is due					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
A) Late payment tranches												
Number of invoices concerned	16					246	1					40
Total amount of invoices concerned excluding tax	246 226	186 583	15 319	-23 832	-33 021	145 049	21 450	86 433	93 008	12 960	74 291	266 692
Percentage of the total amount of purchases excluding tax for the financial year	62,93%	47,69%	3,92%	-6,09%	-8,44%	37,07%						
Percentage of the revenue excluding tax for the financial year							7,44%	30,00%	32,28%	4,50%	25,78%	92,56%
(B) Invoices excluded from (A) relating to disputed, not recognized debts and receivables												
Number of invoices excluded							58					
Total amount of invoices excluded							316 552,25					
(C) Reference payment terms used (contractual or legal time-limit – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	■ Contractual deadlines: Each invoice is followed with its own contractual deadline. This period usually varies from 20 to 30 days end of the month.						■ Contractual deadlines: Each invoice issued is followed with its own contractual deadline. This period is 30 days end of month for sales of goods and 45 to 60 days for other services depending on the contract.					

Invoices received and issued but paid late in the financial year

	Article D.441 I-1: invoices received but paid late in the financial year						Article D.441 I-2: invoices issued but paid late in the financial year					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
A) Late payment tranches												
Number of invoices concerned	1 707					2 255	9					42
Total amount of invoices concerned excluding tax	7 003 224	12 598 821	2 391 772	870 502	725 382	16 586 477	402 814	1 687 775	174 282	0	16 371	1 878 428
Percentage of the total amount of purchases excluding tax for the financial year	29,69%	53,41%	10,14%	3,69%	3,07%	70,31%						
Percentage of the revenue excluding tax for the financial year							17,66%	73,98%	7,64%	0,00%	0,72%	82,34%
(B) Invoices excluded from (A) relating to disputed, not recognized debts and receivables												
Number of invoices excluded							23					
Total amount of invoices excluded							30 242,14					
(C) Reference payment terms used (contractual or legal time-limit – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	■ Contractual deadlines: Each invoice is followed with its own contractual deadline. This period usually varies from 20 to 30 days end of the month.						■ Contractual deadlines: Each invoice issued is followed with its own contractual deadline. This period is 30 days end of month for sales of goods and 45 to 60 days for other services depending on the contract.					

3.1.1.7 Amount of loans with term of less than two years granted by the Company

Art. L. 511-6, 3 *bis* para. 2 and R. 511-2-1-1 and R. 511-2-1-2 of the French Monetary and Financial Code

None.

3.1.2 PRESENTATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The Onxeo Group's consolidated financial statements, which we submit for your approval, have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements posted revenue of €9,505 thousand, compared with €4,423 thousand in 2016. This increase comes mainly from the sale of the Group's historical products, Loramyc® and Sitavig® to Vectans Pharma for €4 million, and the signing of the worldwide license agreement for Validive® with Monopar for an initial amount of €0.8 million (US$1 million). These two operations are recorded as non-recurring revenue, which also includes a share of payments received in previous years at the signing of partnership agreements and staggered over time for an amount of € 1.1 million and other contractual payments under the license agreements in place for an amount of € 0.4 million. Recurring revenue amounts to €€3,042 thousand and represents royalties owed by the Group's partners on sales of the products sold, primarily Beleodaq®, as well as sales of products to these partners. The decrease in recurring revenue compared to the € 3,455 thousand recorded in 2016 is a direct result of the sale of Loramyc® and Sitavig® to Vectans, which took place on July 31, 2017. Operational charges amounted to €28,694 thousand, compared with €27,591 thousand in 2016, as a direct result of increases in R&D expenses particularly the Livatag® and AsiDNA® programs. Non-current operating income and expense amounted to €(47,188) thousand and were essentially made of the impairment of R & D assets related to Beleodaq® up to 38.1 million euros and the sum of €9.2 million that the Commercial Court of Paris ordered the Company to pay in its dispute with SpeBio and SpePharm. Net financial income was a loss of €491 thousand. As a result of the depreciation of the Beleodaq-related R & D assets, subject to Danish tax, the Group reduced the amount of its deferred tax liability, leading to the recording of a tax income of €7,801 thousand euros. After taking into account these various income and expense items, net result was a loss of €59,071 thousand, compared with a loss of €22,671 thousand recorded for the previous financial year.

The contribution made by the consolidated companies to the overall result (before IFRS restatements) is as follows:

- Onxeo is the main contributor with revenue of €9,287 thousand. Because the Company bore all research and development expenditure as well as the overheads, it recorded a consolidated loss of €61,849 thousand.
- The contribution of the subsidiary Topotarget UK, which as the holder of certain patents receives a proportionate share of Beleodaq® income, recorded a loss of €3,836 thousand, mainly related to the impact of the depreciation of Beleodaq® related R & D assets.
- The Group's other subsidiaries had limited activity and their contribution to consolidated income was a loss of €466 thousand, essentially representing the operating costs of the US subsidiary Onxeo US.

The impact of restating the Group's financial under IFRS was an income of €7,080 thousand, which mainly breaks down as follows:

- An income of €7,801 relating to the decrease in deferred tax liabilities resulting from the impairment of Beleodaq®-related R & D assets,
- An expense of €980 thousand corresponding to restatement of the acquisition of DNA Therapeutics, due to the difference between the date on which control was taken pursuant to IFRS standards and the date of the universal transmission of assets pursuant to French standards,
- An income of €137 thousand corresponding to subscription warrants and stock options, as well as to bonus shares allocated during the financial year.

3.2 CASH POSITION AND FINANCING

This section should be read in connection to the figures presented in chapter 6 of the Registration document and in particular, the Cash Flow table and Shareholders' Equity table.

3.2.1 GROUP FINANCIAL PROFILE

As a biotechnology company focused on the development of innovative drugs, the group must finance trials which are sometimes long and costly, with this leading to a specific financial profile, and with cash flows generated from the activity which are generally negative for several years. Orphan oncology products developed by the group should nevertheless generate strong growth in the medium/long term, with high profitability, through a partnership covering the advanced stages of clinical development and the marketing phases. These partnerships with the largest pharmaceutical groups could hence provide Onxeo with payments at key stages of the development and marketing of the products.

3.2.2 FINANCIAL SITUATION WITH REGARD TO BUSINESS VOLUMES AND COMPLEXITY

At the end of the financial year 2017, the Group had a cash position of €14,277 thousand and had not contracted any financial debt, with the exception of reimbursable public aid of €4,714 thousand on 31 December 2017 (Due to negative phase III results for ReLive, Onxeo made a declaration of commercial failure to BPI France, in order to be released from its obligations to reimburse the advances received on this development programme, which amounted on 31 December 2017 to €4,036 thousand. A decision is expected for the financial year 2018).

3.2.3 RESEARCH AND DEVELOPMENT EXPENDITURE

The evolution of research and development expenditure over the last five years is presented in the following table:

R&D Expenditure	In multiples of €1,000
2013	9,978
2014	14,834
2015	16,350
2016	18,075
2017	18,857

The principal research and development costs are linked to clinical trials, as well as to the industrial development of drugs.

The cost of a clinical trial may vary but, in general, remains proportional to the number of individuals involved in the trial. When a development strategy for a new product is defined, the trials are initially conducted on a small number of patients, before being expanded to a larger population, if there is no contraindication.

The development of the Group's products requires increasingly extensive and hence increasingly costly trials as they progress. Consequently, a product evolving at different stages of its clinical development and approaching its marketing will require increasingly significant resources. The clinical trials conducted to date, notably in Europe and in the United States, were carried out using in-house resources, partnerships with public research institutions and also a large degree of subcontracting.
The industrial development phase allows large-scale reproduction of the production processes developed during the preclinical and clinical trials with a view to the marketing of the product. In general, this phase is only initiated when products have proven their effectiveness. The group relies on qualified subcontractors in order to make these changes of scale and as a function of the agreements with these subcontractors, it is likely to assume specific investments.

3.2.4 WORKING CAPITAL REQUIREMENT (WCR)

On 31 December 2017, working capital requirement was a negative – €3 million, against – €6.0 million during the previous year. This change is essentially linked to the reduction in supplier debts (-€3.3 million), a consequence of the change in R&D programmes and notably of the end of the Livatag® clinical programme, as

well as of the payment of old debts with a partner. The writing back of deferred revenues into profits in conjunction with the signing of the licence agreement with Pint Pharma appearing under other debts (-€1.3 million) moreover offset the reduction in client accounts for the financial year (-€1 million), essentially linked to the settlement of old receivables with the same partner).

The evolution of R&D expenditure, as well as the new licence agreements which the group shall sign for its products, will be among the principal factors influencing the evolution of WCR in the future.

3.2.5 INVESTMENTS

The principal historic investment of the Group relates to the 2014 acquisition by merger of Topotarget, for a total of €88 million (IFRS standards). This external growth policy continued in 2016 with the finalisation in March of the acquisition of DNA Therapeutics, for €1.7 million. The two transactions were fully financed by the issuance of new shares.

Other than these exceptional operations and R&D expenses generated by the Company, mentioned above and recorded as a charge, insofar as the Group did not obtain an AMM [marketing authorisation], investments are and shall remain limited in the forthcoming years. Indeed, the group made the strategic choice to work with external partners for all basic research activities, for part of the development activities (clinical studies), as well as for the production, storage and distribution of its products. On account of this, the Group's activity has a very low degree of capital intensity, with the only capitalised assets being various fixtures, as well as office and laboratory material, IT material and office furniture. On 31 December 2017, total tangible fixed assets had a net value of €300,000.

In order to avoid excessive immobilisation of its financial resources, the group gives priority to leasing, notably for the premises of its head office in Paris and of its facility in Copenhagen, as well as of its laboratory. Consequently, no heavy investment giving rise to capitalisation of fixed assets is currently foreseen.

Moreover, no investment was firmly committed by the Group.

3.2.6 FINANCING

3.2.6.1 Fund raising – Equity contributions

Cash contributions by existing or new shareholders have, to date, represented the preferred form of financing of the Company.

Capital increases executed since the creation of Onxeo amounted to €205.9 million at the end of December 2017. Three private fund raisings had been carried out between 1999 and 2004, contributing €27 million to the Company. In December 2005 the Company was listed on the Euronext Paris market, raising €30 million on this occasion. Between 2007 and 2017, the Company successfully completed several secondary fund raisings (capital increase with maintenance or removal of preferential subscription right) for a supplementary amount of more than €€145 million. Capital increases may be added to these operations, from which the Company benefits through the conversion of issued warrants/options or certain partnership agreements.

3.2.6.2 Research tax credit

Considering the amount of research and development expenses generated, the research tax credit (CIR) is an important mechanism for the Company in terms of financing.

During the last five years, the amounts declared by way of the CIR in France and the similar mechanism in force in Denmark were:

In multiples of €1000	2013	2014	2015	2016	2017
CIR France	2,389	2,083	3,508	3,769	3,620
CIR Denmark			306	186	79
Total	**2,389**	**2,083**	**3,814**	**3,955**	**3,699**

According to the legal provisions in effect in France and in Denmark, the Company should receive reimbursement of the 2017 CIR before the end of 2018.

3.2.7 SUBSIDIES AND REIMBURSABLE ADVANCES

In order to optimise and diversify its sources of financing, the Company also draws on public subsidies. These are either definitively acquired subsidies, which are paid by various French and European entities, of reimbursable advances paid predominantly by BPI France. In general, the subsidies obtained by the Company are paid according to the progress of research and development projects, on the basis of expenses actually incurred. In this capacity, the Company regularly submits financial statements to the relevant entities, on the basis of which the different financing tranches are paid. In the case of reimbursable advances, a reimbursement timetable is established as a function of the achievement of the milestones defined within the context of the financed research and development programmes. In the event of total or partial failure, the amounts are generally acquired by the Company.

The amount of reimbursable public aid recorded on 31 December 2017 was €4,714 thousand. Due to the negative results of ReLive phase III, Onxeo made a declaration of commercial failure to BPI France, in order to be released from its reimbursement obligations by way of the advances received on this development programme, which, on 31 December 2017, amounted to €4,036 thousand. A decision is expected for the financial year 2018.

3.2.8 DESCRIPTION OF CASH FLOWS

During the financial year 2017, cash flows generated by activity amounted to – €28.3 million, against – €17.1 million during the previous year. This situation is directly linked to the evolution of activity and notably the growth in R&D expenditure, as well as the change in working capital requirements described above.

Cash flows linked to investment transactions are virtually zero.

Cash flows linked to financing transactions for the period amounted to €13.4 million, benefitting in particular from the fundraising operation performed in June 2017 for a gross amount of €15 million, less transaction fees for a total amount of €1.1 million.

3.2.9 INTRA-GROUP FLOWS

Information on loans and advances in progress granted by the Company to its subsidiaries are presented in note 7 of the appendix to the annual financial statements of the Company appearing in section 6.3 of the Registration document.

4. FROM RESEARCH TO DEVELOPMENT

4.1 RESEARCH & DEVELOPMENT

4.1.1 PRINCIPLES AND ORGANISATION

The group currently has some 40 employees with a high level of expertise, of whom almost two-thirds work in R&D, carrying out and managing the various activities linked to research, development, quality assurance, registration, industrial protection, as well as the aspects of strategic marketing, market studies, corporate development and services support (finance, human resources, communication).

Research and the development are at the heart of the Group's activity. For these activities (preclinical, clinical and regulatory), the group uses its in-house resources and draws on partnerships with public research institutions and specialised subcontracting.

The group has a research laboratory on its Parisian site, where teams carry out various preclinical activities.

4.1.2 REGULATORY FRAMEWORK

Legal and regulatory provisions defined by the National Agency for the Safety of Medicines (ANSM) in France, the European Commission and the European Medicines Agency (EMA) in Europe, the Food and Drug Administration (FDA) in the United States and the equivalent regulatory authorities in other countries organise research and development work, preclinical studies, clinical studies, the regulation of pharmaceutical facilities, as well as the manufacture and marketing of drugs. This regulation within the principal territories where the group carries out its activities rests on the procedures defined by the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH).

Health products may not be offered for sale within a jurisdiction without having obtained the technical and administrative authorisations from the authorities of that country and as a minimum without previously obtaining an AMM. In order to obtain an AMM for a product, the group must provide evidence of its effectiveness and its innocuousness and detailed information on its composition and its manufacturing process. It is in this context that the pharmaceutical development trials and preclinical and clinical studies are run.

In schematic terms, the development of a new medicine from basic research to its launch onto the market entails five stages: (1) research (discovery), (2) pharmaceutical development, preclinical studies and manufacture, (3) clinical trials on humans, (4) application for an AMM and (5) marketing. The regulatory authorities require monitoring after marketing, in order to continue monitoring the effects and innocuousness of the authorised products (pharmacovigilance). In the same way, they may demand supplementary trials of tolerance or effectiveness after obtaining the AMM, concerning particular populations or impose conditions likely to limit the commercial development of the products.

The deadlines imposed by the regulatory approval process may *de facto* reduce the exclusivity period for the exploitation period of the patented products or technologies.

4.1.2.1 Clinical trials

Clinical trials on humans are usually conducted in three phases: Phase I, Phase II and Phase III, which are generally sequential, but which may also overlap.

Phase I: Phase I consists of the administration of the product, most frequently in oncology, to patients suffering from a cancer, in order to determine its initial safety for use profile, to validate the optimal and maximum doses and its distribution and metabolism.

Phase II: in Phase II, the medicine is studied on a limited population of patients suffering from the targeted disease in order to determine its preliminary effectiveness, its optimal dosage and to fine-tune its tolerance profile.

Phase III: the Phase III trial is conducted on a large number of patients suffering from the targeted disease in order to compare the treatment under study to the reference treatment, in order to produce sufficient data to establish the risk-benefit ratio of the product.

Clinical trials may sometimes be necessary after the marketing of products in order to explain certain secondary effects, to explore a specific pharmacological effect or to obtain more accurate supplementary data. These are then Phase IV post-AMM trials.

Clinical trials clinical must observe strict legislation and comply with the Good Clinical Practice (GCP) standards defined by the EMA, the FDA and the ICH, and the ethical standards defined by the Helsinki Declaration of June 1964.

Within Europe, the execution of a Phase I, Phase II or Phase III clinical trial requires the prior obtaining of an authorisation from the competent authority of the country/countries in which the research is carried out, as well as the opinion of an ethics committee (within France, the *Comité de Protection des Personnes* [Committee for Protection of Individuals] (CPP)), in accordance with European Directive 2001/20/EC and to European Regulation No. 536/2014. Regulatory authorities may either accept or block the protocols of clinical studies proposed by companies which demand testing for products or significant modifications. Furthermore, each ethics committee with authority over at least one clinical site may delay, or even interrupt a clinical trial, whether momentarily or definitively, if it considers that the safety of patients is threatened or in the event of failure to observe the regulatory provisions.

In the United States, a request for authorisation to conduct a clinical trial (*Investigational New Drug* (IND)), notably including a preclinical dossier for the product and the clinical protocol for the envisaged trial, must be filed with the FDA. In the absence of an objection by the FDA within 30 days of receipt of the IND, the authorisation to launch a clinical trial is approved. At any time during this 30-day period or subsequently, the FDA may demand the interruption of the clinical trial, whether it is planned or in progress ("clinical hold"). This temporary interruption is maintained until the FDA has obtained replies to its requested clarifications. In parallel, approval by an ethics committee (in the United States: Institutional Review Board (IRB)) for the clinical protocol is also required for the launch of a clinical trial in the United States.

4.1.2.2 Marketing authorisation

In order to be marketed, every medicine must form the object of an AMM issued by the competent national or supranational health authorities (ANSM in France, EMA in Europe, FDA in the United States, etc.), which evaluate the product on the basis of scientific criteria of quality, safety and effectiveness.

The application dossier for an AMM consists of detailed and accurate medical information on the new product, notably its quality, toxicity, effectiveness and innocuousness. The quality of this information is guaranteed by carefully organised preclinical and clinical trials. The size and nature of these trials vary as a function of numerous factors, such as the nature of the evaluated product, the treatment developed, the indications researched and the standards of care.

The application dossier for an AMM contains the results of the preclinical and clinical trials, accompanied by detailed information on the composition, manufacturing process and quality control of the product. The preparation of these applications and their examination by the competent authorities are costly processes which may take several years.

Within the European Union, applications for an AMM may be made either to the regulatory authorities of a Member State of the European Union (reference State) for acknowledgement within the context of the mutual or decentralised recognition procedures in the other Member States, or, for certain products, directly to the EMA within the context of a so-called centralised procedure. The centralised procedure provides for a request, an assessment and a single authorisation, permitting the marketing of a medicine in all of the Member States of the European Union.

In the United States, the FDA has authority to grant a so-called NDA (New Drug Application) AMM or Biological Licence Application (BLA).

In the United States, before authorising the marketing of products, the FDA undertakes to inspect clinical studies, as well as manufacturing sites, in order to verify that the data constituting the application dossier for

an AMM correspond to the standards of Good Practices (Good Manufacturing Practices (BPF) or Good Clinical Practices). After the AMM, the authorities regularly inspect production sites, in order to verify that regulations are respected. Failure to observe these regulatory requirements may subject a manufacturer to criminal or administrative sanctions, such as suspension of manufacture and the withdrawal of products.

Various regulations in Europe and the United States encourage the development of treatments for rare diseases. The FDA grants the status of orphan medicine to any medicine aiming to treat diseases which affect less than 200,000 individuals per year in the United States. This status is also possible in Europe within the context of legislation of the same nature for drugs intended for the treatment of a pathology affecting at most five individuals in 10,000 within the European Union and for which there is no satisfactory treatment.

4.1.2.3 Price and reimbursement of products

In numerous markets, the price of drugs is subject to the control of the State, which sets it or only allows assumption by the authority for a fixed price. Medical-economic data is increasingly sought by health authorities in order to determine the cost-effectiveness of a new product with regard to the existing alternatives. International benchmarks for practiced prices are also frequently used to control price increases.

Within France, effective access to the market supposes that the cost of the Group's products is assumed by the hospital (through an approval for local authorities) or is reimbursed by social security. The price of drugs is negotiated with the Economic Committee of Health Care Products following the opinion of the Transparency Commission.

Within the United States, although the price of drugs may be fixed freely by the pharmaceutical company which operates them, initiatives at federal and local levels have aimed to reduce the total cost of health care. The U.S. Congress and the legislators of each State are likely to continue their efforts for the reform of the health system, the cost of pharmaceutical products issued with a prescription, and the reform of the Medicare and Medicaid systems.

The development of private health management organisations (HMO), which have an important influence on purchasing of health services and of therapeutic products, could also contribute to lowering prices, by imposing special discounts or rebates on the price of the Group's products, in order to avoid the exclusion of the lists of recommended products, with lists drawn up by HMOs.

4.1.2.4 Regulations on the environment, health and safety

The Group is also subject to laws and regulations concerning the environment, health and safety, which apply, among other things, to the use, storage, manipulation, unloading and elimination of hazardous products, notably chemical and biological products. The impact of these regulations on its activity is thus highly significant. In each of these areas, national authorities have extensive powers and may impose sanctions in the event of a default.

4.1.3 RESEARCH & DEVELOPMENT PROJECTS

The group develops products in the field of orphan pathologies in oncology. These are innovative products for the treatment of resistant cancers or severe diseases for which new therapeutic approaches are awaited and which constitute markets with strong potential. On the date of the registration document, this portfolio included the following principal products.

4.1.3.1 Products in clinical phases I, II or III

- AsiDNA™: the first product ("first-in-class") deriving from DBAit technology, which inhibits DNA repair in tumour cells. The positive results of phase I/IIa (study of proof of concept) were obtained in metastatic melanoma by local route and in association with radiotherapy. The development of the formulation by intravenous route and the positive results of the studies of proof of concept in animals led to the filing of a Phase I study protocol for AsiDNA™ in monotherapy to the Health authorities at end-2017. This trial was effectively launched in early 2018, with the treatment of the first patient in April. In parallel, preclinical studies are in progress to evaluate the best synergic effects of AsiDNA™ in combination with other anti-cancer agents.

- Beleodaq® (Belinostat) for the treatment of peripheral T-cell lymphoma (PTCL): positive results for the phase I trial in association with CHOP (Cyclophosphamide, Hydroxyadriamycine, Oncovin, Prednisone) treatment, a phase III study with this combination is in preparation by the partner Spectrum, which holds the AMM in the United States. A formulation by oral route is under development as well as, in parallel, the assessment of interest of combining Beleodaq® with other anti-cancer agents and more specifically with AsiDNA™.
- Livatag® (Doxorubicin Transdrug™) for the treatment of advanced primary liver cancer: phase III trial in progress, which started in June 2012. The end of the recruitment and randomisation of the 390 patients provided in the study was announced on 24 January 2017. The preliminary effectiveness results were published in September 2017 and did not confirm the superior effectiveness of Livatag® relative to 2nd intention treatment standards in metastatic liver cancer.
- Validive® for the treatment of serious mucositis in patients treated for a head and neck cancer. After having conducted a phase II trial, the company signed a global licence agreement with the laboratory Monopar Therapeutics, which is now responsible for pursuing its development in the future.

4.1.3.2 Registered products

- Beleodaq® (Belinostat), for the treatment of relapsed or refractory peripheral T-cell lymphoma (PTCL), registered and marketed in the United States by Spectrum Pharmaceuticals. (Conditional AMM).
- Loramyc®/Oravig® (miconazole Lauriad®), for the treatment of oropharyngeal candidiasis, and Sitavig®/Labiriad® (acyclovir Lauriad®) for the treatment of recurrent labial herpes, were sold in 2017 to the company Vectans and are thus no longer included in the Company's drug portfolio.

A detailed presentation of each of these products is provided in section 4.2 of the Registration document.

4.1.4 INTELLECTUAL PROPERTY, PATENTS AND LICENCES

4.1.4.1 Patents

Intellectual property is a key asset of the Group and is at the heart of its research and development projects. On 31 December 2017, the Group's patents portfolio consisted of 22 families of published patents, relating to innovative technologies or products. These 22 patent families cover 343 patents and patent claims, of which 311 are issued patents, i.e. more than 90% of the portfolio, which protect the Group's assets internationally and in the long term.

The Group's intellectual property policy consists of (i) regularly filing new patent claims in order to protect its technologies, its products and its manufacturing procedures, (ii) extending this protection to countries likely to constitute a growing market or a generic risk and (iii) carrying out permanent control in order to act against any infringement of its patents or its commercial trademarks.

The duration of protection granted by a family of patents is twenty years from the date it is filed in a given jurisdiction, typically, the filing date of an application for an international patent. This protection may be adjusted or extended in certain territories, notably in the United States and in Europe, as a function of the current legislation. The protection granted may vary from one country to another according to the examination procedure, specific to each State.

Lastly, in the particular case of orphan drugs, the authorities provide for supplementary protection in relation to commercial exclusivity of ten years in Europe, seven years in the United States in order to strengthen the incentive for pharmaceutical companies to invest in and develop these domains in which there is ultimately a restricted number of patients.

The group has a solid industrial property endowment protecting its products, which are marketed or in clinical development. The patent portfolio presented below specifies these protections and their expiry date. The group also granted marketing rights ("Out licensing") on its Beleodaq® product, described in Section 4.2.2 of the Registration document.

Portfolio of patents for marketed products or products in clinical development

Products	Principal therapeutic areas	Protections	Expiry date	Status
Transdrug™ Technology: Nanoparticle technology				
Livatag®	Treatment of primary liver cancer	i) Livatag® nanoparticles (first generation)	Q1 2019	Issued (EP, US, JP, …)
		ii) New administration route for Livatag® nanoparticles	Q1 2032	Issued (EP, US, JP, …)
		iii) Specific composition of nanoparticles resulting from a selection of particular poloxamers (second generation)	Q3 2036	Filed (EP, US, JP,…)
Histone deacetylase inhibitor technology (HDAC)				
Beleodaq®	Peripheral T-cell lymphoma (PTCL)	i) Active principle (Belinostat)	Q3 2021	Issued (EP, US, JP,…)
		ii) Formulation IV of the active principle	Q4 2027 US Otherwise Q2 2026 elsewhere	Issued (EP, US, JP,…)
		iii) Manufacture of the active principle	Q2 2030 US Otherwise Q3 2028 elsewhere	Issued (EP, US)

Dbait technology: "DNA strand break bait" molecules (Dbait)				
AsiDNA™	Cancer treatment	i) Treatment of cancer by administration of Dbait molecules in combination (radio/chemotherapy)	Q3 2024	Issued (EP, US, JP,…)
		ii) Particular Dbait molecules	Q3 2027	Issued (EP, US, JP,…)
		iii) Treatment of cancer solely by administration of Dbait molecules	Q1 2028	Issued (EP, US, JP,…)
		iv) Dbait molecules optimised for better in vivo delivery (AsiDNA™ and other conjugated Dbait molecules)	Q2 2031	Issued (US) Filed (EP,…)

4.1.4.2 Trademarks

Trademark protection varies by country. In certain countries, this protection essentially rests on the use of the trademark while in others, it is only applied by registration.

Rights to trademarks are obtained either through national trademarks, through international registrations or through EU trademarks. Registrations are generally approved for ten years and may be renewed indefinitely, although in certain cases, their maintenance in effect is linked to the continuous use of the trademark.

The Group notably holds as trademarks the names of its products which are marketed or in clinical development, as well as the names of its proprietary Transdrug™ technology, the name of the Company and its logo.

These trademarks benefit from protection for the pharmaceutical products contained in class 5 of the International classification of the products and services.

Portfolio of trademarks of products marketed or under clinical development

Trademarks	Products	Principal countries in which the trademark is registered or filed
Livatag®	Doxorubicin Transdrug™	United States, Europe, France, Japan
Beleodaq®*	Belinostat	United States, Europe, Japan, China, Australia, Russian Federation, Mexico, Norway, Oman, Serbia, Singapore, Switzerland, Turkey, Vietnam, Israel, India, South America (Argentina, Brazil, Chile, Colombia, Ecuador, Peru, Venezuela)
AsiDNA™	AsiDNA™	France

* the Beleodaq® trademark is held by Spectrum Pharmaceuticals, the exclusive licensee of the Group for the marketing of Belinostat in the United States, Canada, Mexico and India.

The group defends its trademark rights by lodging objections against filings of identical or similar trademarks and initiates judicial actions, as appropriate, in order to uphold recognition of its rights.

4.2 PRODUCTS AND MARKETS

Onxeo is a biotechnology company which develops innovative oncology drugs, based on targeting tumour DNA, a domain in which its scientific teams have cutting-edge expertise. This model aims to transform scientific innovations into state-of-the-art clinical treatments by virtue of proven translation expertise, by developing its products up to an attractive stage with high added value for pharmaceutical partners. This means developing products from the preclinical stage (1 to 2 years before entering clinical trials) to optimal inflexion points in terms of value (generally the clinical proof of concept of phase Ib or II). Once the proof of concept has been established in humans, Onxeo seeks to monetise its products through partnerships.

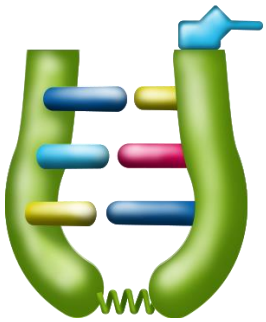
4.2.1 ASIDNA™ AND THE MARKET FOR DNA REPAIR INHIBITORS

4.2.1.1 A "first-in-class" product deriving from the acquisition of DNA Therapeutics

AsiDNA™ is the first product of a new class of drugs ("first in class") deriving from agonistic DNA repair technology (siDNA). The inhibition of the repair mechanisms for DNA in tumour cells is today recognised as one of the most promising routes for treating cancer.

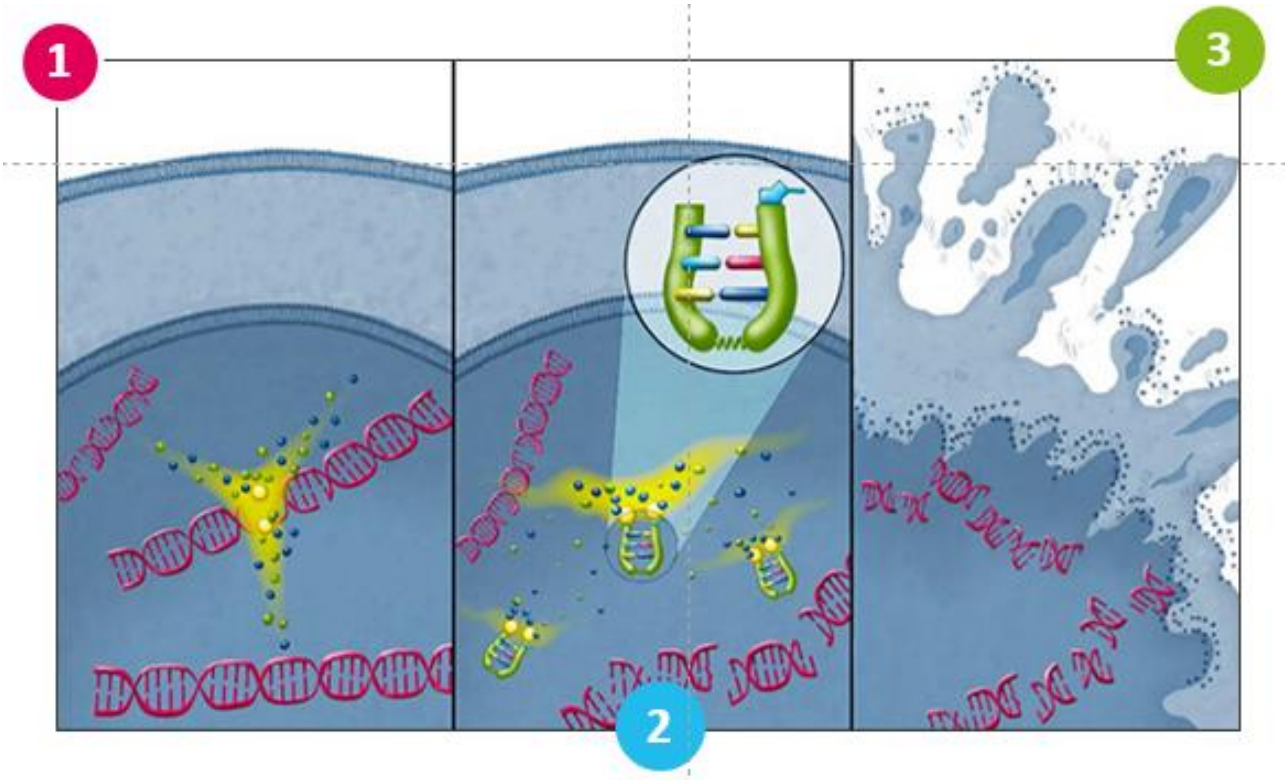
Cancerous cells in effect have biological defence mechanisms which allow them to respond to changes in DNA caused spontaneously in the case of certain genetically unstable tumours, or which result from treatment by genotoxic agents (e.g. chemotherapy or radiotherapy).

These repair procedures contribute to the aggressiveness of the cancers and their resistance to treatment.



AsiDNA™ is a DNA fragment (double-strand) which acts as a decoy to halt the DNA repair cycle in tumour cells: it sends a false injury signal which mobilises the enzymes (proteins) that detect, signal and repair DNA lesions and hence prevents the repair of the true DNA lesions, whether endogenous or induced by genotoxic anti-cancer treatments. Since the cancerous cells lose the capacity to interrupt cell division, they thus continue to divide with damaged DNA, which ultimately induces cell death. By contrast, healthy cells have retained the ability to suspend their division while awaiting the disappearance of the cell product and may then resume their repair cycle.

This unique action mechanism, known by the name of "Dbait", was developed by Marie Dutreix, Director of Research at the CNRS and Jian-Sheng Sun, Professor at the Museum of National History of Paris, and largely conducted in the laboratories of Professor Dutreix at the Institut Curie. It is illustrated below.

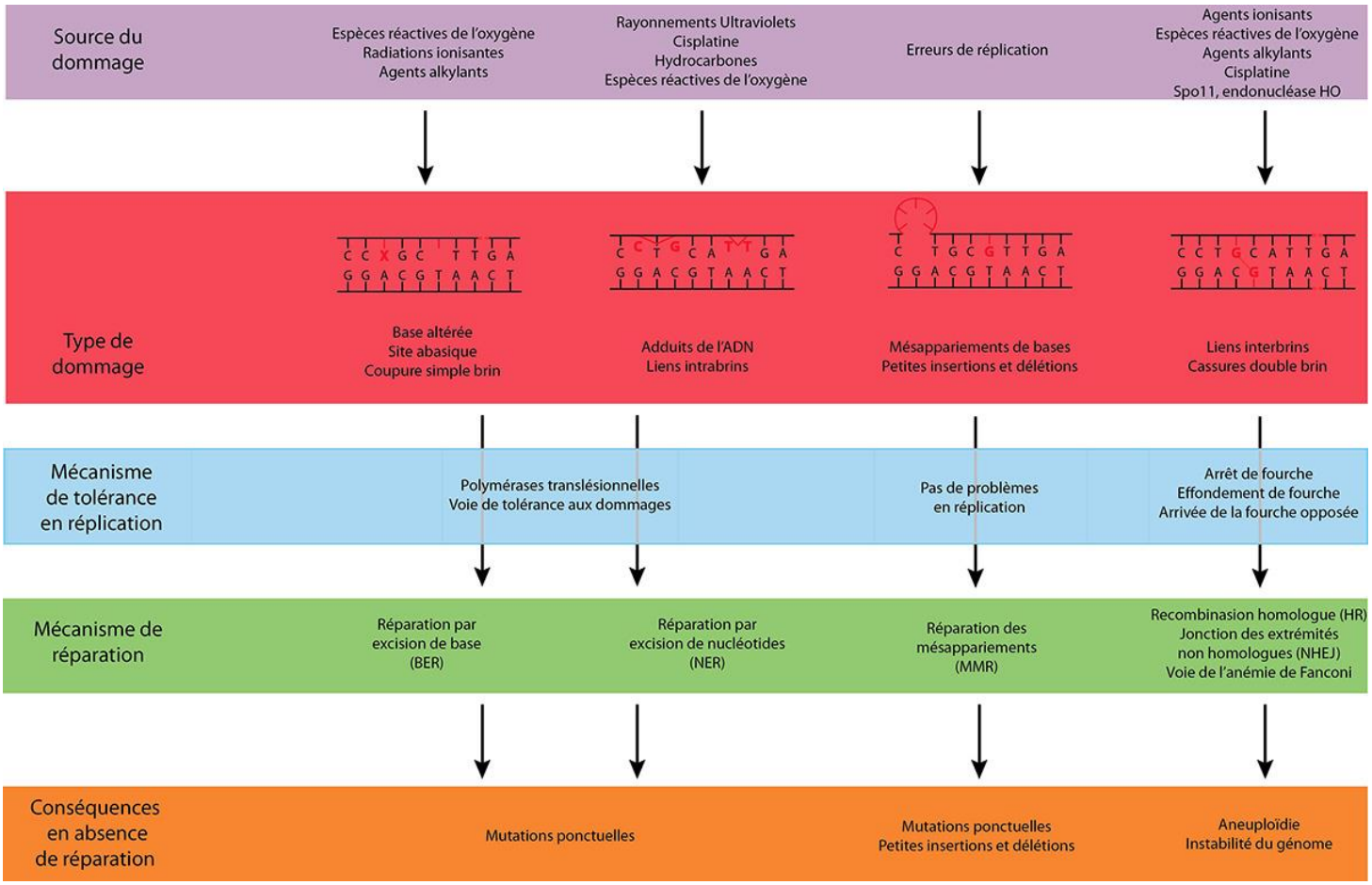


1. *Several repair routes for DNA are activated in cancerous cells via the recruitment of enzymes allowing them to repair their damaged DNA effectively and avoid cell death;*
2. *AsiDNA imitates a DNA break in the cancerous cells and activates signalling enzymes for DNA repair, thereby inducing a false "damage" signal, which prevents the recruitment of repair enzymes at the site where they should act in order to repair damage to the chromosomes of the tumour cell;*
3. *Cancer cells are no longer capable of continuing to divide with damaged DNA, leading to their cell death.*

4.2.1.2 The therapeutic approach which targets the response to DNA damage (or DDR for DNA Damage Response) in oncology

The inhibition of the response to damage caused to DNA is a relatively new field in oncology. The interest of this therapeutic approach lies in the fact that it is more selective of cancerous cells and hence spares normal cells. Indeed, while these latter cells have perfectly operational detection and repair capacity for their DNA, this is not the case for the cancerous cells. Indeed, these accumulate over time and by virtue of their proliferation, so do a certain number of mutations which deactivate certain genes which control DNA repair mechanisms. They are thus highly dependent for their survival on the repair mechanisms spared by the mutations (and which thus remain functional), so that by targeting these mechanisms, in order to inhibit them, the cancerous cells deprived of all capacity for repairing its DNA, inevitably leading to its apoptosis (a form of cell death).

As may be seen in the following diagram, there are different types of damage and each one calls for a highly specific repair mechanism. In order to ensure correct repair, the cell must be capable of correctly detecting and identifying the type of breakage, in order to activate the correct signalling and repair agents.



Source: https://planet-vie.ens.fr/content/dommages-reperation-adn (after *Houtgraaf et al, 2006; Branzei & Foiani, 2010*)

It may be seen that only simultaneous damage to both strands of the DNA molecule (termed a double strand break), generates genomic instability, which itself results in cell death by apoptosis. This explains why drug development strategies in the field of DDR all have the final objective of inhibiting repair routes for double-strand DNA breakages.

The response to DNA damage is complex and in schematic terms, breaks down into three steps.

1/ Detection and dentification of damage with "sensor" proteins;

2/ Signalling with kinase-type enzymes, with the essential role of coordinating the most appropriate response (this response may be the repair of DNA breakage but which may also activate apoptosis when the damage is too great);

3/ Repair with effector proteins which will manipulate the DNA molecule (reception, replication, insertion).

Currently, drugs or candidate drugs developed with this approach of inhibiting DDR essentially target detection and signalling routes. AsiDNA™ targets the detection route for double-strand breakages but its approach is unique, since it rests on an agonistic and non-inhibitor mechanism, which should limit the appearance of resistance and toxicity. This is a major point of differentiation with regard to the competition.

4.2.1.3 Market and competition in DDR (DNA Damage Response)

The following table lists all the proteins which may be activated in the response to DNA damage and which are hence potential targets for drugs. Candidate drugs which target certain proteins which regulate the cell cycle (in particular CHK1 and CHK2), which are themselves activated by the signalling routes of the DDR, should also be added to this list. The principal development targets are underlined in red.

Repair pathway	NHEJ	HR	alt-NHEJ/ MMEJ	SSA	ICL repair	SSB repair	BER	TLS	NER	MMR
Source of DNA damage	IR, radiomimetics, topo II inhibitors	X-linking agents, replication inhibitors, anti-metabolites, topo I inhibitors			X-linking agents	IR, ROS, radiomimetics topo I inhibitors H2O2, alkylating agents	Alkylating agents	UV, alkylating agents	Alkylating agents, X-linkers	DNA pol proofreading errors
Damage sensors	Ku70/Ku80	MRN	PARP	MRN	FA core complex (FANCA, B, C,E, F, G, L and M)	PARP	DNA glycosylases, APE1	PCNA	XPC DDB2 CSA	MSH2, MSH3, MSH6, MLH1, PMS2
Signalling/ mediator proteins	DNAPK	ATM, ATR, MK2, CtIP, BRCA1/BARD1, BRCA2, PALB2, RPA		CtIP	FANCD1 [BRCA2] D2, I J [BRIP1] N [PALB2] O [RAD51C] P [SLX4]			RAD6 RAD18	XPA, XPF RPA	
Effector proteins	XRCC4 XLF LIG4 APLF Artemis PAXX WRN	RAD51 MUS81/EME1 SLX1/SLX4 RTEL1 BLM TOPOIII POLQ PARI RECQL5 FANCJ, BLM	XRCC1 LIG3, LIG1 CtIP POLQ	RAD52 others?	Shared with HR, TLS and NER.	XRCC1 PNKP POLBeta FEN1, TDP1 Aprataxin, LIG1, LIG3A	As SSB repair	REV1, POLH POLI, POLK.	XPG ERCC1 POLE POLD1 LIG1, LIG3	EXO1 POLD LIG1

Source: Targeting DNA Repair in Cancer: Beyond PARP Inhibitors – Jessica S. Brown, Brent O'Carrigan, Stephen P. Jackson, and Timothy A. Yap – Cancer Discovery January 2017

PARP inhibitors (poly(ADP-ribose) polymerase)

The market for DNA repair inhibitors was initially invested in through PARP inhibitors (poly ADP-ribose polymerase), which include several products on the market and under development.

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
AstraZeneca	Olaparib	Lynparza®	Marketed	*Ovarian cancer* *Breast cancer (Phase III)* *Prostate cancer (Phase III)* *Pancreas cancer (Phase III)*
Clovis Oncology	Rucaparib	Rubraca®	Marketed	*Ovarian cancer*
Tesaro	Niraparib	Zejula®	Marketed	*Ovarian cancer*
Pfizer	Talazoparib		Registration	*Breast cancer (Registration)* *Prostate cancer (Phase II and III)* *Lung cancer (Phase III)*
Abbvie	Veliparib		Phase III	*Breast cancer (Phase III)* *Lung cancer (Phase III)* *Ovarian cancer (Phase I)*
	ABT-767		Phase I	*Solid tumors (Phase I)*
BeiGene	Pamiparib		Phase II	*Ovarian cancer (Phase II)*
Jiangsu Hansoh	Fluazolepali		Phase I	*Solid tumors (Phase I)*
2X Oncology	2X-121		Phase I	*Solid tumors (Phase I)*
Impact Tx	IMP-4297		Phase I	*Solid tumors (Phase I)*
Checkpoints Tx	CK-102		Phase I	*Solid tumors (Phase I)*

The inhibition of the PARP enzyme prevents the recruitment at the damaged site of the DNA of the repair enzymes of the BER (base excision repair) route: this results in an accumulation of simple strand breakages which are not lethal for the cell. This accumulation in turn results in the formation of double-strand breakages and hence the activation of the most effective repair route for this type of damage, the HR (homologous recombination) route. When this HR route is functional, the damage induced by the PARP inhibitors are ultimately repaired and the cancerous cell does not die. In order to be fully effective, the PARP inhibitors require the HR route to be deactivated or deficient: this is the case when the patient is a carrier of certain mutations, notably those of the BRCA 1 and 2 genes.

We speak of synthetic lethality to describe this dual therapeutic approach (inhibition of the PARP enzyme by the medicine and the activation of the HR repair route by mutation).

Unlike inhibitors of PARP, AsiDNA™ does not require a given repair route to be deactivated or deficient in order to function. Its action mechanism does not depend on patients' mutation status and is thus not limited in its use to the prior knowledge of patients' genetic profile.

Inhibitors of DNA-PK (DNA-dependent serine/threonine protein kinase)

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
Merck KGaA	Nedisertib		Phase I/II	*Lung cancer (Phase I/II) – Combination with cisplatin and etoposide*
	M-9831		Phase I	*Solid tumors (Phase I)*
SignalRX	SF-1126		Phase II	*Cancer of the upper respiratory and digestive tract (Phase II)*
Celgene	CC-115		Phase II	*Glioblastoma (Phase II)* *Prostate cancer (Phase Ib)*

ATR Inhibitors (ATM- and Rad3-related kinase)

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
AstraZeneca	AZD-6738		Phase II	*Stomach cancer (Phase II) - Combination with cisplatin and etoposide*
Merck KGaA	Berzosertib		Phase II	*Bladder cancer (Phase II)* *Breast cancer (Phase I/II)* *Lung cancer (Phase I/II)*
	M-4344		Phase I	*Solid tumors (Phase I)*
Bayer	BAY-1895344		Phase I	*Solid tumors (Phase I)*

ATM inhibitors (ataxia telangiectasia mutated kinase)

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
AstraZeneca	AZD-0156		Phase I	*Solid tumors (Phase I)*
	AZD-1390		Phase I	*Solid tumors (Phase I)*
Merck KGaA	M-3541		Phase I	*Solid tumors (Phase I)*

CHK1 inhibitors (Checkpoint Kinase 1)

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
Lilly	Prexasertib (*)		Phase I	*Lung cancer (Phase I)*
Sierra Oncology	SRA-737		Phase I/II	*Solid tumors (Phase I/II)*
Zhejiang Medicine	XCCS-605B		Phase I	*Solid tumors (Phase I)*
Genentech/Roche	GDC-0575		Phase I	*Solid tumors and lymphoma (Phase I)*
NCI	UCN-01		Phase I	*Leukemia and myelodysplastic syndrome*

**: prexasertib is also a ChK2 inhibitor*

Inhibitors of CHK2 (Checkpoint Kinase 2)

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
Lilly	Prexasertib (*)		Phase I	*Lung cancer (Phase I)*

**: prexasertib is also a ChK1 inhibitor*

Inhibitors of Wee1 protein kinase

Company	Molecule	Commercial name	Status	Approved indications - Clinical studies in progress
AstraZeneca	Adavosertib		Phase II	*Ovarian cancer (Phase II) - Combination with chemotherapy* *Solid tumours (Phase I) - Monotherapy*

Among the most committed players in terms of R&D in the field of DDRare several large and medium-sized companies, as well as a relatively significant number of biotechs. We shall notably consider:

Company	Products/Projects	Type	Development phase
AstraZeneca	Lynparza® (olaparib)	PARP inhibitor	Marketed
	Adavosertib	Wee-1 inhibitor	Phase 2
	AZD-1775	Wee-1 inhibitor	Phase 1
	AZD-0156	ATM inhibitor	Phase 1
	AZD-1390	ATM inhibitor	Phase 1
	AZD-6738	ATR inhibitor	Phase 1
Tesaro	Zejula® (niraparib)	PARP inhibitor	Marketed
Clovis Oncology	Rubraca® (rucaparib)	PARP inhibitor	Marketed
Pfizer	Talazoparib	PARP inhibitor	Phase 3/Registration
Abbvie	Veliparib	PARP inhibitor	Phase 3
	ABT-767	PARP inhibitor	Phase 1
Merck KGaA	Nedisertib	DNA-PK inhibitor	Phase 2
	Berzosertib	ATR inhibitor	Phase 2
	M-3541	ATM inhibitor	Phase 1
	M-9831	DNA-PK inhibitor	Phase 1
	M-4344	ATR inhibitor	Phase 1
Beigene	Pamiparib	PARP inhibitor	Phase 2
	BGB-433	PARP inhibitor	
Celgene	CC-115	DNA-PK inhibitor	Phase 2
Lilly	Prexasertib	Chk1 / Chk2 inhibitor	Phase 2
	Chk1 inhibitor III	Chk1 inhibitor	Phase 1
Sierra Oncology	SRA-737	Chk1 inhibitor	Phase 2
SignalRx Pharmaceuticals	SF-1126	DNA-PK inhibitor	Phase 2
Checkpoint Therapeutics	CEP-8983	PARP inhibitor	Phase 2
Zhejiang Medecine Co	XCCS-605B		Phase 1
Jiangsu Hansoh Pharmaceutical Group	Fluazolepali	PARP inhibitor	Phase 1
IMPACT Therapeutics	IMP-4297	PARP inhibitor	Phase 1
Genentech	GDC-0575	Chk1 inhibitor	Phase 1
2X Oncology	2X-121	PARP inhibitor	Phase 1
Bayer	ATR inhibitors	ATR inhibitor	Phase 1

The field of DDR is of interest to many operators and due to the potential combinations which it offers with other types of therapy, it is subject to a high degree of partnership and licensing activity. We may notably cite:

- the strategic partnership between AstraZeneca and Merck & Co of July 2017, which aims, among other things, to explore combinations between PARP and MEK inhibitors with anti-PD-1 / PD-L1 antibodies;
- the licence agreement between Tesaro and Takeda for the exploitation of niraparib in Japan (July 2017);
- the licence agreement between Tesaro and Janssen Pharmaceuticals for the development of niraparib for prostate cancer (April 2016);

- the clinical collaboration agreement between Clovis Oncology and BMS, in order to assess the combination between rucaparib and nivolumab (July 2017).

This collaboration and partnership phase had been preceded by much more structural acquisition and merger-type transactions , with a certain number of medium and large pharmaceutical groups betting on this promising new approach to oncology:

- Acquisition of KuDos Pharmaceuticals (inventor of Olaparib) by AstraZeneca in 2005;
- Acquisition of Biomarin Pharmaceuticals (inventor of Talazoparib) by Medivation in 2015, then acquisition of Medivation by Pfizer in 2017;
- Acquisition of 3 programmes in DDR of Vertex by Merck KGaA (2017).

By acquiring DNA Therapeutics in 2016, Onxeo thus clearly positioned itself in a therapeutic area under rapid development and which generated a high degree of partnership activity, in the broadest sense.

4.2.1.4 Development of the product to date and next stages

Preclinical program: In 2017, the Company executed numerous in vitro and in vivo studies with AsiDNA™, whether in monotherapy or in association with other molecules.

In July, positive preclinical in vivo results confirming the activity of AsiDNA™ by intravenous route were announced. The generated data confirmed the activity of AsiDNA™, characterised by the prevention of tumour growth in a murine model of negative triple breast cancer. A synergic effect with carboplatin, a molecule extensively used for the treatment of numerous cancers, was also observed.

The generated pharmacodynamic data confirms the unique action mechanism of AsiDNA™, which behaves as a decoy, attracting repair enzymes, breaking the cycle of tumour DNA repair activities and interfering with multiple repair routes, while sparing healthy cells.

It was possible to establish a link between the activity of AsiDNA™ by systemic administration and its capacity to sequester and hyperactive eight two major DNA repair proteins, DNA-PK and PARP, which prevented their recruitment for damaged tumour DNA.

In September, the company unveiled positive results for in vitro studies of the combination of AsiDNA™ histone-deacetylase (HDACi) inhibitors, including Belinostat, on various tumour lines. These studies were based on scientific data, which demonstrated that HDAC inhibitors increase DNA double-strand breakages in tumour cells. The combination is highly synergic and remains so over time, after repeated treatments: this could open the way to very interesting treatment protocols.

These experiments were reproduced with other HDACi, like Vorinostat, Entinostat and Romidepsin, generating similar data which highlighted pronounced synergic effects.

AsiDNA™ is the first-in-class molecule of a patented chemical platform of “decoy” oligonucleotides, which the company baptised platON™ and presented in October 2017. The compounds of this platform are constructed on the basis of a sequence of double-stranded oligonucleotides, a binding molecule and a molecule favouring intracellular penetration. Each of these three components may be modified to generate various compounds expressing different properties and/or activities, with the common characteristic of targeting repair routes for tumour DNA through a decoy mechanism.

The Company intends to capitalise on this platform in order to enrich its portfolio with innovative candidate drugs, which target DNA and should initiate preclinical evaluation of the new molecule starting in the second half of 2018.

The next stages in terms of preclinical activity consist of validating the synergy observed in vitro between AsiDNA™ and the HDAC inhibitors with in vivo studies.

Lastly, a certain number of toxicological studies on animals were conducted in 2017, so as to respond to the regulatory prerequisites for filing our dossier for the authorisation of clinical trials, with a view to launching a new Phase 1 clinical trial on humans, on this occasion by administration via intravenous route.

Clinical programme: The Onxeo clinical development team actively prepared the necessary documentation for obtaining the authorisation to launch the phase 1 DRIIV study. The dossier was submitted in December 2017 to the Belgian and French health authorities and to the ethics committees of the relevant clinical centres.

This trial was effectively launched at the start of 2018, with the treatment of the first patient in April.

4.2.2 LIVATAG® (DOXORUBICIN TRANSDRUG™)

Livatag® (doxorubicin Transdrug™) is a formulation of doxorubicin in the form of lyophilised nanoparticles of PEBCA (Poly-Ethyl-Butyl-Cyanoacrylate).

This new therapeutic approach allows resistance to the drugs to be overcome by short-circuiting the multi-resistance mechanisms implemented by the tumour cells, by masking the anti-cancer agent. Serving as a Trojan horse, the nanoparticle formulation allows the avoidance of expulsion of doxorubicin from the cell, which may thus exercise its cytotoxic action. By preferentially targeting liver tumour cells and overcoming resistance to doxorubicin, Livatag® (Doxorubicin Transdrug™) would constitute a significant advance in treating this cancer. A phase III trial targeting this indication (about a cellular carcinoma, HCC, 2nd line) was initiated in 2011 and the results, announced in September 2017, did not allow the conclusion that Livatag® was superior in the control arm. The detailed analysis of the results of the trial (C Paragraph 4.2.2.2.1.1 below) and the indirect comparison with other products developed with the same indication showed that the level of effectiveness observed with Livatag® was not lower-than-expected, but on the contrary, it was the effectiveness of the control arm which surprised by its breadth.

4.2.2.1 Results of the Phase III ReLive study for the treatment of advanced HCC

The ReLive study included 397 patients treated for a hepatocellular carcinoma by sorafenib (1st line) and who were either in the situation of therapeutic failure (progression of the disease), or intolerant of the molecule. These patients were divided into three groups: two Livatag® arms (1 group at mg/m² and another at 30 mg/m²) and a control arm (best standard of care in which the active anti-cancer treatments were authorised).

The principal criterion of the study was global survival: a median survival around 8 months was expected in the control arm. However, with median survival of 9.1 months for Livatag® and of 9.0 months for the control arm, the study did not permit the highlighting of a significant improvement in survival. This survival which was stronger than expected in the control group is explained in part by the fact that the patients could receive other anti-cancer agents (including oxaliplatin, gemcitabine or tyrosine kinase inhibitors).

The principal results of the ReLive study were given in an oral presentation at the 11th annual conference of the International Liver Cancer Association in Seoul in South Korea (ILCA — 15-17 September 2017).

4.2.2.2 Pathology

Hepatocellular carcinoma (HCC) develops from liver cells (hepatocytes) and represents 85% of primary liver cancers. In the vast majority of cases (> 90%), HCC appears in an abnormal liver (cirrhotic). The risk factors are well known:

- Infection by the hepatitis virus (B and C) is at the origin of 80% of liver cancers. This explains why the zones in which the infection is endemic, such as Asia, are the most affected by HCC;
- Consumption of alcohol in large quantities, another significant cause of cirrhosis, is also a risk factor for HCC, which contributes more in Western countries than in Asian countries;
- Metabolic diseases, and in particular obesity, are a growing cause of cirrhosis and of HCC.

Most HCC are diagnosed at an advanced stage since the tumour is without visible clinical manifestations in the early stages. Furthermore, the first symptoms or signs are not usually specific to HCC but of the associated cirrhosis and may evoke other pathologies.

4.2.2.3 Epidemiology

Liver cancer is the 6th most frequent cancer by impact (782,000 new cases throughout the world, 5.6% of all new cases of cancer) and the 2nd by mortality (746,000 deaths or 9.1% of the total), behind lung cancer[1].

This is the most aggressive cancer, together with pancreatic cancer, with a fatality rate of 95% (ratio mortality and impact for a given year).

While Europe (EU28) and the United States represent 82,000 new cases per year (10% of global impact), it may be said that liver cancer is a public health problem, above all affecting the least developed countries (648,000 new cases) and in particular Asia, including China, which alone accounts for half of the cases surveyed throughout the world[2].

The concentration of cases in Asia and above all in China is evidently explained by demographic reasons but also and above all by a strong predominance of viral hepatitis B and C.

The impact rate of liver cancer varies greatly from one geographical area to the next: while the average global rate is 11.1/100,000, it is close to 30/100,000 for the Far East (China, Japan, Korea). In Western countries, the impact is around the global average: 10.2/100,000 in the European Union, 9.6/100,000 in the United States[3].

The survival rate at 5 years remains very low, even in the most medically advanced countries such as the United States, where it is 17% for all patients but only 11% for those diagnosed at an advanced stage (regional invasion) and 3% at the metastatic stage from the outset[4].

4.2.2.4 Competition

Since the AMM obtained by sorafenib (Nexavar®, Bayer) for HCC in 2007, 10 years have passed before new products were approved for their indication (2nd line). The first to obtain its authorisation was regorafenib (Stivarga®, Bayer) in April 2017, followed by nivolumab (Opdivo®, BMS), which benefited from the "accelerated approval" regime (conditional AMM) in the United States in November 2017.

A certain number of products which were in phase III in the treatment of the 2nd line of HCC, such as Livatag®, revealed their results during 2017:

- For the first line of treatment, Eisai announced positive results for lenvatinib (Lenvima®) in a non-inferiority study;
- For the second line of treatment, Exelixis announced positive results for cabozantinib (Cabometyx®).

Lastly, other competitors are continuing their phase III clinical trial:

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1 Globocan 2012, Incidence and Mortality for Liver Cancer

2 Globocan 2012, World Population Prospects, the 2012 revision (United Nations, Department of Economic and Social Affairs)

3 Globocan 2012, World Population Prospects, the 2012 revision (United Nations, Department of Economic and Social Affairs)

4 Rapport « Facts & Figures 2015 » de l'American Cancer Society

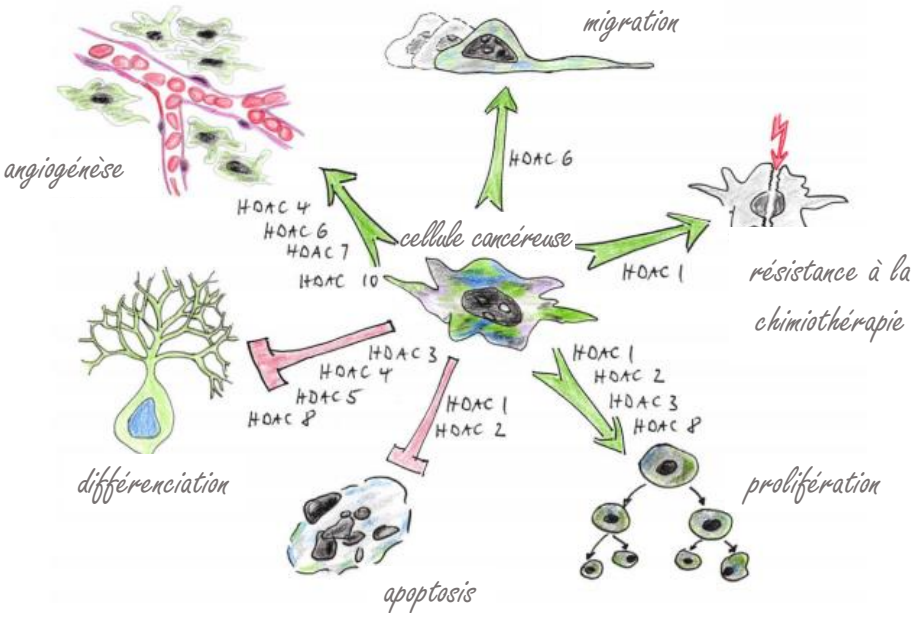
- Pembrolizumab (Keytruda®, Merck & Co) with the Keynote-240 study;
- Ramucirumab (Cyramza®, Lilly) with the REACH-2 study;
- Nivolumab (already approved in the 2nd line) with the CheckMate-459 study in the 1st line.

4.2.3 BELINOSTAT AND BELEODAQ® (BELINOSTAT BY INTRAVENOUS ROUTE)

4.2.3.1 Belinostat, an HDAC inhibitor with broad potential

Belinostat is an inhibitor of histone deacetylases (HDACi) which, by an enzymatic process (acetylation), tends to normalise the genetic malfunctions characteristic of cancer cells. It acts by inhibiting these enzymes (HDAC), notably involved in cell proliferation.

Belinostat acts on several types of HDAC (HDAC 1, 2, 3, 6) thus granting it potential activity on different processes for the development of a tumour, as illustrated[5] below.



By virtue of their pleiotropic action, HDACis may simultaneously target several routes crucial for the survival of cancer cells. In preclinical studies, HDACis have already shown antineoplastic activity in vitro and in vivo, as well as a synergy with other anti-cancer agents, by causing the death of cancer cells and the inhibition of tumour growth[6,7].

HDACis are today essentially used for the treatment of liquid tumours, in monotherapy. This is why the first research indication for Belinostat was peripheral T-cell lymphoma (PTCL) with the product Beleodaq® (Belinostat by systemic administration), already approved and marketed in the United States in this indication, which is detailed below.

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[5] Adapted from de Olaff, Witt et al., Cancer Letters 277 (2009) 8-21

[6] Bolden JE, Peart MJ, Johnstone RW. Anticancer activities of histone deacetylase inhibitors. Nat Rev Drug Discov. 2006; 5(9):769-84

[7] Minucci S, Pelicci PG. Histone deacetylase inhibitors and the promise of epigenetic (and more) treatments for cancer. Nat Rev Cancer. 2006;6(1):38-51

Belinostat nevertheless distinguishes itself within the group of HDACi by its mechanism of acting on multiple cellular processes for the development of tumours and has already demonstrated anti-cancer activity on solid tumours[8], with an excellent tolerance profile.

In order to extend the potential of this key asset beyond the PTCL, in June 2016, the Company announced that it would initiate the development of a formulation by oral route of Belinostat. This oral formulation would include numerous advantages:

- an extension of protection by patent until 2037;
- a benefit for both patients and doctors in terms of ease of use and pain-free administration without assistance from medical staff;
- a simplified association with other anti-cancer agents, initiating a spectrum of new indications, notably for solid tumours.

The Company has initiated several collaborations with leading scientific organisations in order to study the association of Belinostat by systemic administration, notably with checkpoint anti-PD-1 and anti-CTLA-4 inhibitors, with encouraging initial preclinical data, realised on a murine model for primary liver cancer. A complete cessation of tumour growth was observed in all mice (100%) treated with Belinostat by systemic administration in combination with checkpoint inhibitors.

Moreover, basing itself on a very strong and extensively documented mechanistic rationale in favour of a combination between the epigenetic approach and the inhibition of DDR approach, the Company conducted a preclinical test on in vitro models of the combination of Belinostat (and other HDAC inhibitors) with AsiDNA™. The results of these experiments, presented at the AACR Congress in Chicago in April 2018, are highly promising since they demonstrate a very strong level of synergy between the two molecules. In vivo experiments are in progress to evaluate the innocuousness of the combination on animals and evidently validate the synergic effect.

4.2.3.2 Relapsing or refractory peripheral T-cell lymphoma (Beleodaq®: Belinostat by intravenous route)

4.2.3.2.1 Pathology

Peripheral T-cell lymphoma (PTCL) is a subcategory of non-Hodgkin lymphoma (NHL). Non-Hodgkin lymphoma arises with a neoplastic transformation of lymphoid cells. In 90% of cases, it arises from cells in the lymphocyte B line (B-cell lymphoma); in less than 10% of cases, it derives from cells in the lymphocyte T line (T-cell lymphoma) and in very rare cases from the NK lymphocyte line. The prognosis for T-cell lymphoma is generally worse than that of B-cell lymphoma.

The treatment of PTCL is broadly similar to the standard therapeutic treatment for non-Hodgkin lymphoma. In very rare cases of localised tumours, the treatment applied is radiotherapy (with or without chemotherapy) but in most patients, the disease has already spread and it is chemotherapy which is required as a first line of treatment. Chemotherapy agents are principally alkylating agents, vinca-alkaloids, anthracyclines and corticosteroids, notably including the CHOP (Cyclophosphamide, Hydroxyadriamycin, Oncovin, Prednisone) protocol or other similar combinations. Anthracycline-based protocols, like the CHOP protocol, remain the benchmark treatment for most subtypes of PTCL. The majority of patients affected by a PTCL will relapse after a first treatment and will require a second therapeutic treatment.

[8] CuraGen Corporation (CRGN) and TopoTarget A/S Announce Presentation of Belinostat Clinical Trial Results at AACR-NCI-EORTC International Conference. October 2007.

4.2.3.2.2 Epidemiology

Non-Hodgkin lymphomas, which are rather rare at global level (impact of 5/100,000, 386,000 cases in 2012), are, by contrast, quite frequent in countries characterised by an aging population. The impact is hence 20.1/100,000 in North America (70,000 cases) and 15.6/100,000 in the European Union (79,000 cases)[9].

Cases of PTCL represent between 10 and 15% of cases of LNH, i.e. between 38,000 and 58,000 new cases throughout the world. In Western countries, this proportion is lower – 5 to 10% of the LNH – than in Asian countries (15 to 20%)[10].

For the principal pharmaceutical markets (US, Europe, Japan and China), there are between 17,000 and 27,000 new cases every year. Since PTCL is a type of cancer whose impact increases with age, the ageing of the population should entail a regular increase of the number of new cases, with an estimated 22,000 to 36,000 cases by 2030[11].

The indication approved in the United States concerns patients who relapse after or are refractory to their 1st line of treatment (CHOP) and candidates for a second line, i.e. around 60% of patients treated for PTCL.

For the US, this market was estimated at around 187 million dollars in 2015 (according to a market study sponsored by the Company in 2016[12]).

4.2.3.2.3 Competition

In the United States, three products have been approved by the Food and Drug Administration for the 2nd line treatment of PTCL: Beleodaq®, Istodax® (romidepsin, Celgene) and Folotyn® (pralatrexate, Spectrum Pharmaceuticals). In Europe, today no medicine has obtained a marketing authorisation for this indication.

In addition to the 3 products approved in the PTCL, Adcetris® (brentuximab vedotin, Seattle Genetics) should be mentioned, which is approved (in the US and in Europe) for a subcategory of PTCL, anaplastic large cell lymphoma (ALCL) which is recurring or refractory in adults.

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9 Globocan 2012 and World Population Prospects, the 2012 revision (United Nations, Department of Economic and Social Affairs), Peripheral T-Cell Lymphoma Facts (July 2014, Leukemia & Lymphoma Society)

10 Globocan 2012 and World Population Prospects, the 2012 revision (United Nations, Department of Economic and Social Affairs), Peripheral T-Cell Lymphoma Facts (July 2014, Leukemia & Lymphoma Society)

11 Ibid.

12 Navigant Consulting Inc

Products under advanced clinical development (phase II / III), for which a trial is in progress (active status or recruitment in progress), in the indication for 2nd line treatment of the PTCL are:

Clinical reference trials.gov	Molecule	Company (Sponsor)	Study title	Phases
NCT02464228	tipifarnib	Kura Oncology	*Study of Tipifarnib in Subjects with Relapsed or Refractory PTCL*	Phase II
NCT02953652	chidamide	Huya Bioscience	*Efficacy and safety of oral HBI-8000 in Pts with R/R PTCL*	Phase II
NCT 03372057	duvelisib	Verastem	*A study of duvelisib in Pts with R/R PTCL*	Phase II
NCT02676778	E7777	Eisai	*Study of E7777 in Pts with R/R PTCL and CTCL*	Phase II
NCT03075553	nivolumab	NCI	*Nivolumab in treating pts with R/R PTCL*	Phase II
NCT02497131	brentuximab vedotin	Fondazione Italiana Linfomi ONLUS	*Study of the role of brentuximab vedotin as single agent in the trt of R/R CD30+ PTCL pts*	Phase II
NCT03046953	avelumab	Pfizer	*Avelumab in R/R PTCL*	Phase II
NCT 03141203	romidepsin carfilzomib	Celgene Amgen	*Evaluation of the combination of romidepsin and carfilzomib in R/R PTCL pts*	Phase I/II
NCT03011814	durvalumab lenalidomide	NCI	*Durvalumab w/ or w/o lenalidomide in treating pts with R/R CTCL or PTCL*	Phase I/II
NCT02495415	fenretinide	CerRx	*Trial of Intravenous Fenretinide Emulsion for Patients with Relapsed/Refractory Peripheral T-cell Lymphomas*	Phase II
NCT02653976	darinaparsin	Solasia Pharma	*A Phase 2 Study of SP-02L in Patients with Relapsed or Refractory Peripheral T-cell Lymphoma (PTCL)*	Phase II
NCT01431209	ruxolitinib	Incyte Corporation (University of Nebraska)	*Ruxolitinib Phosphate (Oral JAK Inhibitor INCB18424) in Treating Patients with Relapsed or Refractory Diffuse Large B-Cell or Peripheral T-Cell Non-Hodgkin Lymphoma*	Phase II
NCT02535247	MK-3475 (pembrolizumab)	Merck Sharpe & Dohme Corp. (Fox Chase Cancer Center)	*Study of MK-3475 in Relapsed or Refractory Peripheral T-cell Non-Hodgkin Lymphoma*	Phase II

Non-exhaustive list (research on the Clinical Trials.gov website of the clinical studies in progress using the keywords PTCL, Peripheral T-Cell Lymphoma)

4.2.3.2.4 Partnerships

Spectrum Pharmaceuticals

Within the context of a collaboration and licensing agreement concluded in 2010, Spectrum Pharmaceuticals is developing Beleodaq® in partnership with the group and is in charge of its promotion among oncology and haematology specialists in the United States.

Within the context of this agreement, provision is made for payments by Spectrum Pharmaceuticals to the Company upon achievement of certain regulatory stages, as well as royalties and payments by sales performance.

In February 2014, the FDA (Food and Drug Administration) upheld the US registration dossier for Beleodaq®, accompanied by a priority review, with a registration programme permitting the conditional approval of a medicine intended for treatment of the disease which called the vital prognosis into question, on the basis of elements predicting a clinical benefit. This admissibility triggered a $10 million payment by Spectrum Pharmaceuticals, as well as the granting of 1 million Spectrum shares to the Company.

In July 2014, Beleodaq® secured a marketing authorisation from the FDA for the treatment of peripheral T-cell lymphoma. This registration is based on the results of the BELIEF phase II clinical study, which included 129 patients affected by resistance or recurrent peripheral T-cell lymphoma, after at least a first treatment by systemic administration.

Since August 2014, the teams of Spectrum Pharmaceuticals have launched the promotion of Beleodaq® among haematologists, generating the first sales figures during the second half of 2014, thereby initiating a royalty flow for the group. A second stage payment of $25 million was made to the Group in November 2014, following the securing of product registration by the FDA.

In order to meet the demands of the FDA within the context of the conditional marketing authorisation obtained in 2014, Spectrum Pharmaceuticals is preparing a phase III clinical study which will permit an extension of the indication of belinostat to the first line of treatment of PTCL. As the holder of the marketing authorisation in the United States, Spectrum Pharmaceuticals will be the promoter of this study.

Before this, an assessment study of the tolerance of the Beleodaq + CHOP Association was executed (phase I) (belinostat plus cyclophosphamide, hydroxydaunorubicin, oncovin, and prednisone) by Spectrum, with the results published in December 2015, at the 57th Annual Congress of the ASH.

In addition to the fact that the maximum tolerated dose was found (1000 mg/m², i.e. the same dose as that authorised for monotherapy), the group announced promising results in terms of response with a global response of 86% and a complete response of 67%.

The launch of this phase III clinical trial remains contingent on the execution of the same research study on dosage and tolerance of the combination Folotyn + CHOP, Folotyn being the other Spectrum product in the PTCL for which the FDA has also granted a conditional marketing authorisation and which should thus be included in the same confirming phase III as Beleodaq®.

Pint Pharma

In 2016, the Company signed a licence agreement with Pint Pharma for the registration and marketing of Beleodaq® in PTCL in Latin America (Argentina, Brazil, Chile, Colombia, Ecuador, Peru and Venezuela).

This agreement gave rise to an initial payment on signing and provides for payments at regulatory and commercial stages, as well as two-digit royalties on net sales of Beleodaq® (for a total value exceeding $20 million).

Clinigen Group

In April 2017, Onxeo and Clinigen Group, through its IDIS Managed Access division, joined together to launch an early access programme in Europe for the named patient programme product (i.e. the equivalent of the ATU (temporary authorisation for use) in France. This programme allows the use of Beleodaq® on demand by doctors solely for certain appointed patients, even if the product does not have a marketing authorisation. This waiver

of the ordinary regime is evidently strictly regulated and only patients with no other therapeutic option may benefit from this programme if their doctor so requests.

The following table provides a summary of the licence agreements concluded by the group for the marketing of Beleodaq®.

Partner	Territory	Phase	Amounts already received by the Group	Total which may be received by way of the agreement
Spectrum Pharmaceuticals Licence and collaboration agreement in 2010	United States, Canada, Mexico, and India	Marketed in the United States for the 2nd line of treatment of PTCL Under development for other indications	$65 million + 1 million Spectrum shares + royalties on sales	> $320 million + royalties on sales
Pint Pharma Licence agreement	LATAM (Argentina, Brazil, Chile, Colombia, Ecuador, Peru, and Venezuela	Pre-registration	Initial payment of $ 3 million dollars received in 2016	> $ 20 million + royalties on sales

4.2.4 OTHER PRODUCTS

4.2.4.1 Validive®

The Group developed Validive® for the treatment of oral mucositis induced by radiotherapy and chemotherapy in patients affected by a head and neck cancer. This is a new therapeutic muco-adhesive application of clonidine, patented by the group.

In addition to being an agonist of alpha2-adrenergic receptors, classically used as an antihypertensive, clonidine also acts as an agonist of alpha2-adrenergic receptors with an anti-inflammatory effect which was researched here.

The group conducted a randomised phase II clinical trial with a double-blind against a placebo, comparing the effectiveness and tolerance of mucoadhesive Validive® tablets at doses of 50 µg and 100 µg, administered once a day, to those of a placebo in preventing severe oral mucositis induced by radiotherapy and/or chemotherapy in 183 patients suffering from head and neck cancer for post-chemotherapy and radiotherapy mucositis. The study was conducted in Europe and in the United States and the recruitment of patients was finalised in May 2014.

In terms of effectiveness, the Phase II trial showed a reduction in the impact of severe oral mucositis (grades 3 and 4) in the group of patients treated with Validive® relative to the control group, with a shift in time of the appearance of severe oral mucositis in patients treated with Validive® and no significant difference in terms of effectiveness between the Validive® 50 µg and Validive® 100 µg groups. In terms of tolerance, Validive® demonstrated a highly favourable profile without major differences in the nature, impact and severity of the undesirable effects between the Validive® and placebo groups.

The continuation of development and in particular, the execution of a pivotal phase III allowing registration, was entrusted to a US partner, to which a global licence was awarded. It is thus the company Monopar Therapeutics (Chicago, Illinois) which will be in charge of clinical and regulatory activities for the successful development of the product, as well as commercial activities in the event of success. The main features of the agreement signed between Onxeo and Monopar Therapeutics are described below.

Partner	Territory	Phase	Amounts already received by the Group	Total which may be received by way of the agreement
Monopar Therapeutics License agreement en 2017	Worldwide	Under development	Initial payment of $ 1 million dollars received in 2017	108 million + royalties on sales

4.2.4.2 Loramyc® / Oravig® and Sitavig®

In July 2017, the Company announced the sale of two historic products, Sitavig® and Loramyc®, to private company Vectans Pharma, which develops and markets innovative therapies for buccal pathologies. Within the context of this transaction, Onxeo sold Vectans Pharma all of the assets associated with the two drugs in question, notably the patents, regulatory authorisations and agreements in progress.

This transaction falls within the strategy of re-centring of the company on the development of innovative anti-cancer drugs with strong value creation potential, such as AsiDNA™ and allows a redeployment of the financial and human resources aligned with this new strategy.

5. CORPORATE GOVERNANCE

Sections within chapters 5 and 7 of the Registration Document reproduce the Corporate Governance Report established for 2017 fiscal year (refer to the corresponding concordance table in Chapter 12). This report was approved by the Board of Directors at its meeting on 29 March 2018; and was submitted to the AMF simultaneously with this Registration Document. It is available on Onxeo's website: www.onxeo.com.

This report also covers the composition, conditions for preparing and organizing the work of the Board of Directors during the financial year 2017.

The report further indicates the limitations that the Board of Directors have imposed on the powers of the Chief Executive Officer and presents by reference the principles and rules adopted by the Board of Directors to determine the remuneration and benefits granted to executive officers, the methods related to the participation of shareholders in general meetings, as well as the factors likely to have an influence in the event of a public offering.

This report was prepared and written in accordance with French law No 2008-649 of 3 July 2008, covering various provisions for adapting French company law to EU law, and with the Code of Corporate Governance for Listed Companies issued by MiddleNext, the code selected by the Board of Directors as a benchmark code, which may be viewed at the MiddleNext website: www.middlenext.com. The Board acknowledges having taken note of the elements at "points to be watched" sections of the Code.

5.1 THE BOARD OF DIRECTORS

5.1.1 COMPOSITION AND SCOPE OF THE BOARD

5.1.1.1 Composition of the Board of Directors

According to the legal, regulatory and applicable statutory provisions, the Board of Directors must be composed of at least three members, 18 at the most, appointed by the General Shareholders' Meeting for a three-year period.

The Board of Directors meeting of 26 April 2017 acknowledged the retirement as directors of Messrs. Russell Greig and David Solomon effective as of the end of the General Shareholders' Meeting having approved the financial statements of the year ending 31 December 2016 which met on that same day.

The General Shareholders' Meeting of 26 April 2017:

- renewed the terms of office as directors of Judith Greciet and of Financière de la Montagne,
- appointed as directors Christine Garnier and Elvira Sanz,

for a period of three years expiring at the close of the Ordinary General Meeting to be held in 2020 in order to approve the financial statements for the year ended 31 December 2019.

Finally, the Board of Directors decides freely on the procedures pertaining to the Company's general management. These can be assumed under the responsibility of either the Chairman of the Board of Directors or by another individual appointed by the Board and given the title of Chief Executive Officer.

Onxeo's Board currently separates the functions of Chairman and Chief Executive Officer.

At the time of this report, the Board of Directors is composed of nine members:

- Joseph ZAKRZEWSKI Independent Director, Chairman
- Judith GRECIET Director, Chief Executive Officer
- Danièle GUYOT-CAPARROS Independent Director
- Thomas HOFSTAETTER Independent Director
- Jean-Pierre KINET Independent Director
- Jean-Pierre BIZARRI Independent Director
- Christine GARNIER Independent Director

- Elvira SANZ — Independent Director
- Financière de la Montagne SARL, representative is Nicolas TREBOUTA. — Director and shareholder, whose permanent

The Board of Directors also appointed among its members a senior independent Director, Danièle GUYOT-CAPARROS. This Director shall ensure that the Company complies at all times with the applicable practices of good governance, particularly in respect of French regulations. She will also be responsible for providing the Board with ongoing assistance to ensure the proper functioning of the Company's governance bodies and to offer her perspective on the operations on which the Board is called upon to deliberate.

In accordance with the provisions of the French law of 27 January 2011 referring to proportionate gender balance on corporate boards, stipulating that the percentage of members of either sex may not be less than 40% as of 1 January 2017, the Board of Directors has among its members today four women who make up 44% of its members. With a Director representing the major shareholder of the Company, the Board believes that its composition appropriately takes into account the shareholders participation in its capital.

The Board members bring together essential top-level skills, thereby enriching the work and deliberations of the Board and the specialized committees with varied experience in their fields of expertise, particularly in the health and biotechnology sectors. They are mindful of all shareholder interests and engage fully in the deliberations, participating effectively in the Board's decisions and validly supporting them.

Detailed information on each member of Onxeo's Board and details of their mandates are provided in Chapter 5.1.2.1 of this Registration Document.

5.1.1.2 Missions of the Board of Directors

The Board of Directors is responsible for determining the direction of the business of the Company and the Onxeo Group in terms of strategic, economic and financial policies. It oversees their proper implementation.

Subject to the powers expressly granted by the Shareholders' Meetings and within the limits of its corporate purpose, the Board handles all matters affecting the smooth operation of the Company and takes decisions about the more pertinent subjects by deliberation, including all strategic decisions affecting the company and the Group, at the initiative of its Chief Executive Officer.

The Board's rules of procedure, which are available to shareholders at the head office and on the Company's website www.onxeo.com, determine the mission of the Board, its committees and organizes their work.

These rules specify the Board's operating methods and the procedures for implementing the legal and statutory provisions regarding its role in the management of the Company and the Group. It also specifies the rights and duties of the Board members, mainly regarding the prevention of conflicts of interest, multiple directorships, the strict confidentiality of deliberations and due diligence in participating in the work of the Board. Finally, it deals with AMF rules relating to Onxeo share transactions.

The Board's rules of procedure clearly state that in order for it to fully fulfil its duties:

(i) The Chief Executive Officer and the Chairman of the Board, as well as the Chairman of each committee, shall be responsible for conveying useful information to other members of the Board;

(ii) Board and Committee meetings shall be preceded by notification, within a reasonable time, of the items on the agenda that require reflection and special analysis, where appropriate this information should be accompanied by documentation;

(iii) The Board must be regularly informed of any significant event related to Company business;

(iv) In order to enable easy consultation and in some cases facilitate the Directors' decision-making, and in accordance with the law, the Board's rules of procedure authorize the use of videoconferencing and teleconferencing systems.

5.1.1.3 Organisation and report on the Board's activities in 2017

The Board of Directors meet when convened by its Chairperson, who sets the agenda for each session. In order to better prepare decision-making concerning the different missions under its responsibility, Onxeo's Board of Directors has established four committees:

- the Audit Committee,
- the Compensation Committee,
- the Appointments and Governance Committee, and
- the Business Development Committee

5.1.1.3.1 The Board's activity report

Ten board meetings were held in 2017. The attendance rate was 94%.

At each of these meetings, the Board of Directors took note of the progress of projects and prospects of activities and results and paid particular attention to financing and Company strategy. Beyond these recurrent themes, the Board made the following key decisions during 2017:

- **At the Board meeting of 13 February 2017**, the terms of a receivable and debt settlement within the framework of a partnership agreement were approved.
- **At the Board meeting of 6 March and 7 March 2017**, the separate and consolidated financial statements for 2016 were approved, together with the terms of the associated press release. It approved the annual report, the report of the Chairman on corporate governance, internal control and risk management, as well as special reports on the allocation of share options or purchase of shares and the bonus shares. The Board examined statutory agreements. It approved the draft resolutions and convened the Annual General Meeting and decided on the policy of the Company on professional and wage equality. The minutes of the various committees were presented to the Board.
- **At the Board meeting of 26 April 2017** sales figures for Q1 2017 were approved, together with the terms of the associated press release. The minutes of the various committees were presented to the Board.
- **The Board meeting of 15 June 2017** approved the principle of a capital increase through the issuance of ordinary shares without preferential subscription rights by way of private placement, up to a maximum of 10% of the capital, by way of the delegation of all powers to carry out the planned new issue granted to the Board by the General Meeting of 24 May 2017 under its eighteenth resolution and sub-delegated to the Chief Executive Officer.

  The Board also authorised the signing of commitment letters and an investment contract with Guggenheim Securities LLC and Oddo BHF SA, as investment agents, within the framework of the private placement, the object of the aforementioned capital increase.

  The Board allocated bonus shares in favour of the Chief Executive Officer and the employees of the Company and of its subsidiaries.
- **The Board meeting of 19 June 2017** amended the maximum amount of the capital increase through the issue of ordinary shares with cancellation of the preferential subscription right of shareholders by way of a private placement, principle of which was approved by the Board meeting of 15 June 2017.
- **The Board meeting of 28 July 2017** approved the half-yearly financial statements at 30 June 2017 and approved the interim financial report, together with the terms of the associated press release. It noted the cancellations of securities giving access to capital during the course of the second half of 2017.

  The Board also:

  - reviewed the achievement of the performance conditions of subscription plans and of the bonus share allocation plan of 28 July 2016,
  - amended the terms of the share options allocated by the Company in order to extend by five stock market days the exercise period of the options in case of cessation of functions in the event the beneficiaries concerned have the capacity of insider on the day of cessation of their functions within the Onxeo Group,

- allocated share options and bonus shares to employees of the Onxeo Group and the Chief Executive Officer,
- issued share subscription warrants for non-salaried non-executive Board members.
- conducted the semi-annual review of the objectives of the senior management,
- noted the capital increase resulting from the final acquisition of the bonus shares allocated on 28 July 2016,

The works of the different committees were presented to the Board.

- **The Board meeting of 11 August 2017** examined a proposal on the financing of the Company.
- **The Board meeting of 18 October 2017** examined the ruling of the Commercial Court of Paris handed down on 17 October 2017 in the dispute with SpeBio and SpePharm, authorized the Chief Executive Officer to appeal the ruling and started negotiations with the representatives of SpePharm.
- **The Board meeting of 26 October 2017** approved the consolidated revenue for Q3 2017, together with the terms of the associated press release. The work of the Appointment and Governance Committee were presented.
- **The Board meeting of 20 December 2017**:
  - approved the 2018 budget.
  - confirmed the cancellation of securities and rights giving access to the capital that was carried out during H2 2017,
  - noted the capital increase resulting from the exercise of share options and amended Article 6 of the Articles of Association of the Company,
  - determined (i) the variable remuneration of the Chief Executive Officer for 2017 and (ii) the objectives of the Chief Executive Officer and her remuneration for 2018.
  - ruled on the principles of payment of directors' fees to be paid to members of the Board of Directors for the financial year 2018

5.1.1.3.2 The Audit Committee

Composition

Audit Committee members are selected from among the directors. They are appointed on a personal basis and cannot be represented. The term of office of the Committee members coincides with that of their directorship.

The committee may only include members of the company's Board of Directors, excluding those in management positions.

It is composed of two or three members, one at least of whom must have specific financial or accounting skills and be independent.

The Audit Committee is presently composed of three members: Danielle GUYOT-CAPARROS, who chairs the committee, Joseph ZAKRZEWSKI and Nicolas TREBOUTA, permanent representative of Société Financière de la Montagne. Judith Greciet, Chief Executive Officer, attends the meetings as an invitee of the Audit Committee.

At the date of this report, the Committee has two independent Directors, including its Chairman.

Mission

The Audit Committee's overall mission is to assist the Board of Directors in monitoring issues related to the development and control of semi-annual and annual accounting and financial information as well as elements to assess the risks incurred by the Group.

It examines the accounts prior to their presentation to the Board and gives views on the appointment and remuneration of the auditors as well as elements relating to their independence.

As part of its review of the company's consolidated financial statements, the Audit Committee ensures that the adopted accounting principles, which have a significant impact on the presentation of the financial statements of the company, have been formally validated by the executive management and the auditors and that they are brought to the knowledge of the Board of Directors. It also ensures that the main accounting options and choices

made have been explained and justified by the executive management to the Board and reviewed by the Auditors. Finally, it ensures that the Auditors have access to all information necessary to carry out their responsibilities and that they were able to present all their material observations.

Within the framework of internal control, the Audit Committee ensures the monitoring of the effectiveness of the internal control systems.

The Company became aware of the final AMF report concerning the 22 July 2010 Audit Committee and has used it to complete the role of the Committee.

Organization and minutes

The Audit Committee meets at least twice a year in advance of the approval of annual and half-yearly financial statements. In 2017, it held four sessions with a 100% attendance rate.

The Committee met on **1 March 2017**, at which time the 2016 consolidated financial statements and the audit of the 2016 accounts were presented and thoroughly reviewed. It also reviewed the Company's risk management process and the Chair's report on corporate governance, risk management and internal control.

During its meeting of **12 June 2017**, the Committee examined the planned capital increase by means of private placement with qualified investors.

During its meeting of **25 July 2017**, the Committee reviewed all documents related to the half-year results.

During its meeting of **15 December 2017**, the Committee reviewed the draft budget for 2018 and the short-term financing plan of the Company.

At its various meetings, the Audit Committee heard from the Group's CFO and the auditors who submitted their comments.

5.1.1.3.3 Compensation Committee

Composition

The members of the Compensation Committee are selected from among Onxeo's directors or outside experts. They are appointed on a personal basis and cannot be represented. The term of office of the Committee members coincides with that of their directorship.

At the time of this report, the Compensation Committee was composed of three members:

Thomas HOFSTAETTER, who chairs the committee, Elvira SANZ and Nicolas TREBOUTA, permanent representative of Société Financière de la Montagne. It is made up of two independent Directors, including its Chairman. Judith GRECIET, Chief Executive Officer, attends the meetings as an invitee of the Compensation Committee.

Mission

The Compensation Committee is responsible for preparing the decisions of the Board of Directors in particular on (i) the determination of the main annual objectives of Management and, where applicable, the Deputy Managing Director, (ii) the initial level and any increase in Management and possibly the Deputy Managing Director (including the fixed and variable portions and benefits in kind, including share options or share purchase or bonus shares), (iii) the distribution of attendance fees allocated to directors, (iv) any exceptional remuneration of directors for specific tasks or duties assigned by the Board.

Moreover, Management informs the committee of the Company's remuneration policy and proposes draft allocation plans of share options, share purchase warrants and bonus shares.

Organization of work

The Compensation Committee meets at least once a year. In 2017 three sessions were held with a 100% attendance rate.

At its meeting of **6 March 2017**, the Committee reviewed the provisions of the "Sapin II" law, the allocation policy of share options, bonus shares and share subscription warrants, the amount of directors' fees allocated to the Board of Directors and put in place an evaluation grid of the Chief Executive Officer.

At its meeting on **27 July 2017**, the Committee reviewed the attainment of the performance conditions of the 2016 share option and bonus share allocation plans for employees and the Chief Executive Officer. It has issued recommendations concerning the amendments of the terms of the share options allocated by the Company under the 2010 to 2016 plans in order to extend the exercise period of the options in case of cessation of functions in the event the beneficiary concerned has the capacity of insider on the day of cessation of its functions within the Onxeo Group.

It examined the conditions for granting new share options and bonus shares to executives and employees of the Group. The Committee also reviewed the conditions of the warrant plan for non-salaried non-executive Board members of the Company.

At its meeting on **19 December 2017**, the committee examined the variable remuneration of the Chief Executive Officer for 2017 and her objectives for 2018. It also discussed the Chief Executive Officer's remuneration for FY 2018. Finally, it reviewed the principles of distributing directors' fees for the financial year 2018.

5.1.1.3.4 Appointments and Governance Committee

Composition

The members of the Appointments and Governance Committee are selected from among Onxeo's Directors or outside experts. They are appointed on a personal basis and cannot be represented. The term of office of the Committee members coincides with that of their directorship.

At the time of this report, the Appointments and Governance Committee is composed of four members: Danièle GUYOT-CAPARROS, who chairs the committee, Christine GARNIER, Jean-Pierre BIZZARI and Jean-Pierre KINET. It is made up of four independent Directors, including its Chairman. An additional member may be appointed on a temporary basis to the Appointments and Governance Committee if his/her profile is suited to the subject at hand. Judith GRECIET, Chief Executive Officer, attends the meetings as an invitee of the committee.

Mission

The Appointments and Governance Committee's mission is to prepare the decisions of the Board of Directors in case of changes to the composition of the Board of Directors or Management.

In particular it shall be responsible for:

- Presenting to the Board of Directors recommendations on the composition of the Board and its Committees, in particular on its changes;
- Preparing succession plans for the Board and Management;
- Annually reviewing the list of the members of the Board who may be qualified as 'independent members';
- Examining potential conflicts of interest
- Organizing any selection and evaluation process with a view to recommending to the Board of Directors the final list of candidates for a Director position; and
- Reviewing, with Management, the profiles of candidates for a position on the Executive Committee and participating, if necessary, in the interview process.

Organization of work

The Appointments and Governance Committee meet in an ad hoc manner, but at least once a year. In 2017, it held two sessions with a 100% attendance rate.

5.1.1.3.5 Business Development Committee

Composition

The Business Development Committee members are selected from among the directors. They are appointed on a personal basis and cannot be represented. The term of office of the Committee members coincides with that of their directorship.

This Committee is composed of Thomas HOFSTAETTER who chairs the committee, Elvira SANZ, Christine GARNIER, Jean-Pierre BIZZARI and Jean-Pierre KINET. There are thus five independent directors, including the Chairman. Judith GRECIET, Chief Executive Officer, attends the meetings as an invitee of the committee.

Mission

The Business Development Committee supports and assists the executive management on acquisition projects and strengthening the product pipeline, sale or license agreements, as well as the Company's strategic direction.

It prepares the Board's deliberations relating to the Company's strategic direction. It makes proposals and gives opinions and recommendations in its field of competence.

As such, it must:

- Discuss, assess and evaluate the strategic plan proposed by the Chief Executive Officer to the Board of Directors including the research program issues and the associated strategic choices with regard to the external and internal business context,
- Investigate, propose targets and present its recommendations on the acquisition of new business projects, whether in the form of acquisitions of assets or companies (as well as their related financing), on any proposed the sale of assets, or on investments belonging to the Company.

Organization of work

The Business Development Committee meets at least once a year. In 2017, it held two sessions with a 100% attendance rate.

5.1.1.4 Assessment of the Board of Directors

In accordance with recommendation No 11 of the Middlenext corporate governance code to which the Company adheres, once a year, the Chairman of the Board requests that each member expresses their opinions on the Board's functioning and the preparation of its work.

The assessment completed in 2017 gave the Board the opportunity to review and amend the organization of the specialized committees, and to review more generally the organizational rules of the meetings of the Board to ensure greater fluidity of information and greater responsiveness of Directors.

5.1.2 INFORMATION ON THE DIRECTORS

The board does not have a director elected by employees or an observer.

Apart from Mrs. Judith GRECIET, who is also the CEO of the Company, no Director exercises any executive or salaried function for Onxeo or for any company directly or indirectly controlled by Onxeo.

No family relationship exists between any Directors.

No Director has been sentenced for fraud, none has been involved in a management or director capacity in any corporate bankruptcy, receivership or liquidation during the past five years and none has been the subject of any official public incrimination and/or sanction that has been definitively issued by a statutory or regulatory authority. None of them has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or of taking part in the management or the running of the business of any issuer during the past five years. The other mandates/functions of the Directors noted hereunder are based on the interest declaration made by the Directors. The Company emphasizes that it disclaims any liability arising out of the information given by the Company management or its corporate officers.

5.1.2.1 Corporate offices

As of the date of the Registration Document, the Company Board of Directors comprises the following members:

Director	Offices and mandates
Joseph ZAKRZEWSKI Joseph Zakrzewski has served as Chairman of Onxeo since 22 January 2016. His term of office will expire at the General Meeting of Shareholders of 2019. Born on 30/12/1962, Mr Zakrzewski has over 25 years of experience in the biotechnology and the pharmaceutical industries. He is a member of the Board of Directors of several listed and unlisted companies. He advises many entities, and also engages in various philanthropic activities. Mr. Zakrzewski was a Venture Partner in 2010 and 2011 at Orbimed, the largest fund dedicated to health in the world. From 1988 to 2004, Mr. Zakrzewski held various positions at Eli Lilly & Company, especially in R&D, production, finance, and business development for the biotechnology and protein divisions. Business address 715 Street Road, New Hope, PA 18938 United States	*Within the Company* • Chairman of the Board of Directors of Onxeo SA *Outside the Company* • Director of Acceleron Pharmaceuticals Inc. (USA) • Director of Amarin Pharmaceuticals Inc. (USA) • Director of Insulet Corporation (USA – Public)) *Other mandates and offices held over the past previous 5 years and no longer held* • Director of Liposcience Inc. (USA) • Director of I Corporation (USA)

Director	Offices and mandates
Judith GRECIET Judith Greciet joined Onxeo on March 1, 2011, as Chief Operating Officer in charge of R&D and Operations. She has been Chief Executive Officer and a Director of the company since 29 June 2011. Her term of office will expire at the shareholders' general meeting of 2020. Born on 10/27/1968, Judith Greciet's career has been spent in various laboratories (including Eisai, Zeneca, and Wyeth), occupying important managerial and strategic international positions in the growing field of oncology and Immunology, working on innovative products. She has a PhD in Pharmacy and is a graduate in business administration and pharmaceutical marketing. Business address: ONXEO 49, Boulevard du Général Martial Valin 75015 Paris France	*Within the Company* • Director and Chief Executive Officer of Onxeo SA *Outside the Company* • President of Onxeo Inc. (United States) *Other mandates and offices held over the past previous 5 years and no longer held* • Director of Theravectys SA, France • Chairman of Laboratoires BioAlliance Pharma SA

Director	Offices and mandates
Danièle GUYOT-CAPARROS Danielle Guyot-Caparros has been a Director of Onxeo since June 26, 2013. Her term of office will expire at the General Meeting of Shareholders of 2019. Born on 10/16/1958, Danielle Guyot-Caparros started her career with an audit firm carrying out international assignments, and then joined Rhône-Poulenc, later to become Aventis and then Sanofi, occupying several important posts, notably with responsibilities carried out in France at European level, in business planning and performance monitoring on a worldwide level. Business address 4, rue Eblé 75007 Paris France	*Within the Company* • Director of Onxeo SA *Outside the Company* • None *Other mandates and offices held over the past previous 5 years and no longer held* • Member of the supervisory board of Diaxonhit

Director	Offices and mandates
Christine GARNIER Christine Garnier has been a Director of Onxeo since April 26, 2017. Her term of office will expire at the General Meeting of Shareholders of 2020. Born on 28/02/1961, Christine Garnier is co-founder of the firm AEC Partners and is Managing Partner since 1998. A graduate from ESCP Europe, her consultant activity is specialized in corporate, international and operational strategies, evolutions in business models and organizations, and the optimization of performance across the life science industry. During the last twenty years, Christine Garnier has managed more than 200 assignments on primary and specialty care products, vaccine products, as well as medical device and OTC. She accompanies executive committees and operational and functional management in the development of vision, their strategies and the evolution of their organizations. The perimeters of her interventions concentrate on Europe and fast developing countries (South East Asia, Latin America…) as well as international and corporate headquarters. She provides her clients with a strong expertise in strategy and organization coupled by her skill to identify and initiate necessary transformations. Before joining AEC Partners, Christine Garnier previously worked for 12 years in the pharmaceutical industry holding marketing positions in Wyeth and international marketing and strategic planning at Rhone Poulenc Rorer. Business address: AEC Partners 27 avenue Pierre 1er de Serbie 75116 Paris France	*Within the Company* • Director of Onxeo SA *Outside the Company* • Managing director of AEC General Partners (Private company) • Managing director of AEC Limited (Private Company) • Director of AEC Asia (Private company) *Other mandates and offices held over the past previous 5 years and no longer held* • None

Director	Offices and mandates
Elvira SANZ URGOITI Elvira Sanz has been a Director of Onxeo since April 26, 2017. Her term of office will expire at the General Meeting of Shareholders of 2020. Born on 10/04/1959, Elvira Sanz is a Doctor in Pharmacy by the Complutense University of Madrid, with Extraordinary Prize of End of Career and graduated with an International MBA by the Business School ESDEN, first in her class. She has undertaken postgraduate courses in prestigious universities and international business schools, such as the Harvard Business School and Wharton University. She has extensive experience in the pharmaceutical industry which she has accumulated over 25 years, starting as Research Scientist and occupying positions of growing responsibility across different business areas for MSD, Roche and Cyanamid. In 1994, she joined Wyeth Farma as Director of Registrations and New Products. She was appointed in 1996 as Marketing Director and subsequently, in 1998, Deputy Director General until 2000, when she was appointed as Director General for Spain. In 2005, she joined Wyeth's US headquarters to develop a global project, reporting to the CEO of the company, for the restructuration of Wyeth's affiliates at global level. In 2007, she returned to Spain as General Director for Spain and Portugal. Following the acquisition of Wyeth by Pfizer in October 2009, she was named President and Director General, a position she held until 2015. Business address: Bolonia 1 28028 Madrid Spain	*Within the Company* • Director of Onxeo SA *Outside the Company* • Administration Board member "Universidad Europea de Madrid" • Board member "Save the Children" *Other mandates and offices held over the past previous 5 years and no longer held* • President Pfizer SL • President Pfizer GEP SL • President Laboratorios Parke Davis SL • President Wyeth Farma SA • President Vinci Farma SA • President Hospira Invicta SA • President Pharmacia Nostrum SA • President Binesa 2002 SL • Board member Zoetis Spain SL

Director	Offices and mandates
Thomas HOFSTAETTER Thomas Hofstaetter has been a Director of Onxeo since 31 May 2012. His office will be proposed for renewal at the General Meeting of Shareholders of 2018. Born on 04/06/1948, Thomas Hofstaetter holds a doctorate in molecular biology from the University of Tubingen, Germany. He has over thirty years' experience in corporate development and mergers and acquisition of pharmaceutical and biotechnology companies, particularly with Wyeth, Inc., Aventis, VaxInnate Corporation and Geron Corporation. Business address Thomas Hofstaetter Lindenstr. 37 60325 Frankfurt Germany	*Within the Company* • Director of Onxeo SA *Outside the Company* • None *Other mandates and offices held over the past previous 5 years and no longer held* • Director of Bionor Pharma ASA, Norway • Director of Geron Corporation, USA

Director	Terms of office and functions
FINANCIERE DE LA MONTAGNE, represented by Nicolas Trebouta Financière de la Montagne has been a Director since 29 June 2011. Its term of office will expire at the General Meeting of Shareholders of 2020. Born on 29/05/1963, Nicolas Trebouta, has managed investments since 2004 directly through his company, Financière de la Montagne, or through biotech funds. Co-founder of Chevrillon and Associates in 2000, he participated via this organisation in several LBO operations including Picard Surgelés, the printer CPI, and Albingia Insurance. He is a medical doctor and has been a shareholder of Onxeo SA (previously BioAlliance Pharma SA) since 2008. Business address Financière de la Montagne 4-6, Rond-Point des Champs Elysées 75008 Paris France	*Within the Company* • Director of Onxeo SA *Outside the Company* • Manager of the SCI du Chardonnet • Manager of the SARL Financière de la Montagne SARL • Manager of the SCI Fleurus Immobilier • Manager of the SCI 5 rue de la Liberté • Chairman of the SAS Dragon 8 • Manager of the SC Financière des Associés • Director of the GIE IO • Chairman of the Supervisory Board of the SCA Chevrillon & Associés • Manager of the EARL Ferme de Bissy • Manager of the SC Valois • Manager of the SCI du Trillon • Manager of the SC Aster *Other mandates and offices held over the past previous 5 years and no longer performed* • Chairman & CEO of the SICAV Mercure Epargne Longue (dissolved in May 2014)

Director	Terms of office and functions
Jean-Pierre BIZZARI Jean-Pierre Bizzari has been a Director since 6 April 2016. His term of office will expire at the General Meeting of Shareholders of 2019. Born on 29/10/1954, Doctor Jean-Pierre Bizzari was Executive Vice President and Director of clinical development in Oncology for the United States, Europe, Asia and Japan for Celgene from 2008 to 2015. He participated in the clinical development of several anti-cancer agents such as Taxotere®, Eloxatin® and Abraxane®, and Irinotecan® (CPT-11). A world renowned Oncology expert, he is a member of the Scientific Advisory Council of the National Institute of Cancer (INCa), of the European Organisation for Research and Treatment of Cancer (EORTC), and President of the New Drug Advisory Committee. Dr Bizzari is also an active member of the Board of Directors of several biotechnology companies in France and the United States. He has published over 70 articles in reputable scientific journals and presented more than 160 "abstracts" at scientific congresses. Business address 100 St Georges Road Unit 4A Ardmore. 19003. PA. USA	*Within the Company* • Director of Onxeo SA *Outside the Company* • Director of Transgene SA (France) • Director of Halozyme Therapeutics, Inc. (USA) • Director of Pieris Pharmaceuticals, Inc. (USA) • Director of iTeos Therapeutics (Private, Belgium) • Director of Nordic Nanovector ASA (Public, Norway) • Director of European Organisation for Research and Treatment of Cancer (EORTC) *Other mandates and offices held over the past previous 5 years and no longer held* • Director of Celator Pharmaceuticals (USA)

Director	Offices and mandates
Jean-Pierre KINET Jean-Pierre Kinet has been a Director since 6 April 2016. His term of office will expire at the General Meeting of Shareholders of 2019. Born on 23/10/1953, Professor and Doctor Jean-Pierre Kinet is one of the most prominent worldwide experts in Immunology, mostly known for having discovered several genes and proteins constituting the immunoglobulin E-receptors. His scientific discoveries have helped introduce therapies and new diagnostic tools for the treatment of diseases related to the deregulation of the immune system. He is also co-founder and founder of two biotechnology companies and member of the Board of Directors of several other European biotechnology companies. Dr Kinet has been Professor of Pathology at Harvard Medical School in Boston, USA until January 2018. Jean-Pierre Kinet is also a member of the Scientific Advisory Committee of UCB Pharma, Managing Partner at iXLife Capital Business address 1950 chemin des Lauves 13100 Aix en Provence France	*Within the Company* • Director of Onxeo SA *Outside the Company* • Director of AB Science SA (France) • Director of Pharmaleads SA (France) • Chairman of Board of directors of Vaxon SA (France) • Chairman of Ixlife Capital SAS (France) • Member of the Board of the Harvard Institute of RNA Medicine (HIRM) • Member of the Board of the Harvard-associated BIDMC Cancer Center *Other mandates and offices held over the past previous 5 years and no longer held* • Chairman of board of directors of Theravectys SA (France) • Director of UCB Pharma SA (Belgium)

5.1.2.2 Conflicts of interest

As provided by the bylaws of the Board of Directors, each director must potential avoid any conflict – whether material or moral – between their interests and those of the Company. They must disclose to the Board fully and without delay any conflict of interest – whether actual or potential – that might implicate them directly or indirectly.

In the case of a conflict of interest, even if potential, arising after the start of his term of office, the relevant director must disclose it to the Board of Directors without delay, abstain from any debates and votes on the matters concerned by this conflict and, if relevant, resign.

An omission or silence by a director is treated as a positive affirmation that no conflict exists.

To the Company's knowledge, at the date of the present Registration Document, there are no conflicts of interest between the Directors' duties towards the Group and their private interests and/or other duties.

5.1.2.3 Independence

At the date of the Registration Document, the Company estimates that its Board of Directors counts seven independent directors as defined in MiddleNext code of governance: Danièle Guyot-Caparros, Thomas Hofstaetter, Joseph Zakrzewski, Jean-Pierre Kinet, Christine Garnier, Elvira Sanz Urgoiti and Jean-Pierre Bizzari.

5.1.2.4 Directors'remuneration

The remuneration of executives who are officers of the company consists of a fixed remuneration plus possibly a benefit in kind (usually a company car) and of variable remuneration consisting of an annual part, set according to annual performance criteria.

In addition to the above remuneration, share options or free shares may be awarded to promote loyalty.

Executives who are company officers do not receive director's fees for their office.

The Company does not award severance pay for the term of office or offer a supplementary pension scheme.

Onxeo complies with the MiddleNext corporate governance code with respect to the remuneration of executives who are corporate officers of companies whose shares are admitted for trading on a regulated market.

In addition, the Board of Directors has decided to grant four share subscription warrants to directors who are not employees or officers of the Company. The characteristics of these share warrants are described in Table 8 in section 5.2.2 of this Registration Document.

Directors' fees and other remuneration received by non-executive corporate officers				
Non-executive corporate officers	**Amounts for FY 2017** 10 board meetings and 11 committee meetings		**Amounts for FY 2016** 6 board meetings and 10 committee meetings	
	Directors' fees in €	Other remuneration	Directors' fees in €	Other remuneration
Joseph Zakrzewski	74,000	60,000 warrants	69,000	157,500 warrants
Danielle Guyot-Caparros	23,900	40,000 warrants	29,400	-
Thomas Hofstaetter	25,900	40,000 warrants	27,400	20,000 warrants
Financière de la Montagne, represented by N. Trebouta	N/A	40,000 warrants	N/A	47,500 warrants
Jean-Pierre Kinet	19,400	-	19,550	30,000 warrants
Jean-Pierre Bizzari	20,900	40,000 warrants	17,550	47,500 warrants
Christine Garnier	17,310	40,000 warrants	N/A	N/A
Elvira Sanz	18,310	40,000 warrants	N/A	N/A
Russell Greig	5,590	-	25,400	-
David Solomon	4,590	-	23,900	-
Patrick Langlois	N/A	N/A	3,556	2,000 €
TOTAL	**209,900**	**300,000 warrants**	**215,756**	**302,500 warrants**

(*) Consultancy contract signed by Onxeo and PJL Conseils on 1 July 2012 providing for a fixed fee of 2000€ (excl. VAT) per month.

Directors do not benefit from any deferred indemnity or remuneration on any termination of their term of office.

5.1.2.5 Agreement with main shareholders, clients or suppliers

To the knowledge of the Company, at the date of the Registration Document, no deal or agreements exists entered into with the main shareholders, clients or suppliers, whereby a director was designated as member of the Board of directors, management or supervisory body or the general management.

5.1.2.6 Restrictions accepted by corporate officers to sell their shares

To the knowledge of the Company, at the date of the Registration Document, there is no restriction accepted by the corporate officers to sell the shares they hold in the Company.

5.1.2.7 Information on service agreement between members of the Board of the Directors, Executive Committee, or Supervisory Board of the Company or its subsidiaries

There is no service agreement entered into between members of the Board, management or supervisory body and the Company or one of its subsidiary.

5.2 THE EXECUTIVE COMMITTEE

As of the date of this Registration Document, the executive management of this Company is exercised by Judith GRECIET, Chief Executive Officer, of whom a presentation is provided in Section 5.1.2.1 above.

5.2.1 LIMITS PLACED BY THE BOARD ON THE POWERS OF THE CEO AND ITS DEPUTES

The Board's bylaws, which are available on the Company's website, set out the terms of the CEO's powers and duties.

The Chief Executive Officer and the Chief Operating Officer cannot undertake certain acts, measures, commitments or contracts if they have not obtained prior authorization from the Board of Directors.

Accordingly, in addition to those Company operations that legally require the Board of Directors' authorisation including sureties, guarantees, endorsements and the establishment of collateral arrangements for the purposes of ensuring third party commitments – the following require the Board's prior approval:

- finalization of the annual budget;
- any decision to acquire or dispose of Company or business assets, or any decision to invest in a company, by any means whatsoever;
- any decision of acquisition or disposal of assets or investments or any contract that commits the Company for an amount exceeding €400,000 per year for any decision other than those approved in the Company's annual budget; and
- any decision to make available or grant rights to important intellectual or industrial property or tangible assets owned by the Company.

5.2.2 RÉMUNÉRATION OF THE EXECUTIVE COMMITTEE MEMBERS

The remuneration of executives who are officers of the company consists of a fixed remuneration plus possibly a benefit in kind (usually a company car) and of variable remuneration consisting of an annual part, set according to annual performance criteria.

In addition to the above remuneration, share options or free shares may be awarded to promote loyalty.

Executives who are company officers do not receive director's fees for their office.

The Company does not award severance pay for the term of office or offer a supplementary pension scheme.

Onxeo complies with the MiddleNext corporate governance code with respect to the remuneration of executives who are corporate officers of companies whose shares are admitted for trading on a regulated market.

Judith Greciet

Judith Greciet joined Onxeo on 2 March 2011, as Chief Operating Officer in charge of R&D and Operations. She was appointed Chief Executive Officer on 29 June 2011.

Judith Greciet's fixed annual gross pay was set at €310,590 for the year 2017 by the Board of Directors on 20 December 2016 on the proposal and recommendation of the Appointments and Remuneration Committee.

On 20 December 2016, the Board of Directors also decided that the variable remuneration of the Chief Executive Officer would in principle represent up to 50% of the fixed salary, and that for FY 2017 it would be subject to the achievement of objectives related to research and development activities, the structuring of Company strategy, and quality of investor relations. After a review of the objectives, the Board on 21 December 2017 evaluated the achievement of objectives at 100% allowing the determination of Judith Greciet's variable compensation for 2017 at a package weighed by an internal coefficient of 50% for the Company, i.e. €77.647.50, after approval by the General Shareholders' Meeting that will be held in 2018.

In 2017, Judith Greciet received no attendance fees in accordance with the rules set out in the preceding paragraphs and did not receive any other instruments providing access to capital, except for the allocation of share options (AGA).

She did not receive any benefits in kind in 2017 other than a company car.

Onxeo considers that it complies with the recommendations of the MiddleNext Code concerning the remuneration of directors and executive directors of companies whose shares are admitted to trading on a regulated market.

The tables relating to the recommendation of the Financial Markets Authority No 2014-14 "Guide to the preparation of registration documents adapted to average values" are presented below.

Table 1

Summary table of remuneration, share options and shares allocated to each executive officer (in €)		
Judith Greciet - Chief Executive Officer	**Financial Year 2017**	**Financial Year 2016**
Remuneration payable in respect of the financial year is broken down in Table 2	391,386	383,603
Value of options awarded during the year	53,200	42,700
Value of performance shares awarded during the year	202,276	84,600

Table 2

Summary table of remuneration of each senior executive company officer (in euros)				
Judith Greciet - Chief Executive Officer	Amounts for financial year 2017		Amounts for financial year 2016	
	Owed	Paid (1)	Owed	Paid (1)
- Fixed remuneration (2)	310,590	310,590	304,500	304,500
- Variable remuneration (3)	77,648	76,125	76,125	127,500
- Exceptional remuneration	N/A	N/A	N/A	N/A
- Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind (4):	3,147	3,147	2,978	2,978
TOTAL	391,386	389,863	383,603	434,978

(1) Payment of variable remuneration for year Y to year Y + 1
(2) Fixed compensation includes base salary, the monetary value of paid leave, and any back pay or absences
(3) Variable compensation is based on the achievement of objectives related to R&D, corporate strategy, financial management, the share price, investor relations, and the organization of the company
(4) Company car

Table 3 – Directors' fees and other remuneration received by non-executive corporate officers.

Table 3 is provided in Section 5.1.2.4 of this Registration Document.

Table 4 – Share options to purchase or subscribe for shares granted during the financial year to each corporate officer

During FY 2017, 70,000 share options (SO) were allocated to Judith Greciet in her capacity as Executive Corporate Officer.

These options are only exercisable after a vesting period of 4 years, subject to the fulfilment of performance conditions evaluated one year after their allocation that relate (i) to the pursuit of the growth strategy through acquisitions and license agreements and optimizing the integration of these projects, (ii) managing the Phase III for Livatag in order to obtain results according to the planned schedule, and (iii) to ensure a stock market progression at least comparable to a representative sample of companies in the sector.

Share options to purchase or subscribe for shares granted during the financial year to each corporate officer						
Name of the corporate officer	**Allocation date**	**Nature of the options**	**Valuation of the warrants according to the Black & Scholes method (in euros)**	**Number of options granted during the year**	**Exercise price**	**Expiry date**
Judith Greciet	28/07/2017	Share options	€53,200	70,000	€4.00	28/07/2027
TOTAL				**70,000**		

Table 5 – Share options to purchase or subscribe for shares exercised during the financial year by each executive corporate officer

No option to purchase or subscribe for shares was exercised by the corporate officers in 2017.

Table 6 – Performance shares awarded during the financial year to each corporate officer

During FY 2017, 35,000 performance shares (AGA) were allocated to Judith Greciet in her capacity as Executive Corporate Officer.

These shares will vest at the end of a one-year period, subject to the fulfilment of performance conditions related to (i) managing the Phase III for Livatag in order to obtain results according to the planned schedule, (ii) to the pursuit of the growth strategy through acquisitions and license agreements and optimizing the integration of these projects, and (iii) to a stock market progression at least comparable to a representative sample of companies in the sector.

In addition, Mrs. Judith Greciet benefited from an exceptional allocation of 14,822 performance shares, not subject to attendance or performance conditions, in particular to take into account the quality of the work performed and the decision not to pay her the full amount of her variable compensation planned for the year 2016 in order to achieve cash savings.

Table 7 - Performance shares that vested during the financial year for each corporate officer

A total of 24,000 performance shares (AGA), attributed to Judith Greciet in her capacity as Executive Corporate Officer from 28 July 2016, vested in fiscal year 2017. 6.000 AGA attributed on that same date have been void as a result of the assessment of performance criteria.

Table 8 – History of the allocation of warrants and share options

As part of its policy of remunerating and motivating its executives and employees, Onxeo regularly implements plans for awarding warrants and bonus share.

Independent members of the Board also benefited from successive plans allocating share subscription warrants (BSA). As of 2014, these allocations were extended to all Directors not having the status of officers or employees of the Company.

Whether for share options or warrants, the exercise price is determined as the average over the last twenty trading days preceding the grant date.

The conditions for exercising the options and warrants granted to executives and corporate officers that were outstanding at 31 December 2016 are described in Table 8 hereafter.

History of the award of financial instruments granting rights to the share capital Information on warrants and stock options (SO) awarded to executive officers					
	SO Dir.2012	SO Dir.2014	SO Dir.2015	SO Dir.2016	SO Dir.2017
Date of GM	31/05/2012	30/06/2014	20/05/2015	06/04/2016	24/05/2017
Date of Board of Directors meeting	13/09/2012	22/09/2014	27/10/2015	28/07/2016	28/07/2017
Exercise terms	1 SO/1 share Vesting 4 years subject to performance conditions				
Shares that may be subscribed by executive corporate officers (Judith Greciet) (1)	56,507	18,871	60,000	70,000	70,000
Start date for exercise	13/09/2016	22/09/2018	27/10/2016	28/07/2017	28/07/2018
Expiry date	13/09/2022	22/09/2024	27/10/2025	28/07/2026	28/07/2027
Subscription price(1)	3.75	6,17	3,61	3,16	4,00
Shares subscribed at 31/12/2017	0	0	0	0	0
Cancelled or lapsed options	0	7,156	0	0	0
Options remaining at 31/12/2017(1)	103,597	18,871	60,000	70,000	70,000

(1) After adjustment of the number and subscription price of warrants following the capital increases of July 2011, July 2013 and December 2014 in accordance with Article L.2 228-99 of the Commercial Code (Board meeting of 28 July 2011, 14 November 2013 and 22 January 2015)

Table 8 (continued)

	Warrants 2012	Warrants 2013	Warrants 2014	Warrants 2014-2	Warrants 2015-1	Warrants 2015-2	Warrants 2016-1	Warrants 2016-3	Warrants 2017
Date of GM	31/05/2012	26/06/2013	30/06/2014	30/06/2014	20/05/2015	20/05/2015	06/04/2016	06/04/2016	24/05/2017
Date of Board of Directors meeting	13/09/2012	19/09/2013	22/09/2014	04/03/2015	27/10/2015	22/01/2016	28/07/2016	21/12/2016	28/07/2017
Exercise terms	1 warrant/1 share - Vesting/18 months								
Shares able to be subscribed by corporate officers (1) (2)	41,857	88,490	85,886	19,000	65,000	90,000	190,000	70,000	300,000
Of which Joseph Zakrzewski	N/A	N/A	N/A	N/A	N/A	90,000	50,000	17,500	60,000
Of which Thomas Hofstaetter	15,696	15,616	13,013	0	15,000	0	20,000	0	40,000
Of which Danielle Guyot-Caparros	N/A	15,616	13,013	0	0	0	0	0	40,000
Of which Jean-Pierre Bizarri	N/A	N/A	N/A	N/A	N/A	N/A	30,000	17,500	40,000
Of which Jean-Pierre Kinet	N/A	N/A	N/A	N/A	N/A	N/A	30,000	0	0
Of which Financière de la Montagne	N/A	N/A	13,013	5,500	15,000	0	30,000	17,500	40,000
Of which Christine Garnier	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	40,000
Of which Elvira Sanz	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	40,000
Of which Patrick Langlois	26,161	26,026	20,821	8,000	5,000	0	N/A	N/A	N/A
Of which David Solomon	0	15,616	13,013	5,500	15,000	0	30,000	17,500	N/A
Of which Russell Greig	N/A	15,616	13,013	0	15,000	0	0	0	N/A
Starting date for exercise of warrants	13/03/2013	19/03/2014	22/03/2015	04/09/2015	27/04/2016	22/01/2016	28/01/2017	21/06/2017	28/04/2018
Expiry date	13/09/2018	19/09/2023	22/09/2024	04/03/2025	27/10/2025	22/01/2026	28/07/2026	21/12/2026	28/07/2027
Issue price	€0.39	€0.40	€0.64	€0.63	€0.36	€0.33	€0.26	€0.24	€0.20
Subscription price(1)	€3.75	€3.85	€6.17	€6.26	€3.61	€3.33	€3.16	€2.43	€4.00
Shares subscribed at 31/12/2016	0	0	0	0	0	0	0	0	0
Total warrants cancelled or lapsed	0	0	0	0	0	0	0	0	0
Warrants outstanding at end of period (1)	41,857	88,490	85,886	19,000	65,000	90,000	190,000	70,000	300,000

(1) After adjustment of the number and subscription price of warrants following the capital increases of July 2011, July 2013 and December 2014 in accordance with Article L.228 28-99 of the Commercial Code (Board meeting of 28 July 2011, 14 November 2013 and 22 January 2015)

(2) The Board Meeting of 24/25 October 2016 issued, at the price of €0.26 each, 30,000 BSA in favour of two key consultants of the Company, out of which 30,000 were actually subscribed by their holders (authorization given by the General Meeting of 6 April 2016). Each warrant gives the right to subscribe to one share at the price of €2.61 each. Please refer to paragraph 7.1 and to Appendix 2 of this report.

Table 9 – Share options granted during the financial year to the top ten non-executive employees or exercised by them.

Options to subscribe for or purchase shares granted to the ten employees other than corporate officers receiving the largest number of options	Total number of options granted	Weighted average price	Plan
Options granted during the year to the ten employees other than corporate officers receiving the largest number of options granted (overall data)	229,000	€4.00	2017 SO Employee Plan

Table 10 – History of allocations of bonus shares

History of attributions of bonus shares Information on shares attributed free of charge	
	GM 2016
Date of meeting	6/04/2016
Date of the meeting of the Board of Directors	28/07/2016
Total number of bonus shares (1) attributed	164,750
O/w the number assigned to company representatives (Judith Greciet) (1)	30 000
Date of acquisition of the shares	28/07/2017
End date of the holding period	28/07/2018
Cumulative number of cancelled or lapsing shares	16,700
Outstanding bonus shares on 31/12/2016	148,050

(1) Subject to performance conditions, linked to the progress of R&D programs, to corporate and business development activities and to the market performance of the company.

Table 11 – Other benefits for company directors and representatives

Executive Officers	Employment contract		Supplementary pension plan		Indemnities or benefits due in respect of termination or change in duties		Indemnities related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Judith Greciet Chief Executive Officer since 29/06/2011 In office since: 29/06/2011 End of term: General Meeting called to approve the financial statements for the year ending on 31/12/2019		x	x			x		x

During the Board meeting of 21 May 2014 and on the proposal of the Appointments and Remuneration Committee dated 16 May 2014, the Board approved the suspension of the employment contract of Judith GRECIET with effect from 1 July 2014 for the duration of her term of office as Chief Executive Officer.

Commitments of all kinds corresponding to elements of remuneration, indemnities or benefits due or that could be due by the Company with regard to the assumption of duties, the termination of duties or a change in duties of the executive officers or after such event: There are no such commitments in the Group that are subject to the procedure provided for in Article L 225-42-1 of the French Commercial Code.

During the year ended 31 December 2017, the company did not allocate any equity or debt securities to its managers.

In accordance with the provisions of Articles L. 225-197-1 and L. 225-185 of the French Commercial Code, the Board of Directors, on the recommendation of the Remuneration Committee, set the percentage of shares (shares granted or shares resulting from the exercise of share options) that the executive officers of Onxeo have the obligation to hold as registered shares until the termination of their duties. This percentage was set at 10% of the capital gains net of tax and related contributions obtained by the exercise of options.

In addition, the Onxeo Group's pension liabilities for executive officers at 31 December 2017 amounted to €81,918 (IFRS consolidated financial statements).

5.3 APPROVAL OF THE ELEMENTS OF THE COMPENSATION PACKAGE DUE OR ALLOCATED FOR THE FINANCIAL YEAR 2017 TO THE CHAIRMAN AND TO THE CHIEF EXECUTIVE OFFICER

Pursuant to the provisions of Article L. 225-100 (II) of the French Commercial Code, the elements of the fixed, variable and extraordinary compensation allocated or still to be allocated for the financial year 2017 to the Chairman and to the Chief Executive Officer for performing their term of office, as determined by the Board of Directors pursuant to the principles and criteria approved by the General Shareholders' Meeting of the Company of 26 April 2017 under its eleventh and twelfth resolutions and detailed in paragraph 5.2.2 of this Registration Document, shall be submitted for the approval of the shareholders during the General Meeting called to approve the financial statements of the financial year 2017.

5.4 PRINCIPLES AND CRITERIA FOR THE DETERMINATION, ALLOCATION, AND ASSIGNMENT OF THE FIXED, VARIABLE, AND EXCEPTIONAL ELEMENTS THAT MAKE UP TOTAL COMPENSATION AND BENEFITS OF ANY KIND DUE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR THE FINANCIAL YEAR 2018

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Board of Directors submits for the General Meeting's approval the principles and criteria for the determination, allocation, and assignment of the fixed, variable, and exceptional elements that make up total compensation and benefits due to the Chairman and Chief Executive Officer for the exercise of their duties during the 2018 financial year, thus constituting their remuneration policy.

These principles and criteria established by the Board of Directors on the recommendation of the Compensation Committee are presented hereafter.

Pursuant to article L. 225-100 of the French Commercial Code, the amounts determined in accordance with the implementation of said principles will be submitted for approval to the shareholders during the general meeting that is to vote on the accounts for financial year 2018.

Remuneration policy of corporate officer directors

The remuneration of corporate officer directors is composed of fixed remuneration potentially supplemented by a benefit in kind (in general a company car) and variable remuneration including an annual part, fixed in accordance with annual performance criteria and which corresponds to a percentage of the fixed remuneration

and part in the form of equity interest instruments, whose distribution is also subject to performance criteria and dependent on the vote of the shareholders at the General Meeting.

The remuneration is voted on by the Board of Directors every year, based on a proposal of the Remuneration Committee, which takes into account the level and the difficulty of the responsibilities, experience, the business and the sector-based practices, internationally, through survey or benchmark of the sector.

Further, the salary increase takes account of the expected rate of inflation, sector trends and the financial budget of the Company.

At the start of the year, the Board also determines the annual objectives of the corporate officer directors, fixed in accordance with the strategic and operational plan decided upon in the Board. More qualitative objectives may also be determined. The achievement of those objectives is discussed in the Remuneration Committee each year-end, which proposes its evaluation to the Board of Directors. This evaluation may be between 0 and 135% achievement of the objectives, which then weight the expected percentage of variable remuneration. One or more group objectives may also be determined, which weight the bonus package actually paid.

A discussion may be held in case of extraordinary events which could legitimately change the evaluation of individual and/or group objectives - a decision which the Board of Directors might make on the advice and recommendation of the Remuneration Committee.

To these elements of remuneration may be added the allocation of share options or bonus shares, depending on the vote of the shareholders, in view of making them loyal to the Company (vesting over 4 years for the share options), and paid also on performance criteria.

Executives who are company officers do not receive director's fees for their office.

The Company does not award severance pay for the term of office or offer a supplementary retirement scheme.

Onxeo complies with the MiddleNext corporate governance code with respect to the remuneration of executives who are corporate officers of companies whose shares are admitted for trading on a regulated market.

Judith Greciet – Chief Executive Officer

Remuneration 2018 (paid for 2017 for the variable part)

The gross annual fixed remuneration of Judith Greciet for financial year 2018 was set at €316,801.80 by the meeting of the Board of Directors of 20 December 2017 based on a proposal from the Remuneration Committee. This represents an increase of 2% compared with the 2017 gross remuneration.

The variable part of the remuneration of Judith Greciet is maintained in the amount of 50% of her fixed remuneration for 100% achievement of objectives and could be increased in 2016 to 65%, based on achievement of additional objectives.

The evaluation by the Board of 20 December 2017 concluded as to 100% achievement giving rise to variable remuneration paid in 2018 for the year 2017 of 50% of her fixed remuneration, which will be paid half in cash and half in bonus shares, subject to the vote of the shareholders during the General Meeting planned for 16 May 2018.

Judith Greciet did not receive any benefits in kind in 2018 other than a company car.

Performance criteria 2018

The performance criteria determined for 2018, which will give rise to an evaluation and will weigh the variable remuneration 2019 for the year 2018 are detailed below. They reflect the strategic and operational challenges of the Company in the short and medium term.

Projects	**AsiDNA** To initiate the phase I trial and organize all the activities for the trial to be finalized mid-2019 AsiDNA + Beleodaq: to initiate a combination phase I study in 2018 AsiDNA + other anti-cancer agents: to finalize the in vivo trials and obtain meaningful data by mid-2018 **Beleodaq** To pursue the industrial property strategy pertaining to the oral formulation of the product **PlatON** To obtain a lead compound of interest ready to enter preclinical studies	65% 5% 5%
Financing **Organization**	To optimize the financing of the Company To retain talented personnel	15% 10%
SpeBio/SpePharm dispute	Defend the interests of the company	10%

In 2018, options and/or bonus shares may be allocated subject to attendance and performance conditions, as described below, and subject to shareholder approval.

Joseph Zakrzewski – Chairman of the Board of Directors

As all non-executive members of the Board, Joseph Zakrzewski receives directors' fees according to the following principles:

- for his duties as Chairman of the Board of Directors: a fixed amount of €36,000 annually as well as an amount of €7,000 per meeting subject to attendance.
- for his duties as member of the Audit Committee: €1,000 per meeting subject to attendance.

For the year 2017, Joseph Zakrzewski received €74,000 in directors' fees.

He may be awarded the right to subscribe to stock warrants, provided that the Company's general meeting of the shareholders that is convened to vote on the 2017 financial statements agrees to grant the board of directors a delegation for that purpose. The subscription price of the stock warrants and the subscription price for the exercise of said stock warrants will be set by the procedures determined by the general meeting.

We propose that you approve the principles and criteria as presented above, as well as the associated resolutions reproduced below.

By way of application of article L. 225-100 of the Commercial Code, the amounts resulting from the implementation of these principles and criteria are subject to the approval of shareholders at the general meeting ruling on the financial statements for the financial year 2018.

Ninth resolution

Approval of the principles and criteria for determination, allocation and attribution of the fixed, variable and exceptional elements comprising the total remuneration and benefits of all kinds attributable to Joseph Zakrzewski, by virtue of his mandate as chairman of the Board of Directors for the financial year 2018.

The general meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after having inspected the report of the Board of Directors, by way of application of the provisions of article L. 225-37-2 of the Commercial Code;

Approves the principles and criteria for the determination, allocation and attribution of the fixed, variable and exceptional elements comprising the total remuneration and benefits of all kinds presented in the aforementioned report and attributable for the financial year 2018 to Mr Joseph Zakrzewski by virtue of his mandate as chairman of the Board of Directors.

Tenth resolution
Approval of the principles and criteria of the determination, allocation, and assignment of fixed, variable, and exceptional items making up the total remuneration and benefits in kind attributable to Judith Greciet for her term as Chief Executive Officer for the year 2018

The General Meeting, ruling under the conditions of a quorum and majority required for Annual General Meetings, having considered the report prepared pursuant to the provisions of Article L.225-37-2 of the Commercial Code,

approves the principles and criteria for determining, allocating, and assigning the fixed, variable, and exceptional components of the total remuneration and benefits in kind presented in the aforementioned report and attributable to Judith Greciet under her mandate as Chief Executive Officer for 2018.

5.5 INTERESTS HELD BY DIRECTORS AND COPORATE OFFICERS OF THE COMPANY

Interests held by directors and officers in the Company's share capital at 31 December 2017:

Interests held by directors and officers in the Company's share capital at 31/12/2017	Number of shares	% of share capital	Number of shares resulting from the potential exercise of warrants	Number of shares resulting from the potential exercise of options	Number of bonus shares	Total % after potential exercise of warrants and stock options
J. Greciet	68,491	0.14%		428,831	49,822	1.08%
Financière de la Montagne	6,423,379	12.67%	121,013			12.91%
J. Zakrzewski	5,000	0.01%	217,500			0.44%
D. Guyot-Caparros			68,629			0.14%
T. Hofstaetter			119,325			0.24%
J.P. Bizarri			87,500			0.17%
J.P. Kinet			30,000			0.06%
C. Garnier			40,000			0.08%
E. Sanz			40,000			0.08%
Total	**6,928,070**	**12.82%**	**723,967**	**428,831**	**49,822**	**15.19%**

5.6 TRANSACTIONS IN THE COMPANY'S SHARES UNDERTAKEN BY OFFICERS OR MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code, we inform you of the transactions involving the Company's shares (acquisitions, divestments, subscriptions or exchanges) undertaken, as far as the Company is aware, by officers or members of the Board of Directors or people with close personal ties during FY 2017.

Concerned persons	Transaction description	Transaction date	Number of shares	Transaction amount(€)
Financière de la Montagne SARL, Director	Subscription	1 February 2017	17,500	4,200.00
Financière de la Montagne SARL, Director	Subscription	22 June 2017	20,000	85,000.00
Financière de la Montagne SARL, Director	Subscription	22 September 2017	40,000	8,000.00

5.7 INTERNAL CONTROL

5.7.1 COMPONENTS OF THE RISK MANAGEMENT SYSTEM

5.7.1.1 Definitions and objectives

The risk management process put in place by Onxeo aims to identify all the risks that may affect business processes and activities, and how to manage the occurrence of these risks and their consequences, to contain or minimize their probability of occurrence, as well as their impact on the Company's activity. This approach is intended to encompass all types of risk and to apply to all activities of the Company and the Group.

Onxeo adopts the definition of risk management proposed by the French securities regulator, the AMF[13], according to which risk management is a management tool of the Company that helps to:

- create and preserve the value, assets and reputation of the Company;
- secure decision-making and processes to promote the attainment of Company objectives;
- ensure consistency of actions with the values of the Company;
- involve employees, based on a shared view of the main risks of the Company.

The Company has conducted a review of its risks and sees no significant risks other than those mentioned below.

5.7.1.2 Organisational framework

Risk management is steered by a Risk Committee, a management body established by executive management. Its responsibilities include proposing and updating annual risk mapping and subsequently reviewing the execution of the risk monitoring plans with those in charge of the particular activity.

It is the executive management's responsibility to validate the mapping presented to them by the Risk Committee and, in particular, the list of "major" company risks.

The annual risk management and mapping processes are presented each year to the Audit Committee as part of its mission to review and monitor the effectiveness of internal control and risk management systems.

[13] Guide to implementing the reference framework on internal control adapted for small- and mid-cap companies, updated on 22 July 2010.

The Group has adopted a procedure that is intended to frame all the risk management methods and tools implemented and that specifies the terminology adopted in the Group - criteria of likelihood and severity, and types of risks, etc.

The objectives of this risk management policy are primarily to preserve the Group's assets and reputation, keep its costs to a minimum and contribute to achieving its strategic objectives.

5.7.1.3 Risk management process: identification and analysis of the main risks

The Risk Committee annually updates the mapping of risks in order to take into account the company's strategic objectives as well as the evolution of its activities, financial position and environment.

For each identified risk, the Committee analyses potential incidences in terms of financial impact, work days lost, impact on the company's activity and image, and assigns a probability index and a criticality index from which it produces a coefficient combining these two criteria.

Risks are then ranked in order of decreasing importance to categorize them according to the following classification: major risk, high risk, or acceptable risk.

Any major risk falls under a risk management plan specifying actions to be taken, persons in charge, main persons involved, deadlines, and the budget associated with each action.

The following major risk factor descriptions are organized in a way consistent with this risk mapping.

5.7.1.4 Risk factors

5.7.1.4.1 Risks related to the Group's activity

5.7.1.4.1.1 Risks related to drug research and development

The risk of serious side effects in a clinical trial or negative results of a clinical trial could affect Onxeo's growth.

Within the framework of its research and development programs, the Company must conduct preclinical trials on animals and clinical trials on humans in order to demonstrate the product's safety and efficacy.

If patients are or were to be exposed to unexpected and serious risks, the Company could choose, or the regulatory authorities could ask the Company, to suspend or end clinical trials. Deaths and other undesirable events could occur during a clinical trial because of medical problems, which may or may not be related to the treatment being tested and require the Company to delay or interrupt the trial.

In addition, the Company may decide, in view of negative results, to abandon development projects that it considered initially promising.

The inability of the Company to complete clinical trials successfully could have a material adverse effect on its ability to generate future revenues, its financial position or its development.

To minimize risk, the Company conducts its trials by taking maximum precautions, particularly in defining protocols, using associated experts, and studying competing products. In addition, some products developed by the Company use active ingredients that already exist on the market, for which the profiles of efficacy and tolerance are well established.

The risk of significant delays in its clinical trials could affect Onxeo's growth.

Clinical trials are generally carried out over several years and are very costly. Their completion depends on a number of important parameters such as the indication, the size of the population affected, nature of the clinical protocol, proximity of the patients and the clinical sites, criteria for eligibility for the trials, competition for patient enrolment, availability of sufficient quantities of products, assistance from third parties and compliance with regulatory standards.

If, for reasons associated with one or more of the aforementioned factors, a significant delay were to occur in a trial and development times were to significantly deviate from estimates, this could have an adverse effect on the Company's ability to generate future revenue, financial position, and development.

Onxeo is planning to initiate clinical trials in 2018 with AsiDNA: these will be phase I trials of a limited size that aim to prove the tolerance of the product in humans and to identify predictive response biological markers, which will be important for subsequent development. From a strategic point of view, the Group intends to enter into partnership agreements at the end of these initial clinical trials, in order to share the risks and costs of larger trials that will need to be conducted subsequently.

5.7.1.4.1.2 Risks related to outsourcing the Company's R&D and production

The Company depends on providers involved in pre-clinical and clinical trials it initiates. It may use different service providers, both in France and abroad. The quality of test results depends mainly on the quality of carrying out the desired services and their compliance with the original specifications and applicable standards. The collapse of a subcontractor involved in a pre-clinical or clinical trial, loss of data, delays or errors in data processing could have an adverse effect on the validity of tests and compilation of regulatory filings for products being developed by the Company.

Moreover, the Company finds itself in a situation of dependency with regard to third parties for the manufacture of its products being developed. The collapse or lack of availability of these third parties to successfully complete a project could have an adverse effect on the development of products, their release times or compliance, thus affecting the trials or procedures concerning them and therefore the Company's ability to generate future revenue, financial position and development.

To address these risks, Onxeo audits its subcontractors and rigorously monitors all product development stages.

5.7.1.4.1.3 Risks related to drug pricing and reimbursement policies

Risk associated with a delay in obtaining pricing and reimbursement rates or lower-than-expected rates

Decided by public commissions and agencies, the price of drugs is largely beyond the control of the Company and is set based on a flat rate deemed acceptable to the authority. Governments and other third party payers actively seek to curb healthcare costs by limiting both the coverage and reimbursement rates applying to new treatments.

Products developed by Onxeo should be sold by partners under license agreements. The ability of these partners and Onxeo to generate sufficient profits on the sale of products will partly depend on the level at which they are made available and the level of their reimbursement by the public health authorities, private health insurance companies and healthcare management organizations in the various countries where they are marketed. Should the timing of the procedure for price negotiation result in a significant delay in marketing a product, or should the Company be unable to obtain an appropriate level of reimbursement, its profitability would be diminished.

5.7.1.4.1.4 Risks related to commercial partnership agreements

The Company has entered into licensing agreements for the marketing of its product Beleodaq®. This product is currently sold in the United States by Spectrum Pharmaceuticals and is being registered in various Latin American countries by the partner Pint Pharma.

Inadequate sales performance by a commercial partner may limit revenue from the company's products and impact its growth, even if the impact is not considered significant in the short term.

In general terms and to prevent risks associated with licensing agreements, the Company benefits from clauses guaranteeing its interests in the various licensing contracts. It also monitors its partners, particularly with regard to the marketing and sales aspects.

5.7.1.4.1.5 Risks related to the safety of marketed products

Product liability traditionally represents a significant risk for the pharmaceutical industry. All possible side effects of a product cannot be detected during testing prior to receiving its marketing authorization. A systematic review and regular analysis of data collected through clinical trials and post-marketing surveillance provide additional information (e.g., on the occurrence of rare adverse effects or those affecting a given

population), which may lead to changes in the products' composition, restriction of its therapeutic indications or even the suspension or withdrawal of the product.

Onxeo is potentially exposed to this risk in the context of Beleodaq® commercialization by its partner Spectrum Pharmaceuticals and effected specific product liability insurance to cover the safety risks associated with the marketing of its product.

In addition, the Company has a pharmacovigilance system that complies with international regulations, duly inspected by the health authorities.

5.7.1.4.2 Legal risks

5.7.1.4.2.1 Challenges and constraints related to the regulatory environment

The company's activities consisting in drug development, it is subject to an increasingly restrictive regulatory environment.

Indeed, legislative and regulatory provisions defined by the French health product safety agency (ANSM), the European Commission, the EMA, the FDA and equivalent regulatory authorities in other countries, govern research and development, preclinical and clinical studies, regulation of laboratories, and the manufacture and marketing of drugs (see section 4 of this registration document). Throughout the world, the pharmaceutical industry is confronted with stricter regulation. The health authorities – notably the FDA and the EMA – have imposed ever more stringent requirements in terms of volumes of data required to demonstrate a product's efficacy and safety.

Consequently, the regulatory process for approval of new therapeutic products is long and complex, and the failure rate is important. Moreover, regulatory requirements and procedures vary greatly from one country to another.

Even if registration of the Company's products is or will be entrusted to a partner under a license agreement, the uncertainties for Onxeo associated with both applying for marketing authorization and its phase of examination by the regulatory authorities carries major risks whose financial impact can be significant.

Authorities in the United States, Europe and other countries may:

- require additional testing to confirm the product's registration;
- restrict the indications for which the Company would be authorized to market its products;
- significantly delay the issuance of the market authorization to the Company.

To address these risks, which could increase costs and reduce its future revenue, the Company has acquired strong expertise in clinical and regulatory fields. It also maintains active relations with its partners throughout the registration procedure.

5.7.1.4.2.2 Limits on patent protection and other industrial property rights: risk that patents issued or granted to the Company under license are contested by third parties or invalidated

Onxeo regularly files patent applications in order to protect its technologies, products, preparation processes and pharmaceutical compositions. Through its patents and other industrial property rights, Onxeo holds exclusive rights to the products it develops by its own research or through acquired licensing. As of the date of this Registration document, the Company has the rights to three hundred and thirteen patents or patent applications, including two hundred and thirty patents granted in several countries or major jurisdictions, including the United States, Europe and Japan.

The Company's ability to market its products successfully will therefore depend chiefly on its ability to obtain, maintain and protect its intellectual property rights.

In the pharmaceutical sector, patent law is still evolving and presents uncertainties. In particular, no uniform global policy has so far emerged on the content of patents issued in the fields of biotechnology and the scope of allowed claims. Uncertainties also result from the possible emergence of new-found prior art.

As regards the extent of protections claimed, some of the Company's patents may cover products derived from compounds protected by patents held by third parties.

Regarding the possible emergence of new-found prior art, patent applications are never published before a period of eighteen months after their first filing and, in the United States, some applications are not published before the award of the patent. Thus, at the time a patent application is filed, other as-yet unpublished patent applications belonging to third parties may constitute unidentified prior trademarks. The filing of a patent application or issuance of a patent does not therefore guarantee its validity or its applicability, both of which may be challenged by third parties.

If third parties claim a proprietary right over the Company's patents or other intellectual property rights, the Company may have to obtain suitable licenses for those patents, interrupt or modify certain activities or procedures, or even develop or obtain alternative technologies, which is liable to have adverse effects on the development of its products and the generation of future revenues.

It may be necessary to take legal action to enforce intellectual property rights, protect trade secrets and establish the validity and scope of the Company's intellectual property rights. Litigation could involve considerable expense, reduce the Company's potential profits and not provide the protection sought.

Faced with these risks, the Company has a proactive Industrial Property strategy, directly linked to its research and development projects, both as regards the detection of inventions in order to increase their number and as regards monitoring third-party publications and patent procedures.

5.7.1.4.2.3 Risks associated with exploited patents falling in the public domain, or with the expiration of marketing licenses, or with the eventual emergence of generic drugs for marketed products

At the expiration of their protective property or marketing rights, the products marketed by the Company could be subject to competition by the introduction on the market of comparable drugs, or by the development of generic drugs, which would lead to a reduction in prices and/or volumes and could have a negative effect on the Company's business and financial position.

These risks are currently not significant to Onxeo because, firstly, the Company develops most of its product portfolio for niche markets, which are not prime targets for generics and, secondly, under its Industrial Property strategy, the Company regularly files new patent applications within existing patent families.

5.7.1.4.3 Financial risks

5.7.1.4.3.1 Risk of insufficient financial resources

The Company has posted net operating losses since the start of operations. As at 31 December 2017, the Company's cumulative accounting losses amounted to €229.2 million in accordance with French accounting standards. These operating losses are primarily the result of investments in research and development, especially for the completion of preclinical studies and clinical trials.

The Group expects further operating losses for the next few years as it continues its research and development activities.

The profitability of the Group will depend primarily on its ability to enter into partnership agreements for the various products under development in its portfolio. In the event of a significant delay in identifying and negotiating new partnerships, the Group may not break even for several years.

The Company has carried out a specific review of its liquidity risk and considers that it can meet its future payments over the next twelve months. However, the Company may need to raise additional funds ahead of time for reasons such as:

- Very interesting results that could justify starting other unplanned trials to increase the value of AsiDNA™;
- Higher costs and slower progress than the Company anticipates in developing its products;
- Opportunities to develop promising new products or to acquire products, technologies or other activities.

5.7.1.4.3.2 Foreign exchange risk

The Company has signed several licensing agreements with partners located outside the Eurozone. These agreements generally involve payments in US dollars, whether milestone payments for specific goals in terms of development/product approval or sales, or royalties.

Given the uncertainty concerning these triggering elements and the likely dates of payments, the Company has not put in place any currency risk hedges. It is therefore possible that the €/$ exchange rate moves adversely for the Company and that the total amount converted into euros may be significantly less than initially anticipated. As soon as payment assumptions are confirmed, the Company intends to hedge these flows in US dollars.

Regarding day-to-day operations, most revenue and payments are in euros for which there is no currency risk to the Company.

5.7.1.4.3.3 Interest rate risk

Since the Company has not taken out any loans, this point does not apply.

5.7.1.4.3.4 Equity risk

The Company's available cash is exclusively invested in money market funds, which involves no equity risk. These investments are immediately available and of very low volatility, so they do not present any liquidity risk. Information on the market value of the investment securities portfolio is included in the notes to the consolidated financial statements.

5.7.1.5 Insurance and risk coverage

The Company has insurance cover that is appropriate to its business activities on a worldwide basis, and in particular its clinical trials in France, the United States and all countries concerned.

The Company has taken out a number of insurance policies, the main ones being:

- A civil liability insurance policy covering:
    - Operational liability, which insures the Company against the financial consequences of civil liability that could be incurred because of injury, damage and loss caused to third parties and attributable to the activities of the Company;
    - Product liability, which insures the Company against the financial consequences of civil liability that could be incurred because of injury, damage and loss caused to third parties and attributable to the activities of the Company products both before and after delivery;
    - Civil liability for the defence of criminal proceedings and third-party claims.
- A 'directors and officers liability' insurance policy, insuring them against the possibility of incurring liability in the performance of their duties.
- Property damage insurance policies, which covers, in particular, the risks of fire, water damage, theft, machinery breakdown and breakage of glass, and tenants' risks, at the Company's premises in Paris, Châtenay-Malabry and Copenhagen.
- Specific insurance policies for each clinical trial sponsored by the Company. Policy prices and cover amounts depend on the local regulations and legislation applicable to the clinical research center concerned. In France, the Public Health Code specifies that sponsors of clinical trials must have insurance. In countries where there is no such obligation, the Company has nonetheless taken out an insurance policy covering its liability in respect of its clinical trials. The total amount of premiums depends on the number of patients in the trials and their geographic location. The Company considers that it is adequately insured for each of the trials currently in progress.
- Key personnel insurance policy covering the risks of physical accidents that could occur to members of the management.

- A 'stock and transit' insurance policy, covering storage and transport of the Company's products.

The insurance program has been defined with a concern for efficiency in both negotiating and managing policies. The risk management policy should be continued in light of the development and internationalization of the Company's business activities and in close coordination with the development of our business activities.

5.7.1.6 Managing the risk management system

The Risk Committee validates and monitors action plans with the managers concerned.

5.7.1.7 Link between risk management and internal control

Risk management aims to identify and analyze major risks and risk factors which could affect the Company's business, processes and objectives and to define ways to keep those risks to an acceptable level, particularly by implementing prevention and control measures that fall within the scope of internal control.

At the same time, the internal control system relies, among other things, on risk management to identify the key risks to be controlled.

5.7.2 GENERAL PRINCIPLES OF INTERNAL CONTROL

5.7.2.1 Internal control: Definition and objectives

Internal control consists of the means, behaviours, procedures and actions adapted to the Company's particular characteristics and those of the Group as a whole that:

- contribute to the control of its activities, its operating effectiveness and the well-organized use of its resources;
- enable it to take appropriate action to tackle any significant risks it may face, whether they are operational, financial or compliance related.

Internal control is designed to ensure:

- compliance with the laws and regulations;
- application of instructions and guidelines laid down by the Board of Directors;
- proper functioning of the Group's internal processes, including those contributing to asset protection;
- the reliability of financial information.

However, while supporting Company objectives, internal control cannot provide an absolute guarantee that they will be met. There are, in fact, inherent limitations to any internal control system, for example, uncertainties in the external environment, the use of good judgement or the cost-benefit relationship of implementing new controls.

5.7.2.2 Reference framework used by Onxeo

Onxeo continues to develop its internal control system based on AMF terms of reference found in its updated application guide of 22 July 2010. This control system applies to processes helping to publish financial and accounting information on the one hand, and on the other hand to the overall organization of operations and risk management procedures implemented by the Company.

Internal control at Group level is conducted by taking into account both the Group's operational and legal structure.

It involves all of the Group's subsidiaries consolidated using the full consolidation method.

The summary information in this report on the applied internal control procedures focuses on the significant elements that may have an impact on financial and accounting information published by the Company.

5.7.2.3 Components of internal control

5.7.2.3.1 Organization

The internal control system is based on a clear organization of responsibilities, standards, resources and implemented procedures.

Since the Company was founded, Onxeo has developed a system of quality assurance. Processes of all fields of activity are described by procedures (Standard Operating Procedures or SOP), operating methods, information notices and forms. These documents describe how activities are carried on, define the resources and responsibilities of those involved, specify the know-how held by the Company and give precise instructions in order to carry out a given operation.

All stakeholders of the Company are involved in the internal control system. Their responsibilities are described below.

5.7.2.3.2 Reference framework and standards

Since the Onxeo Group is established in the health and biotechnology sector, it is subject to very specific and detailed regulations that govern its activities and whose compliance is monitored by the internal control system. Legislative and regulatory provisions, defined by the European Commission and equivalent regulatory authorities in other countries including the *Agence nationale de securité du medicament et des produits de santé* (ANSM), the European Medicines Agency (EMA), and the Food and Drug Administration (FDA) give relevant guidance for research and development, preclinical studies, clinical studies, the regulation of institutions, as well as the manufacture and marketing of drugs. The main regulatory provisions that apply to the activities of the two companies are as follows: Good Clinical Practices (GCP), Good Manufacturing Practices (GMP), Good Laboratory Practices (GLP), the French and European regulations that apply to the development, sale and marketing of drugs, the regulations regarding GMOs, the disposal of waste, the transportation of hazardous substances, the handling of micro-organisms, health and safety.

5.7.2.3.3 Control activities

Monitoring processes implemented by the Company are based on various tools, including:

- a documentation system;
- a reporting system; and
- specific controls related to the preparation and processing of accounting and financial information.

These processes are performed by various actors, particularly an internal unit structured around three decision-making and monitoring bodies with an Executive Committee, a Committee on operations and groups of projects; these last two bodies are dedicated to managing R&D projects.

5.7.2.3.3.1 Documentation system

All of the internal control system documentation is stored on a dedicated Intranet that optimizes access to documents and enables them to be continually updated to reflect changes in activity (document life cycle management). The aim is to improve the quality and processes of the Company and the Group on a continuous basis, whether operational, management or support processes.

The internal control system covers in particular the following areas:

- quality assurance, health and safety and risk management;
- the administrative, legal, social, and financial fields, including financial communication and rules relating to the Company's listing on Euronext;
- regulatory activities;
- pharmaceutical research and development, pre-clinical and clinical trials including very specific animal experimentation, an Ethics Committee on animal experimentation whose objectives are the validation of all the testing protocols and the monitoring of compliance with the regulations;

- pharmacovigilance;
- information systems: computerized management of the rules on information access, protection and storage;
- human resources and labour regulations; and
- services performed for third parties.

5.7.2.3.3.2 Reports

The Senior Management of the Company has put specific reporting procedures in place for each department in the Company, under the responsibility of members of the Executive Committee (Management Board). Such reporting includes key information representative of the reality of the operation concerned and allows for tracking the operation both quantitatively and qualitatively. This key information must be verifiable and properly documented. It is to be updated each month by the people carrying out the activity concerned.

5.7.2.4 Procedures relating to the preparation and processing of accounting and financial information

The reliability of financial information is one of the Company's essential internal control objectives. To this end, control and reporting procedures have been set up in order to guarantee control of the processes of information gathering, preparation and approval of the financial statements, in line with the criteria described in the AMF reference framework. These procedures, related to the general accounting of the Company's operations, also more specifically cover budgetary aspects and the approval of expense commitments and payments. Furthermore, with regard to the consolidation process for the Group's financial statements, the finance department controls the proper elimination of intra-group transactions and uniformity of restatements of the individual accounts according to international financial reporting standards (IFRS).

In general, all the Company's accounting options are defined by the Chief Financial Officer, discussed with the Executive Management and the Statutory Auditors and then presented to and discussed with the Audit Committee. This makes it possible to ensure that the Company's practices fully comply with French standards and IFRS and that the financial statements are consistently presented.

At the end of each year, a detailed budget is prepared for the following year by the Chief Financial Officer and approved by executive management. This budget is presented to the Audit Committee and then approved by the Board of Directors. At the end of each month, the accounting teams close the accounts of Group companies. Budgetary reviews are organized with all the line managers, making it possible to validate the cost accounting entries and to review all expenses, and financial reporting is prepared by the Chief Financial Officer for the Executive Management. This reporting is presented and discussed regularly at meetings of the Board of Directors.

The Finance Department is responsible for developing and releasing all of the Group's financial communications to the financial markets, following validation by executive management.

Such communication takes place through two main channels:

- the annual report and registration document and the half-yearly financial report;
- economic and/or financial news releases.

Preparation of the annual report, which has registration document status, and the half-yearly financial report are coordinated by the Finance Department. Its preparation involves much collaboration; experts in their field contribute to the variety and quality of the information. The registration document is reviewed and approved by the Board of Directors prior to release.

Press releases relating to annual and half-yearly results are also validated by the Board of Directors.

5.7.2.5 Persons involved in risk management and internal control procedures

Internal control is carried out by management structures and by all Group employees through their daily actions.

In-house operatives of the internal control system include:

- the Board of Directors, which validates the broad guidelines and the strategy of the Group;
- the Audit Committee, mentioned earlier in this report, whose powers are defined by the Board of Directors, plays a key role in monitoring (i) the financial information preparation process, (ii) the effectiveness of the internal control and risk management systems, and (iii) the statutory audit of individual and consolidated financial statements by the auditors;
- Executive management and department heads who steer the Group's strategy and allocate the necessary human resources for its implementation by setting and monitoring objectives;
- the Finance Department, Quality Department and Legal Affairs all have a particular role to play in internal control due to their cross-functional expertise;
- the Quality Department plays a key role in the various Company activities through its support in drafting procedures and document control, by performing and following up internal and external audits of departments and service providers, and by proposing improvements.
- the Risk Committee which oversees risk management. This committee meets at least once a year to update risk mapping and to examine strategies for reducing the impact of major risks. It reports to the Executive Management, which validates their mapping and action plans.
- Finally, employees are responsible for day-to-day compliance with standards and orientations in their area, as well as for the reliability and relevance of the information they generate or disseminate.

These provisions are supplemented by the outside actors, including the Statutory Auditors. The Statutory Auditors rely in particular on a review of internal control procedures relating to the preparation of accounting and financial information as part of their legal assignment of certifying or auditing the consolidated and individual financial statements of the companies of the group.

5.7.3 MAIN CHANGES

The Company is pursuing its policy aimed at improving its internal control systems.

In 2017, the Company continued to roll out the main action plans identified within its different departments to consolidate the management system put in place during the last few years.

6. ONXEO'S FINANCIAL STATEMENTS

6.1 CONSOLIDATED ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€k)	31/12/2017	31/12/2016	Note
Non-current assets			
Intangible assets	47,535	87,213	5
Property, plant and equipment	344	713	6
Long-term investments	232	306	7.1
Deferred tax assets	0	0	
Total non-current assets	48,111	88,232	
Current assets			
Inventories and work in progress	30	184	
Trade accounts receivable and related accounts	740	1,548	7.2
Other accounts receivable	15,810	5,893	7.3
Financial investments	0	5,302	7.4
Cash and cash equivalents	14,277	23,941	7.4
Total current assets	30,857	36,868	
TOTAL ASSETS	**78,073**	**125,100**	

LIABILITIES AND SHAREHOLDERS' EQUITY (€k)	31/12/2017	31/12/2016	Note
Shareholders' equity			
Share capital	12,674	11,761	8.1
Less: treasury shares	-89	-97	8.2
Share premium	269,060	255,960	8.3
Reserves	(172,700)	(150,864)	8.3
Earnings	(59,071)	(22,671)	
Total shareholders' equity	49,873	94,089	
Non-current liabilities			
Deferred tax liabilities	4,094	11,895	9.1
Provisions	550	637	9.2
Other liabilities	4,714	6,062	9.3
Total non-current liabilities	9,358	18,594	
Current liabilities			
Short-term debt	130	106	
Trade payables and related accounts	5,956	9,246	10.1
Other liabilities	12,755	3,065	10.2
Total current liabilities	18,842	12,417	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**78,073**	**125,100**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousands of €	31/12/2017	31/12/2016	Note
Recurring revenue	3,042	3,455	
Non-recurring revenue	6,463	969	
Total revenue	**9,505**	**4,423**	12.1
Purchases	(634)	(655)	
Personnel costs	(8,217)	(6,984)	12.2
External expenses	(17,555)	(17,129)	12.3
Taxes and duties	(367)	(223)	
Net decrease in depreciation and amortisation	(1,796)	(1,864)	12.4
Net allocations to provisions	74	(628)	
Other operating income	4	122	
Other operating expenses	(203)	(229)	
Operating expenses	**(28,694)**	**(27,591)**	
Loss from recurring operating	**(19,189)**	**(23,168)**	
Share of loss of associates	0)	(43)	
Other operating income and expenses	47,188	0	12.5
Operating loss after share of loss of associates	**(66,376))**	**(23,212)**	
Income from cash and cash equivalents	13	680	
Other financial income	615	1,076	
Financial expenses	(1,119)	(649)	
Net financial income (expense)	**(491)**	**1,106**	13
Pre-tax loss	**(66,867)**	**(22,106)**	
Tax expense	7 797	(566)	14
- Of which deferred tax	7,801	538	
Net loss	**(59,071)**	**(22,671)**	
Earnings per share	(1.17)	(0.48)	15
Diluted earnings per share	(1.17)	(0.48)	15

in thousands of €	31/12/2017	31/12/2016	Note
Loss for the year	**(59,071)**	**(22,671)**	
Other comprehensive income	0	0	
Translation adjustments	(2,528)	(701)	
Gains and losses on derecognition of assets available for sale	0	0	
Cash flow hedges	0	0	
Tax relating to comprehensive income items	0	0	
Other items that may be reclassified to profit or loss	**(2,528)**	**(701)**	
Actuarial gains and losses	7	(57)	
Other items that may not be classified to profit or loss	**78**	**(57)**	
Other comprehensive income for the year, net of tax	(2,522)	**(758)**	
Total comprehensive income for the year	**(61,592)**	**(23,429)**	
Total comprehensive income attributable to the owners of the parent company	**(61,592)**	**(23,429)**	
Minority interests			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Change in reserves and profit (loss) for the year					
In thousands of €	**Share Capital**	**Treasury shares**	**Share premium**	**Currency translation reserve**	**Share-based payment**	**Gains and losses recorded as equity**	**Consolidated reserves and profit (loss) for the year**	**Total change**	**TOTAL**
Equity at 01/01/2016	**10,138**	**(157)**	**243,854**	**(69)**	**2,167**	**(45)**	**(153,091)**	**(151,038)**	**102,798**
Total comprehensive income for the year				(701)		(57)	(22,671)	(23,429)	(23,429)
Capital increase	1,623		12,106						13,729
Treasury shares		60					(31)	(31)	29
Other movements							481	481	481
Share-based payment					482			482	482
Dividends									
Equity at 31/12/2016	**11,761**	**(97)**	**255,960**	**(770)**	**2,649**	**-102**	**(175,312)**	**(173,535)**	**94,089**
Total comprehensive income for the year				(2,528)		(7)	(59,071)	(61,606)	(61,606)
Capital increase	913		13,100						14,013
Treasury shares		8					(68)	(68)	(60)
Other movements							2,458	2,458	2,458
Share-based payment					980			980	980
Dividends									
Equity at 31/12/2017	**12,674**	**(89)**	**269,060**	**(3,298)**	**3,629**	**(108)**	**(231,992)**	**(231,771)**	**49,874**

CONSOLIDATED NET CASH FLOW STATEMENT

K€	31/12/2017	31/12/2016
Consolidated net loss	**(59,071)**	**(22,671)**
+/- Depreciation, impairment and provisions, net (1)	40,253	1,606
(excluding provisions against working capital)	0	0
+/- Unrealized gain and losses associated with changes in fair value	0	0
+/- Non cash income and expenses on stock options and similar items	980	482
+/- Other calculated income and expenses	(137)	109
+/- Capital gains and losses on disposal	0	-141
+/- dilution gains and losses	0	
+/- Share of earning associates	0	43
- Dividends (non-consolidated investments)	0	
Gross operating cash flow after cost of net debt and taxes	(17,973)	(20,432)
+ Cost of net debt	492	(923)
+/- Tax expenses (including deferred taxes)	(7,801)	538
Gross Operating cash flow before cost of net debt and taxes	(25,282)	(20,817)
- Taxes paid	0	
+/- Changes in operating WCR (including debt related to employee benefits)	(2,999)	3,208
NET CASH FLOW FROM OPERATING ACTIVITIES	**(28,281)**	**(17,609)**
- Expenditures on acquisition of tangible and intangible assets	(65)	(316)
+ Proceeds of disposal of tangible and intangible assets	0	(229)
- Expenditures on acquisition of financial assets	(2)	(7)
+ Proceeds of disposal of financial assets	-0	(5)
+/- Effect on changes in scope of consolidation	0	
+ Dividends received (equity accounted investment)	0	
+/- Change in loans and advance granted	0	
+ Capital grants received	0	
+/- Other changes from investment transactions	0	2,406
NET CASH FLOW FROM INVESTING ACTIVITITES	**(67)**	**1,849**
Cash flow resulting from the merger	0	0
+ Net amount received from shareholders on capital increase		
. Paid by shareholders of the parent company	14,012	12,122
. Paid by minority interest in consolidated companies		
+ Amount received on exercise of stock options		
+/- Purchase and Sale of treasury shares	(68)	60
- Dividends paid in the year		
- Dividends paid to minority shareholders in consolidated companies		
'- Dividends paid to minority shareholders		
+ Amounts received on issuances of new loans		
- Reimbursements of loans (including finance leases)	(154)	(213)
- Net interest received		
+/- Others flows related to financing activities	(354)	
NET CASH FLOW FROM FINANCING ACTIVITIES	**13,437**	**11,968**
+/- Effects of fluctuations in foreign exchange rates	(55)	(758)
CHANGE IN CASH AND CASH EQUIVALENTS	**(14,966)**	**(4,549)**
CASH AND CASH EQUIVALENTS at start of year	**29,243**	**33,793**
CASH AND CASH EQUIVALENTS at year end	**14,277**	**29,243**

NOTE 1 - COMPANY PRESENTATION

Onxeo ("the Company") is a French biotechnology company that develops innovative oncology drugs, based on tumour DNA-targeting and epigenetics, two areas of increasingly important research in the treatment of cancer. The Company focuses on developing innovative or disruptive compounds from translational research to proof of clinical concept in humans, a value-creating and attractive point of inflection for potential partners.

The Company is based in Paris, France, with offices in Copenhagen and in New York and has about 45 employees. Onxeo is listed on Euronext in Paris, France, and on Nasdaq Copenhagen, Denmark.

Onxeo's consolidated financial statements for the year ended 31 December 2017 were prepared under the responsibility of the CEO and approved by the Board of Directors on 29 March 2018.

NOTE 2 -SIGNIFICANT EVENTS AND TRANSACTIONS

2.1. R&D PROGRAMMES

2.1.1. LIVATAG®

In January 2017, the Company finalised the recruitment for the "ReLive" phase III trial. This trial aims to show Livatag®'s efficacy in the 2nd-line treatment of advanced hepatocellular carcinoma.

On 11 September 2017, the Company announced that the main criterion of the ReLive trial, improving patient survival, had not yet been achieved. Indeed Livatag® administered as a single therapy showed similar efficacy to that observed for the control group composed of active treatments (particularly poly-chemotherapies and tyrosine kinase inhibitors). No difference in efficacy was found between the two doses in arms treated with Livatag® (20mg/m² and 30mg/m²).

These results led the Company to stop all its investments relating to Livatag (apart from the finalisation of the ReLive clinical trial), preferring to allocate its resources to the AsiDNA™ and belinostat programmes, which provide innovative mechanisms of action and represent very high value. Onxeo is still however looking for a partner that could continue to develop Livatag.

On 26 October 2017, the Company announced, following the halt to the Livatag® programme, a plan to reduce expenses, including a reduction of approximately 20% of the workforce in France.

2.1.2. ASIDNA

In 2017, the Group actively pursued the pre-clinical development of this candidate as a systemic single therapy and in combination with other treatments in various types of solid tumours and overcame several key steps:

- In-vivo trial presented to the AACR in April 2017, showing the therapeutic interest of combining AsiDNA™ with PARP (Poly ADP-Ribose Polymerase) inhibitors.
- Positive pre-clinical in-vivo proof-of-concept results announced in June 2017, confirming the activity of AsiDNA™, by systemic administration (intravenously).
- Finalisation of the optimisation of AsiDNA's formulation for systemic administration, generation of robust production data and initiation of the production of clinical batches in preparation for phase 1.
- Announcement in September 2017 of convincing results of in-vitro pre-clinical trials when combining AsiDNA™ with Histone deacetylase inhibitors (HDACi), including belinostat, on various tumour cell lines.
- Identification of biomarkers that would help identify the best indications for AsiDNA™, alone or in combination with other treatments.
- Submission of an authorisation request for a phase I clinical trial through systemic administration at the end of 2017 in France and in Belgium.

The Group is convinced of the major therapeutic potential of the AsiDNA technology and of the innovation it represents, which could open up the way to a new cancer treatment paradigm. AsiDNA™ could be used in a wide range of indications, which the Group wishes to develop in partnership.

2.1.3. BELEODAQ (BELINOSTAT)

On 24 April 2017, in several countries in Europe, Onxeo launched a Managed Access Programme - also called Named Patient Programme – for Beleodaq®. Within the framework of this programme, a doctor not having any other treatment option can ask for treatment using belinostat for patients suffering from relapsed or refractory peripheral T-cell lymphoma (PTCL). In Europe, some patients could therefore have treatment using belinostat before it is authorised to be marketed in Europe.

At the same time, throughout 2017, the Company continued the development of an oral formulation for belinostat, which up to now has been administered intravenously (IV). In addition, the Company conducted intensive pre-clinical trials on using belinostat in combination with AsiDNA™. These trials showed very promising results, and the Company plans to start a phase 1 trial in 2018 on the use of its two key compounds in combination.

The R & D assets related to Beleodaq®, acquired as part of the merger with Topotarget in 2014, were the subject of a value test at December 31, 2017. This test led to recognize a provision for impairment of € 38.1 million as disclosed in note 5 below. This information was released by press release on March 14, 2018.

2.2. OTHER PRODUCTS DEDICATED TO PARTNERSHIPS

As part of its strategic repositioning, in July 2017, the Company sold the products Sitavig® and Loramyc® to Vectans Pharma, in consideration of an initial payment of €4m. The agreement also contains a profit-sharing clause applying to future sales, based on the two products' cumulated global commercial performance. Further, Onxeo will receive from existing partners regarding the two products most of the payments expected in the next three years, relating to successfully completing regulatory steps or achieving commercial performance targets.

In addition, Onxeo granted a global licence for Validive® to Monopar Therapeutics Inc. Onxeo received the immediate payment of a licence fee of $1.0m and will receive payments for subsequent stages, which could reach $108m subject to achieving agreed stages, including payments related to the regulatory phases, from phase II to registration, for $15.5m. The agreement also provides for the payment of increasing royalties on sales, which could experience double-digit percentage growth.

2.3. FINANCING

In June 2017, the Company announced a capital increase through the issue of new ordinary shares with cancellation of the preferential subscription right of existing shareholders, pursuant to the 18th and 20th Resolutions adopted by the Extraordinary General Meeting of 24 May 2017 and on the basis of Articles L. 225-136 of the French Commercial Code and L. 411-2(II) of the French Monetary and Financial Code. This fundraising was done through the accelerated construction of an order book open to institutional investors in Europe and through a private placement in the United States.

This capital increase resulted in the issuance of 3,529,411 new ordinary shares on 20 June 2017 for a gross amount of €15m.

Leading American and European institutional investors, and health and biotechnology sector specialists participated in the placement, thereby strengthening and diversifying the Company's shareholder structure. The funds raised will be allocated to developing R&D programmes in the field of orphan oncology diseases and, more generally, to financing the Company's business.

2.4. DISPUTE WITH SPEBIO AND SPEPHARM

On 27 February 2009, Onxeo off collaboration with SpePharm and reacquired the rights to market Loramyc® in Europe from the SpeBio joint venture. Onxeo took SpePharm and SpeBio to the International Court of Arbitration of the International Chamber of Commerce (ICC) to obtain damages for the losses suffered on account of breaches of contract committed by these companies under the partnership that had been agreed for the commercial launch of Loramyc®.

In a partial arbitral decision as to the question of its jurisdiction, the Court of Arbitration affirmed its jurisdiction in respect to the one framework contract and only against SpePharm. Onxeo then had a claim form issued by

the Commercial Court and served on SpeBio regarding its contractual liability. Onxeo then lodged an application with the Commercial Court for the forced intervention of SpePharm on criminal grounds, and, by a 3 May 2016 ruling, the Paris Commercial Court upheld Onxeo's application pronouncing the forced intervention of SpePharm and consolidation of the Onxeo v. SpeBio and Onxeo v. SpePharm proceedings. In a counterclaim, SpeBio and SpePharm filed claims for damages.

On 17 October 2017, the Paris Commercial Court handed down a judgement ordering Onxeo to pay to SpeBio the sum of €8.6 million for costs sustained before the termination with interest at the statutory rate from 30 June 2014 with compound interest (in addition to €250,000 on the basis of Article 700 of the French Code of Civil Procedure) and to Spepharm the sum of €50,000 in damages (in addition to €15,000 on the basis of Article 700 of the French Code of Civil Procedure). This judgement was handed down along with provisional enforcement and, as a result, a total amount of €9.2 million was recognised under other liabilities. This amount, placed under escrow but not yet paid at 31 December 2017, has been deducted from free cash flow and recognised under assets as other receivables (see note 7.3).

On 20 October 2017, Onxeo lodged an appeal against this ruling and lodged its submissions with the Court of Appeal of Paris on 9 January 2018, in order to ensure that the appeal proceedings are dealt with promptly in the interests of its shareholders. The Company intends to do make all efforts to convince the Court of Appeal of its merits, and the judgement should be handed down at the end of the fourth quarter of 2018.

2.5. EVENTS SUBSEQUENT TO YEAR END 2017

There are no post-balance sheet events likely to have a material effect on the financial statements.

NOTE 3 - ACCOUNTING PRINCIPLES, RULES AND METHODS

3.1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2017 were prepared in accordance with international accounting standards issued by the IASB (International Accounting Standards Board), as published by the IASB on 31 December 2016, and with international standards as adopted by the European Union as at 31 December 2017.

The standards adopted by the European Commission may be consulted on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The accounting principles and methods applied to the consolidated financial statements for the year ended 31 December 2017 are identical to those used in the consolidated financial statements for the year ended 31 December 2016, and with the international financial reporting standards (IFRS) as adopted by the European Union and the IASB, which are compulsory for financial years beginning on or after 1 January 2017 (and which had not been applied early by the Group), namely:

New texts applied at 31 December 2017 and subsequent implementing texts

Standard	Name
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7	Disclosure Initiative
Amendments to IFRS 12	Clarification of the scope of the standard

Applying these standards, amendments and interpretations had no significant effect on the consolidated financial statements of the Group.

In addition, the other standards, amendments or interpretations published respectively by the IASB and the IFRIC (International Financial Reporting Interpretations Committee) as at 31 December 2017 were not applied early by the Group:

- Adopted by the European Union but whose mandatory application is subsequent to the financial year started on 1 January 2017: IFRS 9 (financial instruments), IFRS 15 (revenue from contracts with customers), clarifications on IFRS 15, IFRS 16 (leases), amendments to IFRS 4 (applying IFRS 9 financial instruments with IFRS 4 insurance contracts).
- not yet adopted by the European Union as at 31 December 2017: amendments to IFRS 2 (share-based payment), annual improvements to IFRS (cycle 2014-2016), amendments to IFRS 12 (clarification of the scope of the standard), amendments to IAS 28 (investments in associates - exemptions to valuation methods), IFRIC 22 (foreign currency transactions), amendments to IAS 40 (investment property), IFRIC 23 (uncertainty over income tax treatments), IFRS17 (insurance contracts), amendments to IFRS 9 (prepayment features with negative compensation), amendments to IAS 28 (investments in associates and joint ventures).

Although IFRS 15 has not been applied by anticipation, a preliminary quantified analysis of its impact is presented in note 12.1.

Judgements and estimates of Group Management

Preparing the financial statements requires the management to make judgements, estimates and assumptions that have an impact on the application of the accounting policies and on the amounts of the assets and liabilities, income and expenditure. Actual values may differ from estimated values.

The estimates and underlying assumptions are continuously re-examined. The impact of accounting estimate changes is recognised over the period of the change and all affected subsequent periods.

Information on the main sources of uncertainty relating to the estimates, assumptions and judgements made in applying the accounting policies, which have the most significant impact on the amounts recognised in the consolidated financial statements, concerns the following items:

- the market value of the R&D programmes acquired as part of business combinations (mergers and acquisitions) – see Note 5,
- share-based payments - see Note 8.4,
- provisions - see Note 9.2,
- trade payables provisioned at closing, relating to ongoing clinical trials - see note 10.1,
- the recognition within revenue of amounts received under licensing agreements – see Note 12.1.
- fourth quarter 2017 royalties from partner Spectrum Pharmaceuticals calculated on the basis of actual quantities sold valued with historical unit prices

The information provided in respect of assets and liabilities existing at the date of preparing the consolidated financial statements also uses estimates (see Note 16).

The financial statements have been prepared on a going concern basis. This principle has been used by the Board of Directors insofar as the Company has consolidated net cash of €14.3m at 31 December 2017, enabling it to finance its operations until mid-2019, based on its financing plan.

3.2. SCOPE OF CONSOLIDATION

The Group companies close their accounts on 31 December each year.

The scope of consolidation includes the following companies at 31 December 2017:

- Onxeo
- Topotarget UK,
- Topotarget Switzerland,
- BioAlliance Pharma Switzerland,
- SpeBio.
- Onxeo US

All subsidiaries are 100% owned and fully consolidated, except SpeBio, which is a joint-venture 50% owned and consolidated using the equity method. Intra-group transactions and balances arising from transactions between group companies have been eliminated. When the accounting methods used by the subsidiaries differ from those of the Group, they are restated for preparing the consolidated financial statements.

The subsidiary TopoTarget UK Limited, with Company Registration No. 02899713, is exempted from the requirements of the law relating to the auditing of accounts pursuant to Section 479A of the UK Companies Act 2006.

3.3. SEGMENT REPORTING (IFRS 8)

The Group constitutes a single business segment. In accordance with the IFRS standards 8, 32 and 33, information regarding the breakdown of revenue by geographical area and product category is provided in Note 12.1. Further, in reference to this standard it is also specified that the non-current assets of the group are mainly located in France, Denmark and the United Kingdom.

Main Group customers representing more than 10% of revenue are Vectans Pharma, Spectrum Pharmaceuticals, EPI Health and Pint Pharma International.

3.4. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES (IAS 21)

3.4.1. CONVERSION OF THE FINANCIAL STATEMENTS PREPARED IN A CURRENCY OTHER THAN THE EURO

The presentation currency of the consolidated financial statements is the euro, which is also the functional currency of the parent company.

The assets and liabilities of the subsidiaries having a functional currency other than the euro are converted into euros at the exchange rates prevailing at the balance sheet date. Their profit and loss accounts are translated at the average exchange rates for the year.

The differences arising from these conversion methods of the balance sheet and profit and loss account are recognised on the balance sheet in shareholders' equity in the item "Translation adjustments". When the foreign entity is sold, these translation adjustments are recycled to profit and loss account as part of the gain or loss on disposal.

3.4.2. RECOGNITION OF FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, cash and cash equivalents and operating receivables and payables denominated in foreign currencies are translated into euros on the basis of the closing exchange rate for the year. Any underlying foreign exchange gains or losses resulting from this translation are recognised in the profit or loss for the year.

3.5. INTANGIBLE ASSETS

3.5.1. PATENTS

Patents created by Onxeo are recognised in expenses or capitalised in line with the accounting treatment for research and development costs set out below.

The patents acquired for consideration by Onxeo are recognised as non-current assets and are amortised. The amortisation period generally applied by Onxeo is ten years, which corresponds to the estimated useful life.

3.5.2. RESEARCH AND DEVELOPMENT COSTS

Research costs are always expensed. In particular, in the context of clinical trials carried out by the Group, an estimate of the costs not yet invoiced per patient is determined by management from the study's monitoring documents and recorded as a charge for the financial year. Development costs are capitalised once the conditions set out in IAS 38 are satisfied. The Company considers that the six criteria set out in IAS 38 are not satisfied until such time as a marketing authorisation is obtained.

The research and development projects which were acquired (or contributed) are recognised as intangible assets at their acquisition value even in the absence of marketing authorisation.

Pursuant to IAS 38, intangible assets are classified in two categories:

- Assets with a defined useful life, whose initial value is recognised on the balance sheet, less the residual value, are depreciated over the useful life expected by the Company, from their activation (start of marketing). They are subjected to impairment tests as soon as an indication of impairment is identified. In case these assets would not yet be in use and therefore not yet depreciated, they would also be subjected to impairment tests as soon as an indication of impairment is identified and at least once a year.
- Assets with a non-defined useful life, which are not depreciated but subjected to annual impairment tests as soon as an indication of impairment is identified.

3.5.3. GOODWILL

In the case of business combinations, mergers and acquisitions, the goodwill corresponds to the difference between the amount of the transaction and the market value of the acquired assets and liabilities.

The goodwill is not amortised but is subjected to impairment tests on an annual basis as soon as an indication of impairment is identified.

3.5.4. IMPAIRMENT TEST

Pursuant to IAS 36 "Impairment of assets"

- Cash generating units (CGU) are subjected to impairment tests at least once a year, provided they include goodwill; Onxeo performs this test at the balance sheet date;
- R&D assets relating to products in development or not yet commercialised (and therefore not amortised) are subjected to impairment tests on an annual basis. Onxeo performs this test at the balance sheet date;
- R&D assets relating to commercialised (and thus amortised) products are subjected to impairment tests when new circumstances indicate that these assets might have been impaired. This would be the case where indicators show that commercialisation is slower than expected.
- In the event of an impairment on the above intangible assets, a provision for depreciation is recognized.

The Group considers that it is a single CGU, insofar as the projects it develops belong to the same family of products and have overlapping economic models, therefore being interdependent. This single CGU includes goodwill and R&D assets resulting from the merger with Topotarget (comprising Beleodaq in its indication in 1st and 2nd line PTCL, as well as potential future indications for this product) as well as from the acquisition with DNA Therapeutics (AsiDNA).

These impairment tests consist of comparing the recoverable value of the single CGU as well as of the acquired R&D assets (the higher value between the net fair value of the sale costs and the value in use) to their tested base. Depreciation is recognised when the recoverable value is lower than their tested base. In addition, sensitivity analyses are performed on the key parameters of the financial model used to determine the value in use and help identify potential risks of impairment.

3.6. PROPERTY, PLANT AND EQUIPMENT

In accordance with IAS 16, PP&E are recognised at acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis.

The most commonly used depreciation periods are as follows:

- Equipment and tooling 5 years
- Specialised equipment 5 years
- Fixtures and fittings 10 years
- Office and computer equipment 4 years
- Furniture 5 years

PP&E are subjected to a depreciation test as soon as an indication of impairment is identified.

3.7. FINANCIAL ASSETS AND INVENTORIES

Financial assets included in the scope of IAS 39 are recognised either under financial assets at fair value through profit or loss, under loans and receivables, under investments held to maturity, or under available-for-sale financial assets. On initial recognition, financial assets are measured at fair value, plus, in the case of investments that are not recognised at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition and, in cases where it is authorised and appropriate to do so, revises this classification at each year end.

Non-current financial assets include long-term investments, in particular:

- cash OEICs (open-ended investment companies) having been pledged as collateral;
- deposits and guarantees mainly corresponding to deposits required when entering into lease agreements; and
- the 'cash' portion of the liquidity contract relating to the purchase of treasury shares (Note 8.1).

Current financial assets include trade receivables, other current assets, and cash and cash equivalents:

- other current assets include research tax credit receivables;
- cash includes current ban account balances;
- cash equivalents include cash OEICSs and open-end investment funds, which can be accessed or disposed of very quickly to provide known cash amount with negligible risk of a change in value.

These assets are recognised based on their nature and the following policies:

3.7.1. ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

From the date of their initial recognition, financial assets at fair value through profit or loss include financial instruments designated as being measured at fair value through profit or loss, in the conditions applying to optional measurement at fair value through profit and loss, which can apply to items that are managed, and whose performance is measured, on the basis of fair value.

This item includes current bank accounts and cash OEICs that can be converted to cash or sold very quickly and that do not present significant risks of loss of value if interest rates were to change.

These assets are classified in the balance sheet under 'Cash and cash equivalents'. They are recognised at fair value, without deducting any transaction costs that could be incurred on their sale. Realised and unrealised gains and losses associated with a change in the fair value of these assets are recognised in profit and loss under cash and cash equivalents.

3.7.2. LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded on an active market. After initial recognition, loans and receivables are measured using the amortised cost method, applying the effective interest rate, less any impairment.

This item includes deposits and guarantees recognised under non-current assets, and commercial receivables (trade receivables and other current assets) recognised under current assets.

Trade receivables and related accounts are initially recognised at fair value. They are discounted when their due date for settlement is more than one year. They are then recognised at amortised cost, and the interest is recognised as financial income in profit or loss.

These assets may be subject to a provision for impairment if objective indications of impairment exist. The amount of impairment is equal to the difference between the carrying amount of the asset and the present value of the estimated future cash flows (excluding future credit losses that have not yet been incurred), discounted at the initial effective interest rate (i.e. at the effective interest rate calculated at the date of initial recognition).

As regards commercial receivables, an impairment loss is recognised when the expected cash flows at the balance sheet date are less than the carrying amount. Analysis of the risk is carried out on a case-by-case basis, taking into account criteria such as the client's financial situation (probability of bankruptcy or significant financial difficulties), age of the receivable or existence of a dispute.

3.7.3. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale or are not classified in one of the three previous categories. After initial recognition, available-for-sale financial assets are measured at fair value, and their associated gains and losses are taken directly to equity. When an available-for-sale financial asset is derecognised or impaired, the cumulative profit or loss previously recognised through equity is taken to profit or loss.

3.7.4. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is calculated in accordance with the average weighted cost method. The cost of finished goods and work in progress comprises the cost of raw materials, direct costs and general production overheads.

Impairment is calculated by comparing the recoverable amount and cost price.

3.8. SHARE-BASED PAYMENTS (IFRS 2)

Equity instruments (such as share options, free shares and share subscription warrants) allocated by the Company are valued on the allocation date in accordance with IFRS 2 are charged as an expense in profit or loss. The valuation is done using the Black-Scholes and binomial/trinomial methods by an external service provider. The application of these methods requires in particular assumptions to be made regarding the underlying Onxeo share price, as well as its volatility. The cost is generally staggered over the acquisition period.

The definitive acquisition of share options, share subscription warrants or free shares allocated to Group employees is subject to their presence within the company on the acquisition date. Should an employee leave the company prior to this date, the condition is no longer met, and the employee loses the benefit of their rights. In this situation, the Group applies the so-called 'forfeiture' method under which all previously recognised expenses are recorded in profit or loss.

3.9. NON-CURRENT LIABILITIES

3.9.1. EMPLOYEE BENEFIT OBLIGATIONS (IAS 19)

Retirement benefit obligations

Retirement benefit obligations are recognised in provisions. In accordance with IAS 19, the actuarial valuation method used is the Projected Unit Credit Method with Service Prorate, which is based on financial (discount rate, inflation rate) and demographic (rate of increase in salaries, employee turnover rate) assumptions.
This method enables the present value of the benefit obligation to be determined on the basis of services rendered by the employee at the valuation date. The actuarial gains and losses are recognised under «other comprehensive income".

3.9.2. PROVISIONS FOR LITIGATION

A provision is recognised when the Group has an actual or implicit legal obligation to a third party, resulting from a past event, that will likely lead to an outflow of resources to that third party without receiving equivalent consideration and where such future cash outflows can be estimated reliably.

3.9.3. REFUNDABLE ADVANCES

In accordance with IAS 20 concerning recognition of public subsidies and information to be provided on public aid, the advantages pertaining to loans at zero or low interest rates compared with market rates are accounted for and therefore recognised as subsidies. Refundable advances less the amount of the subsidy are recognised as financial liabilities. The interest charges are calculated using the market interest rate.

Refundable advances without a preferential rate are recognised pursuant to IAS 39 according to the "amortised cost" rule; the financial costs are calculated at the effective interest rate.

Refundable advances are recognised under "Other liabilities". They are initially stated at fair value, which in most cases corresponds to their nominal value, then subsequently recognised at amortised cost.

3.9.4. FINANCIAL LIABILITIES

Bank borrowings and debt instruments are initially recognised at fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Gains and losses are recorded in the profit or loss when the debt is derecognised, as well as through the amortised cost mechanism. The amortisation expense as calculated using the effective interest rate method is recognised under 'Financial income/(expense), Cost of debt'.

3.9.5. OTHER CURRENT LIABILITIES

Current liabilities are stated at fair value.

3.9.6. OPERATING INCOME

The Group's revenue includes revenue from the sale of pharmaceutical products, revenue generated under licensing agreements, royalties received on sales, and revenue from services rendered.

Sales of products are recognised under revenue at the date of transfer to the client of the risks and rewards inherent in ownership. They are measured on the basis of the price stipulated in the contract of sale.

Agreements under which the Group issues a license to a third party providing it with rights to market one or more products in its portfolio generally involve an initial upfront payment at the date of signature, various other additional payments that are subject to the achievement of regulatory and sales objectives, as well as royalties on sales.

In accordance with IAS 18:

- initial payments received on signing a licensing agreement, representing the contracting party's share of past R&D investments made by the Company as well as of R&D expenses still to be borne by the Company, are initially recognised as deferred revenue and subsequently spread over the period leading up to the estimated date of obtaining the marketing authorisation.
- Subsequent payments related to achieving a contractually defined milestone are recognised as revenue on the date when the contractual condition is met.

Royalties received on sales are recognised as income on the basis of the revenue generated by the partners in the period and in accordance with the contractual royalty rates. Should a partner be unable to communicated the net revenue data from royalties prior to the date of publication of the accounts, they will be measured by valuing the actual quantities for the period with the net unit sales recognised historically for the product concerned.

In the case of a sale of assets, initial payments are fully recognized on the date of signature of the contract.

3.9.7. OPERATING SUBSIDIES

In accordance with IAS 20, public subsidies whose amounts are related to the pace of corresponding expenses are recognised less the corresponding expenses.

3.9.8. OTHER OPERATING INCOME AND EXPENSES

This item includes non-recurring, non-operational and significant events.

3.9.9. DEFERRED TAX

A deferred tax asset is recognised for tax loss carry forwards and unused tax credits where it is probable that future taxable profits against which these tax losses and tax credits will be able to be charged.

A deferred tax liability is recognised for all taxable temporary differences and for acquired R&D fixed assets.

3.9.10. RESEARCH TAX CREDIT

Research tax credits are granted to companies by the French State in order to encourage them to conduct technical and scientific research. Companies that prove expenditure meeting the criteria required to benefit from the research tax credit may use it to pay the corporation tax of the financial year during which the expenditure was incurred, and also in the next three years. If the amount of the tax is not sufficient to cover the total amount of the tax credit at the end of the three-year period, the difference is reimbursed by the State in cash to the entity. If the company meets certain criteria in terms of sales, workforce or assets in order to be eligible for the SME category, it may request the immediate reimbursement of the research tax credit. Onxeo meets these criteria. Onxeo benefits from a similar mechanism in Denmark.

The Group uses the research tax credits for the research costs incurred in each financial year and recognises the amount to be received as a reduction of these costs in the same financial year.

NOTE 4 - MANAGEMENT OF RISKS RELATED TO FINANCIAL INSTRUMENTS (IFRS 7)

The Group's operational and financial activities expose it to the following main risks linked to the financial instruments used:

4.1. LIQUIDITY RISK

Liquidity risk is essentially associated with the Company's financial profile, as long as it does not generate significant revenues in proportion to its expenses, notably in research and development. The net cash position at year-end provides financial visibility until mid-2019. Ahead of this timeline, the Company might need new fund-raising or non-dilutive financing to secure its operations in case additional revenues from new licensing agreements would not suffice.

Besides, the Company is not structurally a borrower. The only financial liabilities are advances from public organisations (including from BPI France) as part of R&D programmes, which are repayable only in the event of commercial and technical success duly registered.

4.2. MARKET RISK

Only available-for-sale financial assets (see Note 8.1) are subject to market risk. They correspond to the portion invested in Onxeo shares of the liquidity contract implemented by the company with CM-CIC Securities. The value of these shares does in fact depend on the share price on the Euronext Paris market.

4.3. COUNTERPARTY RISK

The counterparty risk is limited to investments made by the Company. These investments are in leading establishments, and the Company monitors its exposure to counterparty risk on a continual basis.

4.4. FOREIGN EXCHANGE RISK

The company trades in foreign currency, however exposure to currency risk is limited. For this reason, no currency hedge has been put in place.

4.5. INTEREST RATE RISK

Since the Company has not taken out any loans, this point does not apply.

NOTE 5 - INTANGIBLE ASSETS

€ thousand	31/12/2016	Increase	Decrease	31/12/2017
R&D assets Beleodaq	68,700			68,700
R&D assets AsiDNA	2,472			2,472
Goodwill	20,059			20,059
Other intangible assets	693	26		719
Total Gross value	**91,924**	**26**	**0**	**91,950**
Amortization Beleodaq	-4,000	-1,600		-5,600
Amortization AsiDNA	0	0		0
Amortization other intangible assets	-693	-11		-704
Total Amortization	**-4 693**	**-1,611**	**0**	**-6,304**
Depreciation Béléodaq		-38,111		-38,111
Total Depreciation	**0**	**-38,111**	**0**	**-38,111**
Total	**87,231**	**-39,696**	**0**	**47,535**

Intangible assets of a net amount of €47,535 thousand as at 31 December 31 consist primarily of:

- R&D assets acquired within the context of the merger with Topotarget amounting to €25,000 thousand
- R&D assets acquired within the context of the acquisition of DNA Therapeutics amounting to €2,472 thousand
- Goodwill recognised at the time of the Topotarget merger of €20,059 thousand

The R&D assets associated with Beleodaq were depreciated by a total amount of €1,600 thousand over the year as the counterpart to the revenues generated by the commercialisation of the product by the partner Spectrum Pharmaceuticals as second-line treatment to peripheral T-cell lymphoma. These assets are amortised over the duration of the product's anticipated commercialisation for this indication (17 years).

R&D assets and the single CGU comprising the goodwill were subject to a value test at 31 December 2017, as described below.

5.1. R&D ASSETS

R&D assets acquired within the framework of the merger with Topotarget and the acquisition of DNA Therapeutics, respectively Beleodaq in its current PTCL (peripheral T-cell lymphoma) indication as well as in its potential future indications and AsiDNA, have all been tested, whether they are commercialised or not. 1st and 2nd indications in PTCL have been tested together, since the Group considers they concern the same pathology and have a common development plan. The value in use of these R&D assets has been determined using the estimated cash flow method. A discount rate of 16.2% has been applied to the cash flow, taking into account the market risk and specific risks related to Onxeo. Since the values in use obtained for Beleodaq 1st and 2nd line PTCL, firstly, and for the future potential indications of the product, secondly, are lower than the tested bases, the R&D assets acquired for a net amount of €63.1 million as of December 31, 2017, have been depreciated in the amount of €38.1 million. This impairment stems mainly from increased competitive pressure in the PTCL market. This situation naturally affects the second-line treatment segment, the first approved Beleodaq indication in which the product is marketed in the United States by partner Spectrum Pharmaceuticals. But it also has a prospective influence on the first-line segment, an additional indication that should be obtained at

the end of Spectrum's Phase III study, whether in terms of estimated market shares for the product or selling price.

5.2. SENSITIVITY TESTS

The Group has implemented sensitivity tests on key parameters of the model, the results of which are summarized below:

€ million	**Beleodaq**
Value in use as of December 31, 2017	25.0
Variation of the probability of success/PTCL 1L	
-5%	24.4
-10%	23.9
Variation of net sales	
-5%	23.4
-10%	21.9
Variation of discount rate	
+0,3%	24.3
+0,5%	23.6

5.3. GOODWILL

The Group determined the recoverable value of the single CGU comprising the goodwill as being the higher value between its fair value and its value in use. Given that the Onxeo share market can be considered an active market within the meaning of IFRS 13.38.a, in view of the volumes of shares traded characterising major liquidity, the fair value of the single CGU has been assessed in reference to its market capitalisation at 31 December 2017. The value in use for its part has been determined based on estimated cash flow, incorporating all income and expenditure relating to the indications currently in portfolio, including the potential developments on the products developed by the Group. A discount rate of 16.2% has been applied to the cash flow, taking into account the market risk and specific risks related to Onxeo. Since the fair value of this CGU, as its value in use, is significantly higher than the tested base (net book assets consolidated on that date), no goodwill amortisation of an amount of €20 million has been recognised.

5.4. OTHER INFORMATION

Research and development costs incurred in financial year 2017 were recognised as a cost in the amount of €18,857 thousand, including €15,363 thousand for external expenses, €3,185 thousand for personnel expenses and €182 thousand for other expenses (regulatory taxes and amortization charges).

No new significant development costs were incurred regarding the Company's registered products. Consequently, there were no development costs over the year.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

In thousands of €	31/12/2016	Increase	Decrease	31/12/2017
Gross value	4,405	39	(183))	4,261
Depreciation	(3,748)	(466))	181	(4,032)
Investment subsidies	(43)		37	(6)
Original value of lease	171	70	(20)	222
Amortisation of lease	(74)	(47))	20	(100)
Net value of property, plant and equipment	**713**	**(404)**	**35**	**344**

Property, plant and equipment are mostly composed of various laboratory and research equipment, as well as computer hardware.

NOTE 7 - OTHER ASSETS

7.1. FINANCIAL ASSETS

In thousands of €	31/12/2016	Increase	Decrease	Discounting	31/12/2017
Receivable from equity investments	1		(1)		0
Deposits and guarantees	196	2	(26)		172
Liquidity contract - Cash	109		(60)		50
Net value of financial assets	**306**	**2**	**(86)**	**0**	**222**

7.2. TRADE ACCOUNTS RECEIVABLE

In thousands of €	31/12/2017	< 1 year	> 1 year	31/12/2016
Trade accounts receivables and related accounts, net	552	552		1,548

Trade accounts receivable mainly comprise receivables in respect of the partner Spectrum Pharmaceuticals corresponding to the rebilling of R&D costs and to royalties on sales due by this partner. It also comprises receivables corresponding to services provided to Vectans Pharma.

7.3. OTHER RECEIVABLES

In thousands of €	31/12/2017	< 1 year	> 1 year	31/12/2016
Personnel	0	0		8
Research tax credit	3,699	3,699		3,955
Other tax receivables	1,353	1,353		705
Other receivables	9,600	9,600		283
Prepaid expenses	481	481		941
Net amount of other receivables	**15,134**	**15,134**	**0**	**5,893**

The change in the 'research tax credit' item is due to the collection of the receivable recognised as at 31 December 2016 corresponding to the 2016 research tax credit, and recognition of the research tax credit for 2017 in the amount of €3,596 thousand. This item also includes the Danish research tax credit of €79 thousand. These receivables were recovered early and were therefore all classified as less than one year.

In accordance with IAS 20, the research tax credit for FY 2017 were presented as a reduction to the expense and income items according to their nature, as follows:

In thousands of €	31/12/2017	31/12/2016
Reduction in personnel costs	657	613
Reduction in external expenses	2,964	3,275
Reduction in depreciation and amortisation	78	67
Total research tax credit	**3,699**	**3,955**

Other tax receivables mainly comprise sundry VAT credits.

'Other receivables' essentially correspond to the amount of the judgment imposed on Onxeo by the Paris Commercial Court in the context of the dispute with the companies SpeBio and SpePharm. The sum of 9.2 million euros, unpaid at 31 December 2017, was placed under escrow and deducted from available cash.

7.4. CASH AND CASH EQUIVALENTS

In thousands of €	Net at 31/12/2017	Net at 31/12/2016	Change in cash and cash equivalents
Cash	14,277	23,941	(9,664)
Financial investments	0	5,302	(5,302)
Total net cash	14,277	29,243	(14,966)

The change in net cash is a decrease of €15 million. This mainly stems from the Company's operating costs, including research and development, for a total of €28.4 million. These cash outflows were partly offset by fundraising finalised in June for a net amount of €14 million and by revenue from the sale of Loramyc® and Sitavig® (€4 million), the Validive licence (€0.8 million) and products sold by the Company's partners. In addition, the amount of 9.2 million euros payable to SpeBio and SpePharm was deducted from available cash and reclassified to other receivables.

Cash and cash equivalent comprise Euro and US dollar accounts opened with Neuflize-OBC and Crédit du Nord, and they include short-term deposits of less than three months with a capital guarantee of €2 million that meet the definition of cash equivalents in accordance with IAS 7.6 and IAS 7.7. They also comprise an amount of €5.5 million placed under escrow as of 31 December 2017 but released early January 2018.

NOTE 8 - EQUITY

8.1. SHARE CAPITAL

8.1.1. CHANGES IN SHARE CAPITAL

At 31 December 2016, the share capital amounted to €12,673,913.25, divided into 50,695,653 shares with a nominal value of €0.25 each, all of the same class and fully paid up.

During the financial year the company's share capital changed as follows:

		Nominal	Number of shares	€
Shares fully paid up at 31/12/2016		0.25	47,043,404	11,760,851.00
Capital increase	(1)	0.25	3,529,411	882,352.75
AGA capital increase acquired	(2)	0.25	117,150	29,287.50
Increase in capital by exercise of share options	(3)	0.25	5,688	1,422
Shares fully paid up at 31/12/2017		0.25	50,695,653	12,673,913.25

(1) Reserve capital increase on 20 June 2017: issuance of 3,529,411 new ordinary shares at the unit price of €4.25, with a par value of €0.25 each, corresponding to an increase in share capital of €882k together with share premiums of €14,118k.

(2) Issuance of 117,150 vested bonus shares allocated in 2016, permanently acquired in the financial year, of a par value of €0.25 each, i.e. an amount of €29,287.50.

(3) Capital increase relating to the exercise of the stock options having led to the issue of 5,688 new ordinary shares with a par value of €0.25 each, corresponding to an increase in share capital of €1,000 together with share premiums of €19,000.

Share premium increased from €255,960 thousand to €269,060 thousand as a result of the following main events:

- Capital increases described above, for a total premium amount in 2017 of €14,137 thousand
- Charging of the capital increase costs for an amount of €1,059 thousand

8.2. TREASURY SHARES

In accordance with IAS 33, paragraph 33, treasury shares acquired under the liquidity contract signed with CM-CIC Securities were deducted from equity in the amount of €89 thousand. Losses on share buybacks at 31 December 2017 amounting to €68 thousand were deducted from the profit or loss pursuant to the standard.

8.3. RESERVES

Reserves amounting to €172,700 thousand mainly comprise accumulated losses of €171,437 thousand.

8.4. SHARE-BASED PAYMENTS

Share subscription warrants and share options were valued using the Black & Scholes method, together with the binomial /trinomial method, to reflect different possible exercise dates. This valuation was ensured with the help of an external service provider. The main assumptions taken into account are the price of the underlying share, the volatility as well as the average maturity of the instruments concerned. The 2017 expense related to share-based payments amounted to €980 thousand.

8.4.1. BSA: FRENCH SHARE SUBSCRIPTION WARRANTS

The Board of Directors allocated share subscription warrants (BSA 2017) to non-executive or non-salaried employees of the company as follows:

	Warrants 2017
Date of grant	28/07/2017
Number of warrants granted	340,000
Number of warrants subscribed	300,000
Vesting	18 months
Exercise price (€)	4.00

The expense in respect of the financial year is €99 thousand.

The Board of Directors further recorded the automatic cancellation due to director departures in 2017 of 47,500 warrants 2016. The impact of these cancellations is a decrease in the total cost of €21 thousand.

8.4.2. SHARE OPTIONS (SO)

The Board of Directors allocated share options to employees ("Employee SO 2017" plan) and executives ("Executive SO 2017" plan), as follows:

	Employee SO 2017	Executive SO 2017
Date of grant	28/07/2017	28/07/2017
Number of warrants granted	347,800	70,000
Vesting	4 years	4 years
Exercise price (€)	4.00	4.00

The expense in respect of the financial year is €70 thousand.

The Board of Directors further recorded the automatic cancellation due to employee departure in 2017 of 9,284 SO 2010 options, 16,224 SO 2011 options, 16,221 SO 2012 options, 18,220 SO 2013 options, 6,769 SO 2014 options, 57,000 SO 2015 options and 41,800 SO 2016 options. In addition, 39,000 SO 2016 options granted to the Executive Director and Executive Committee members were cancelled due to achievement of performance criteria of less than 100%. The impact of these cancellations is a decrease in the total cost of €15 thousand.

8.4.3. AGAS (FREE SHARES)

The Board of Directors made four free-share grants to employees ("Employee AGA 2017" plan) and executives ("Executive AGA 2017" plan), as follows:

	Employee AGA 2017		Executive AGA 2017	
Date of grant	15/06/2017	28/07/2017	15/06/2017	28/07/2017
Number of warrants granted	55,447	183,000	14,822	35,000
final acquisition	15/06/2018	28/07/2018	15/06/2018	28/07/2018

The expense in respect of the financial year is €523 thousand.

The Board of Directors further recorded the automatic cancellation due to employee departures in 2017 of 15,400 AGA 2016 free shares. In addition, 23,500 AGA 2016 free shares granted to the Executive Director and Executive Committee members were cancelled due to achievement of performance criteria of less than 100%. and the impact of these cancellations is a decrease in the total cost of €67 thousand.

8.4.4. SUMMARY OF BSAs (SHARE SUBSCRIPTION WARRANTS) AT 31 DECEMBER 2017

Type	Authorisation date	Authorised BSA	Allocation date	BSA allocated	Beneficiaries	Outstanding BSA on 31/12/2017 adjusted (1)	BSA exercisable on 31/12/2017 adjusted (1)	Subscription price per share in euros adjusted (1)	Expiry date
Warrants 2012	31/05/2012 Resolution 15	100,000	13/09/2012	85,000	Non-employee and non-executive Board Members	41,857	41,857	3.75	13/09/2018
Warrants 2013	26/06/2013 Resolution 17	100,000	19/09/2013	85,000	Non-employee and non-executive Board Members	88,490	88,490	3.85	19/09/2023
Warrants 2014	30/06/2014 Resolution 19	314,800	22/09/2014	107,500	Non-employee and non-executive Board Members	85,886	85,886	6.17	22/09/2024
			04/03/2015	35,500		19,000	19,000	6.26	04/03/2025
Warrants 2015	20/05/2015 Resolution 18	405,000	27/10/2015	80,000	Non-employee and non-executive Board Members	65,000	65,000	3.61	27/10/2025
Warrants 2015-2			23/01/2016	90,000	Non-employee and non-executive Board Members	90,000	90,000	3.33	23/01/2026
Warrants 2016	06/04/2016 Resolution 23	405,520	28/07/2016	260,000	Non-employee and non-executive Board Members	160,000	106,667	3.16	28/07/2026
Warrants 2016-2			25/10/2016	30,000	Key company consultants	30,000	20,000	2.61	25/10/2026
Warrants 2016-3			21/12/2016	70,000	Non-employee and non-executive Board Members	52,500	35,000	2.43	21/12/2026
Warrants 2017	24/05/2017 Resolution 29	470,440	28/07/2017	340,000	Non-employee and non-executive Board Members	300,000	0	4.00	28/07/2027
TOTAL						**932,733**	**551,900**		

(1) Adjustment of the number and of the subscription price of the warrants following the capital increases of July 2011, July 2013 and December 2014, pursuant to Article L. 228-99 of the French Commercial Code (Board Meeting of 28 July 2011, of 14 November 2013 and of 22 January 2015)

8.4.5. SUMMARY OF THE SHARE OPTIONS (SO) AT 31 DECEMBER 2017

Name of the Plan	Authorisation date	Number of options authorised	Allocation date	Number of options allocated	Beneficiaries	Outstanding options at 31/12/2017 adjusted (1)	Options exercisable at 31/12/2017 adjusted (1)	Subscription price per share in euros adjusted (1)	Expiry date
Employee SO 2010 (1)	22/04/2010 Resolutions 20 and 21	150,500	25/08/2010	120,800	Employees	40,416	40,416	5.28	25/08/2020
Employee SO 2010 (2)			16/12/2010	16,000	Employees	17,491	17,491	5.23	16/12/2020
Executive SO 2010		25,000	25/08/2010	25,000	Executives	10,791	10,791	5.28	25/08/2020
TOTAL SO 2010		**175,500**		**161,800**		**68,698**	**68,698**		
Employee SO 2011 (1)	29/06/2011 Resolutions 16 and 17	300,000	21/09/2011	218,500	Employees	125,080	125,080	3.63	21/09/2021
Executive SO 2011		210,000		210,000	Executives	219,782	219,782	3.63	21/09/2021
TOTAL SO 2011		**510,000**		**428,500**		**344,862**	**344,862**		
Employee SO 2012	31/05/2012 Resolutions 13 and 14	333,000	13/09/2012	268,000	Employees	193,604	193,604	3.75	13/09/2022
Executive SO 2012		110,000		110,000	Executives	103,597	103,597	3.75	13/09/2022
TOTAL SO 2012		**443,000**		**378,000**		**297,201**	**297,201**		
Employee SO 2013	26/06/2013 Resolution 15	283,000	19/09/2013	195,500	Employees	140,553	140,553	3.85	19/09/2023
TOTAL SO 2013		**283,000**		**195,500**		**140,553**	**140,553**		
Employee SO 2014	30/06/2014 Resolution 17	314,800	22/09/2014	138,700	Employees	100,473	75,381	6.17	22/09/2024
Executive SO 2014				40,000	Executives	34,487	29,770	6.17	22/09/2024
TOTAL SO 2014		**314,800**		**178,700**		**134,960**	**105,151**		
Employee SO 2015	20/05/2015 Resolution 16	405,000	27/10/2015	290,000	Employees	197,500	101,250	3.61	27/10/2025
Executive SO 2015				60,000	Executives	60,000	30,000	3.61	27/10/2025
TOTAL SO 2015		**405,000**		**350,000**		**257,500**	**131,250**		
Employee SO 2016	04/06/2016 Resolution 22	405,520	28/07/2016	333,500	Employees	233,000	82,750	3.16	28/07/2026
Executive SO 2016				70,000	Executives	56,000	14,000	3.16	28/07/2026
TOTAL SO 2016		**405,520**		**403,500**		**289,000**	**96,750**		
Employee SO 2017	24/05/2017 Resolution 26	470,440	28/07/2017	347,800	Employees	347,800	0	4.00	28/07/2027
Executive SO 2017				70,000	Executives	70,000	0	4.00	28/07/2027
TOTAL SO 2017		**470,440**		**417,800**		**417,800**	**0**		
TOTAL SO						**1,950,574**	**1,184,465**		

(1) Adjustment of the number and of the subscription price of the warrants following the capital increases of July 2011, July 2013 and December 2014, pursuant to Article L. 228-99 of the French Commercial Code (Board Meeting of 28 July 2011, of 14 November 2013 and of 22 January 2015)

8.4.6. SUMMARY OF RIGHTS TO FREE SHARES (AGA) AT 31 DECEMBER 2017

Name of the Plan	Authorisation date	Number of free shares authorised	Allocation date	Number of shares allocated	Beneficiaries	Rights to free shares in circulation as at 31/12/2016
RVI Employee AGA 2017	24/05/2017 Resolution 28	470,440	15/06/2017	55,447	Employees	55,447
RVI Executive AGA 2017				14,822	Executives	14,822
Employee AGA 2017	24/05/2017 Resolution 27	470,440	28/07/2017	183,000	Employees	183,000
Executive AGA 2017				35,000	Executives	35,000
TOTAL AGA				**288,269**		**288,269**

NOTE 9 - NON-CURRENT LIABILITIES

9.1. DEFERRED TAX LIABILITY

This item of €4,094 thousand relates to the research and development assets acquired as part of the merger with Topotarget in June 2014. The decrease in the deferred tax liability for the year is related to the impairment of € 38.1 million, which has reduced the tax value of the R & D assets in Denmark.

9.2. PROVISIONS

In thousands of €	31/12/2016	Additions	Reversals		31/12/2017
			Used	Unused	
Retirement benefit obligations	598			130	468
Provision for losses and contingencies	39	67		58	82
Total non-current provision for losses and contingencies	637	67	0	188	550

9.2.1. RETIREMENT BENEFIT OBLIGATIONS (IAS 19 REVISED)

The provision for retirement benefit obligations amounts to €468 thousand compared with €598 thousand in 2016. This led to a reduction in earnings of €137 thousand, and actuarial gains and losses of €7 thousand was recognised directly as other comprehensive income, in accordance with the standard.

The actuarial assumptions are as follows:

	31/12/2017	31/12/2016
Collective bargaining agreement	Medical industry	
Retirement age	Between 65 and 67 years, under the Pension Reform Act of 10 November 2010	
Calculation date	31/12/2017	31/12/2016
Mortality table	INSEE 2017	INSEE 2016
Discount rate	1.55%	1.63% (AA rate Reuters)
Rate of salary increase	2%	2%
Employee turnover rate	By age category: - 0% from 16 to 24 - 3.01 % from 25 to 34 - 6.63 % from 35 to 44 - 12.41 % from 45 to 54 - 0.00 % above 55	By age category: - 0% from 16 to 24 - 4.09% from 25 to 34 - 5.26 % from 35 to 44 - 1.75% from 45 to 54 - 0.00% above 55
Social security tax rate	46% for Onxeo FR	

9.2.2. PROVISIONS FOR LITIGATION

Provisions for losses and contingencies in an amount of €82 thousand corresponded to litigations in respect of former employees.

9.3. OTHER NON-CURRENT LIABILITIES

This item mainly comprises:

- A BPI France advance paid in several instalments under the Livatag programme within the framework of the NICE consortium, put in place in 2013 an d for which Onxeo was the lead company. This advance, of an amount of € 4,036 thousand at 31 December 2017, is repayable in case of commercial success. Due to the negative results of the ReLive phase III, Onxeo made a commercial failure declaration to BPI France in order to be released from its repayment obligations. A decision is expected in the financial year 2018.
- A BPI France advance of € 550 thousand paid in 2009 under the ASIDNA programme. The balance of € 116 thousand at 31 December 2017 will be repaid over the 2018 year.
- Another advance from BPI France of € 562 thousand paid in 2010 under the ASIDNA program, repayable in case of commercial success. The repayment schedule of this advance is scheduled from September 2018.
- Deferred licensing revenues over one year for an amount of € 1,126 thousand (see Note 10.2)

NOTE 10 - CURRENT LIABILITIES

10.1. TRADE ACCOUNTS PAYABLE AND RELATED ACCOUNTS

Trade payables have not been discounted to present value as none are payable more than one year after the balance sheet date.

In thousands of €	31/12/2017	31/12/2016
Trade accounts payable and related accounts	5,956	9,246

The increase in trade accounts payable was mainly due to the increase in clinical and pharmaceutical expenses related to the R&D programmes.

The Group conducts preclinical and clinical research and contracts with external partners who assist Onxeo in its work. In clinical trials, research expenses provisioned at the end of the year are determined based on management's estimates of the patient-related not-yet-billed costs. These estimates are based on information provided by contracted investigator centres (hospitals) and cost analyses performed by management.

10.2. OTHER LIABILITIES

In thousands of €	31/12/2017	31/12/2016
Social security liabilities	2,029	1,536
Tax liabilities	234	123
Other liabilities	10,492	1,405
Total	**12,755**	**3,064**

Social security liabilities are increasing, mainly due to the sums provisioned for the workforce reduction plan implemented by the company after the negative results from the phase III with Livatag.

Other liabilities at 31 December 2017 mainly comprise the amount of €9,152 thousand that the Commercial Court ordered the Company to pay in its dispute with Spebio and SpePharm. This item also includes licence revenue deferred to less than one year, amounting to €1,126 thousand. This licence revenue, collected on signing the agreements, is staggered according to an estimated date of obtaining the marketing authorisation. The amount of short-term deferred licence revenue taken to profit or loss and recognised as revenue is detailed below:

In thousands of €	Balance at 31/12/2016	Increase	Reversal through profit or loss	Balance at 31/12/2017	Less than 1 year	More than 1 year
Novamed	18		18	0		
Sosei	45		45	0		
Pint Pharma	2,261	0	1,135	1,126	1,126	
Total	**2,324**	**0**	**1,198**	**1,126**	**1,126**	**0**

NOTE 11 - FINANCIAL INSTRUMENTS

The carrying amount of financial instruments by category under IAS 39 is detailed as follows:

In thousands of €	Category in accordance with IAS 39	Net at 31/12/2016	Net at 31/12/2017	Balance sheet amounts as per IAS 39			Fair value as per IFRS7
				Amortised cost	Fair value through equity	Fair value through profit or loss	
Loans	P&C	0	0	0	0	0	0
Derivatives at fair value	AJVPR	0	0	0	0	0	0
Trade accounts receivable and related accounts	P&C	1,548	552	552	0	0	552
Other receivables	P&C	5,579	15,134	15,134	0	0	15,134
Security deposits	P&C	164	172	172	0	0	172
Other assets available for sale	ADV	110	50	0	0	50	50
Cash and cash equivalents	AJVPR	29,243	14,277	14,277	0	0	14,277
Total Assets		**36,645**	**30,185**	**30,185**	**0**	**50**	**30,185**
Bond issues	DACA	0	0	0	0	0	0
Borrowings/Banks	DACA	106	130	130	0	0	130
Derivatives at fair value	PJVPR	0	0	0	0	0	0
BPI advances	DACA	4,454	4,714	4,714	0	0	4,714
Trade payables	DACA	9,030	5,956	5,956	0	0	5,956
Other payables/other liabilities	DACA	4,995	8,041	8,041	0	0	8,041
Total Liabilities		**18,585**	**18,842**	**18,842**	**0**	**0**	**18,842**

Breakdown of fair values of financial assets and liabilities:

The table below shows financial instruments at fair value broken down by level:

- Level 1: financial instruments listed on an active market
- Level 2: financial instruments whose fair value is determined by comparison with observable market transactions in similar instruments, or based on a valuation whose variables include only observable market data
- Level 3: financial instruments whose fair value is determined entirely or in part using a valuation based on an estimation not based on market transaction prices in similar instruments.

	Level 1	Level 2	Level 3
Derivatives at fair value through profit or loss			
Derivatives at fair value through equity	0	0	0
Financial assets available for sale	0	50	0
Money market securities available for sale	0	0	0
Total Financial Assets	**0**	**50**	**0**
Derivatives at fair value through profit or loss	0	0	0
Derivatives at fair value through equity	0	0	0
Total Financial Liabilities	**0**	**0**	**0**

NOTE 12 - OPERATING INCOME AND EXPENSES

12.1. REVENUE

In thousands of €	31/12/2017	31/12/2016
Recurring revenue from licensing agreements	3,041	3,455
Non-recurring revenue from licensing agreements	6,463	969
Total revenue	**9,505**	**4,423**

Recurring revenue comes from product sales and sales-based royalties related to license agreements implemented by the Company. The reduction compared with 2016 mainly arises from the sale of the Loramyc® and Sitavig products to Vectans Pharma at the end of July 2017. The main contributor to recurring revenue over the period was Beleodaq®, which is sold in the United States by the partner Spectrum Pharmaceuticals.

Non-recurring revenue from licensing agreements includes the price of about €4 million paid for Loramyc® and Sitavig® by Vectans, the amount of €0.8 million received from Monopar for the Validive® global licence, and other licence payments related to commercial objectives for an amount of €0.4 million. It also includes a percentage of the amounts received on signing certain agreements entered into during the period or in previous periods and staggered until expected market authorization date in accordance with IAS 18, including a share of €1,135 thousand of the $3 million paid by the partner Pint Pharma (see note 10.2) on signing.

In accordance with IFRS 8.32 and 33, the table below shows the provenance of revenue by geographic area and in comparison with two Company product portfolios:

In thousands of €	31/12/2017	31/12/2016
Oncology products	3,130	1,940
Other products (1)	6,375	2,483
Total	9,505	**4,423**
Europe	5,194	791
Rest of the world	4,311	3,632
Total	9,505	**4,423**

(1) these products from the Lauriad technology were either sold (Loramyc and Sitavig) or licensed worldwide (Validive) during the 2017 financial year.

Impact of IFRS 15

The Group expects to apply IFRS 15 as of January 1, 2018 according to the so-called "modified retrospective" transition method. In accordance with this method, the shareholders' equity in the opening balance sheet at January 1, 2018 will be adjusted as a result of the application of this new standard without any restatement of the comparative periods. The group has carried out a detailed analysis of the main contracts in progress and the potential impacts related to the first application of IFRS 15. The accounting rules and methods that have been applied until now will be amended from January 1st. 2018.

The first work carried out led to the conclusion that the application of IFRS 15 could modify the overall analysis made of certain licensing agreements, particularly with regard to initial payments. The impact of the implementation would be between €800 and €950 thousand (positive impact on equity). Further work will have to be done in 2018 to refine these initial conclusions.

12.2. PERSONNEL COSTS

Personnel costs break down as follows:

In thousands of €	31/12/2017	31/12/2016
Salaries	5,490	4,946
Expenses	2,401	2,171
Employee benefits (IFRS 2)	980	482
Deduction of research tax credit	(654)	(613)
Deduction of operating subsidies	0	0
Total personnel costs	**8,217**	**6,984**
Headcount (employees and officers)	46	53

The increase in personnel costs is mainly due to the workforce reduction plan implemented at year-end (7 individuals partially out of the company as of 31 December 2017) and to social security contributions resulting from the final acquisition of free shares previously allocated.

12.3. EXTERNAL EXPENSES

External expenses mainly comprise the following items:

In thousands of €	31/12/2017	31/12/2016
R&D expenses	15,363	14,067
Deduction of operating subsidies	0	0
Deduction of research tax credit	(2,954)	(3,275)
General and administrative expenses	5,123	6,338
Total	**17,555**	**17,130**

The change in R&D costs is consistent with the evolution of the company's programmes, particularly the finalisation of the ReLive phase III trial with Livatag and the pre-clinical and pharmaceutical development of AsiDNA prior to the clinical trials planned in 2018.

The general and administrative expenses are significantly reduced in accordance with the cost control policy implemented by Onxeo.

12.4. DEPRECIATION AND AMORTISATION EXPENSE

As explained in Note 5, an amortisation charge for part of the research and development programmes acquired under the merger was recognised in the amount of €1,600 thousand. Other depreciation and amortisation expense of €354 thousand mainly comprise depreciation of the Company's property, plant and equipment.

12.5. OTHER OPERATING INCOME AND EXPENSE

This item, amounting to €47,485 thousand as of December 31, 2017, essentially comprises the following two exceptional items:

- The provision for depreciation of R & D assets for an amount of 38.1 million euros (see Note 5).
- An amount of 9.2 million euros corresponding to the judgment imposed on Onxeo by the Commercial Court of Paris in the context of the dispute with the companies SpeBio and SpePharm.

NOTE 13 - NET FINANCIAL INCOME (EXPENSE)

Cash income mainly comprises a currency gain in the amount of €591 thousand, as well as interest from short-term investments.

In thousands of €	Cash	Non Cash	31/12/2017	31/12/2016
Income from cash and cash equivalents	626	0	626	1 543
Cost of gross financial debt	(973)	(145)	(1,118)	(437)
Cost of net financial debt	(346)	(145)	(491)	1 106
Other financial income and expenses	0	0	0	0
Financial income	**(346)**	**(145)**	**(491)**	**1 106**

The financial costs mainly comprise foreign exchange losses amounting to €943 thousand.

NOTE 14 - TAX

The tax income of €7,797 thousand recognized during the year corresponds, for €7,801 thousand, to the decrease in the deferred tax liability as a result of the depreciation of the R&D assets acquired under the merger with Topotarget set out in note 5. In fact, the capital gains recorded on these assets benefit from a tax deferral, in application of Danish tax rules, explaining the determination of a deferred tax.

At 31 December 2017 the Onxeo Group had French tax loss carry-forwards of €261 million.

No deferred tax asset was recognised insofar as the Company is unable to recover these tax losses in the short term.

NOTE 15 - EARNINGS PER SHARE

15.1. NET EARNINGS PER SHARE

In thousands of €	31/12/2017	31/12/2016
Net profit/(loss) attributable to holders of ordinary shares	(59,071)	(22,671)
Number of ordinary shares	50,695,653	47,043,404
Number of treasury shares	77,752	32,907
Net Earnings per share	**(1.17)**	**(0.48)**

Basic earnings per share is calculated by dividing the net profit (or loss) attributable to holder of ordinary share by the weighted average number of outstanding ordinary shares for the period.

In thousands of €	31/12/2017	31/12/2016
Net profit/(loss) attributable to holders of ordinary shares	(59,071)	(22,671)
Number of ordinary shares	50,695,653	47,043,404
Effect of dilution (1)	-	-
Number of shares adjusted for diluted net profit (loss)	50,695,653	47,043,404
Diluted earnings	**(1.17)**	**(0.48)**

(1) Conversion into shares of all of the share options, free shares and share subscription warrants attributed at the balance sheet date would lead to 3,171,576 extra shares being created; the impact of dilution is not presented due the net loss.

To calculate diluted earnings per share, the average number of outstanding shares is adjusted to take into account the conversion of all potentially dilutive ordinary shares, notably due to share options and bonus shares during the vesting period.

The dilution effect is calculated using the treasury stock method. The number thus calculated is added to the average number of outstanding shares to obtain the denominator. To calculate diluted earnings, the net profit (or loss) attributable to holders of Onxeo ordinary shares is adjusted by:

- any dividend or other item in respect of potentially dilutive ordinary shares that have been deducted in order to obtain the profit (or loss) attributable to the holders of ordinary shares;
- interest recognised in the period in respect of potentially dilutive ordinary shares;
- any other changes in income or expense that would result from the conversion of the potentially dilutive ordinary shares.

NOTE 16 - OFF-BALANCE-SHEET COMMITMENTS

16.1. OFF-BALANCE-SHEET COMMITMENTS RELATED TO THE COMPANY'S OPERATIONAL ACTIVITIES

Operating leases (IAS 17) - The company has entered into real estate lease contracts for its registered office at 49, Boulevard du Général Martial Valin, Paris (15th arrondissement), and for the registered office of its establishment in Denmark, plus a company vehicle leasing contract. The future minimum lease expense is as follows:

< 1 year	Between 1 and 5 years	> 5 years
724	2,897	2,353

16.2. OFF-BALANCE-SHEET COMMITMENTS RELATED TO THE COMPANY'S FINANCING

If the projects financed are successful, the advances received by the Company will be reimbursed, the terms of which are defined by contract. The repayment is generally defined by a schedule, with or without interest, and an incentive may be provided based on the future turnover of the products concerned. In the event of a duly recorded failure of the projects, the advances received will remain vested.

16.3. OTHER COMMITMENTS LINKED TO COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION. NONE

N/A

NOTE 17 - REMUNERATION OF CORPORATE OFFICERS

The table below summarises the remuneration accounted for as at 31 December 2017 for Judith Greciet (CEO), a non-salaried corporate officer, as well as for members of the Board of Directors.

In thousands of €	31/12/2017	31/12/2016
Short-term benefits (fixed/variable/exceptional)	387	381
Post-employment benefits	82	73
Long-term benefits	0	0
Share-based payments	350	127
Benefits in kind	3	3
Severance pay	0	0
Directors' fees	210	216
Fees (related party agreement))	0	2
Total	**1,031**	**801**

Onxeo has established a method of remuneration of its directors through fees. The General Meeting of 26 April 2017 set the overall annual amount of directors' fees to be paid and divided among the members of the Board of Directors at €260 thousand.

Corporate officers' retirement benefits amounted to €82 thousand.

NOTE 18 - RELATED PARTIES

With regard to paragraph 9 of IAS 24, Onxeo SA's related parties are as follows:

- Financière de la Montagne, which, in its capacity as the largest shareholder of the company with 12.67% of the capital and as a board member, is considered to exert a significant influence on the company.

No transactions were made in the year 2017 with Financière de la Montagne.

- The Chairman of the Board of Directors, as one of the main directors presenting the financial statements.

No transactions were effected in 2017 with the Chairman of the Board of Directors.

NOTE 19 - INTRA-GROUP TRANSACTIONS

The transactions effected between the parent company and the other companies of the group are summarised in gross values in the following table:

In thousands of €	31/12/2017	31/12/2016
Assets	75,783	77,586
Liabilities	3,534	3,300
Income	26	46
Expenses	198	177

NOTE 20 - STATUTORY AUDITORS' FEES

The fees paid by Onxeo to its statutory auditors in 2017 and 2016 are as follows:

In Thousands of €	Grant Thornton				Ernst & Young			
	Amount		%		Amount		%	
	2017	2016	2017	2016	2017	2016	2017	2016
Audit, statutory audit, certification, review of financial statements under French GAAP and IFRS								
Issuer	75	91	97%	90%	80	81	89%	59%
Fully consolidated subsidiary								
Services other than certification of the accounts	2	10	3%	10%	10	43	11%	31%
Sub-total	77	101	100%	100%	90	124	100%	90%
Other services rendered by the networks to the fully consolidated subsidiary						13		10%
Sub-total								
Total	**77**	**101**	**100%**	**100%**	**90**	**137**	**100%**	**100%**

6.2 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

GRANT THORNTON
French Member of Grant Thornton International
29, rue du Pont
92200 Neuilly-sur-Seine

Statutory Auditor
Member of the Regional
Company of Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

Statutory Auditor
Member of the Regional
Company of Versailles

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Onxeo,

I. Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Onxeo for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independance

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

III. Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Revenue recognition from license agreements:

Key Audit Matter	Our response
Cf. Notes 2.2., 3.9.6., and 12.1. to the consolidated financial statements. Revenues are made notably from license agreements signed with partners. Such agreements result in the cash-in of initial payments at signing date, then cash-ins conditioned to technical, commercial or regulatory objectives by partners. On the other hand, the company benefits from royalties corresponding to a percentage of net sales achieved by the partners. Lastly revenues are also made up of direct sales of non-recurring items such as revenues related to asset assignment, cf. § 2.2. From an accounting standpoint, initial payments at signature date are spread out from signature to expected date of marketing authorization. In case of asset assignment, initial payments are accounted for at signature date. Further payments conditioned to contractual objectives are fully recorded when objectives are met. Royalties on net sales are booked depending on actual sales made by partners, applying contractual rates.	Our audit procedures consisted of examining all on going agreements. Our controls consisted in: - analyzing the contractual clauses and accounting method applicable to initial payments, further conditioned payments and royalties on net sales; - assessing the assumptions used for revenue recognition, notably the expected dates of marketing authorization and development costs to be incurred after signing. Within that framework, we held meetings in particular with the Finance department and the R&D teams, and examined the documents submitted by the partners; - in the case of asset's intellectual property right sale, investigate on the conditions of the intellectual property right effective transfer of the products to the partners for the molecule sales; - reconciling the partners' net sales at closing in order to verify the calculation of the royalties based on these sales.

Contracts accounting relies on several key assumptions determined by Group management, notably: - Estimate of the marketing authorization date and research costs to be incurred by the group after signing the contract; - Estimate of the net sales made by partners and computation of the corresponding royalties. We considered that revenue recognition from license agreements was a key audit matter of the Group audit.	

Intangible assets related to R&D and Goodwill valuation:

Key Audit Matter	Our response
Cf. notes 3.5 and 5 to the consolidated financial statements As at December 31, 2017, the net book value of the fixed assets related to research and development (R&D) and to goodwill amounts respectively to 69.5 M€. Such assets are mainly made up of: (i) intangible assets related to R&D originating, on the one hand, from research work performed by Danish company TopoTarget and brought to Onxeo in the context of a merger dated August 5, 2014, for 63,1 M€ and, on the other hand, from the acquisition of the DNA Therapeutics on February 29, 2016 for 2,5 M€; (ii) goodwill accounted for following the aforementioned merger with TopoTarget for an amount of 20.1 M€. Notes 3.5.4, 5.1, 5.2 and 5.3 to the consolidated financial statements describe the terms and conditions of the impairment tests performed on intangible assets relating to R&D and those relating to the single Cash Generating Unit, including *inter alia* the intangible assets relating to goodwill R&D and goodwill: - the CGU, when they include goodwill, are subject to an impairment test at least once a year. The Group performs such test at closing;	Our audit procedures regarding intangible assets relating to R&D and goodwill, consisted of controls on (i) the business plan prepared by the Group's management and including various operational assumptions and the chances of success in the projected cash-flows and (ii) the financial model used to determine the recoverable value of each of the assets tested by Onxeo. We also examined the terms and conditions of the impairment tests performed, examined the main estimates and assumptions used and compared such data with projected information prepared by Onxeo's management to (i) prepare the business plans based on internal information and on information provided by partners of the Group's license contrats and (ii) the financial model used to determine the recoverable value of each of the assets used by the Group. We focused our attention on the following: - <u>The main operational assumptions included in the business plan</u>: we examined estimates and assumptions used and compared such data with projected information provided by partners of Onxeo's license contrats; - <u>Chance of success</u>: we assessed, with the assistance of our financial valuation expert, the various chances of success used by Onxeo and compared them with the practices observed in the biotechnology sector ;

- assets related to R&D not commercialized yet (and consequently not amortized yet) are tested on an annual basis. The Group performs such test at closing; - R&D assets related to commercialized (and therefore amortized) products are subject to an impairment test, when new circumstances indicate that such assets may have suffered an impairment. Impairment tests have been performed using the discounted cash flow method in order to analyze the value in use of the assets. Such discounted cash flows take into account market risks as well as specific risks related to the Onxeo Group.Impairment tests performed at December 31, 2017, led to a 38,1 M€ depreciation of the intangible assets relating to R&D. We considered that determining the recoverable value of intangible assets relating to R&D and goodwill (*fonds commercial*) is a key audit matter due to (i) the significance of the assets in the Group's consolidated financial statements, (ii) the necessary estimates to determine projected cash flows and (iii) the estimates and assumptions, namely regarding the chances of success and the discount rate,, used to determine the recoverable value.	- Discount rates used: we assessed the relevance of the rates used, with the support of our financial valuation experts. Sensitivity tests were therefore performed.

Share-based payments:

Key Audit Matter	Our response
Note 8.4 "Share-based payments" to the consolidated financial statements sets out share purchase warrants (BSA) plans, stock option plans, and free-share plans for the benefit of employees and senior executives. As at December 31, 2017, the personnel expenses related to these plans amounts to 980 thousand euros. As indicated in Notes 3.8 "Share-based payments" and 8.4 "Share-based payments" to the consolidated financial statements, the fair value of these plans was determined by an external expert using the Black & Scholes method. We considered that the valuation of these plans was a key audit matter due to the sensitivity of their fair value to the assumptions used.	Our audit procedures consisted namely in: - reviewing the minutes of the meetings of the Board of Directors and the plans' by-laws, in order to examine the correct accounting for the new plans granted during the financial year, as well as the inclusion in the calculation assumptions of the plans, the specific conditions attached to these plans; - analyzing the valuation performed by the external expert and the factors justifying the key assumptions used to determine the fair value of these plans; - studying the main assumptions used (presence conditions, performance conditions, etc.) and assessing the correct execution of these assumptions in the financial model. We have included an actuarial expert in our audit team to assist us in this work; - examining the amortization period of these plans.

Valuation of costs incurred for the performance of clinical trials:

Key Audit Matter	Our response
As set out in Note 10.1 "Trade accounts and accounts payable" to the consolidated financial statement, in the context of the development of its products, the Onxeo performs clinical trials in collaboration with research centers. The costs incurred for such trials are recognized as expenses according to the state of completion of the medical treatments. At closing, an estimate of the costs not yet invoiced by third-parties per patient is determined by management and recorded as expenses for the year. These cost estimates are determined by management based on the information provided by the research centers and cost analyzes performed by Onxeo.	Our audit procedures namely consisted in taking into account valuation and the factors justifying the key assumptions used by group management to determine the amount of the provisions. In this context, we have: - taken note of the internal control procedures set up by the Group to identify and estimate the costs to be recorded at year-end; - assessed the significant contracts entered into with clinical trial centers, as well as the elements established by the Group's management to justify the cost per patient of the medical treatments carried out;

Given the importance of the research and development expenses and their methods of estimate at closing, we considered their valuation to be a key audit matter.	- analyzed previous year accruals with actual amounts to review the consistency of management's past estimates; - examined the consistency of the stage or completion of medical treatments per patient and the calculation of the related expenses, in the light of the information provided by research centers or the analysis carried out by the Group's management on the basis of historical data. - analyzed the expenses recognized in the subsequent period to ensure that there is no discrepancy with the estimates made.

IV. Verification of information pertaining to the group presented in the management report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

V. Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Onxeo by your annual general meetings held on February 25, 1997 for Grant Thornton and on November 7, 2005 for ERNST & YOUNG Audit.

As at December 31, 2017, Grant Thornton was in the 21st year of total uninterrupted engagement and ERNST & YOUNG Audit in the 13th year.

VI. Responsibilities of management and those charged with governance for consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.
The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

VII. Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La-Défense, April 25, 2018

The Statutory Auditors
French original signed by

GRANT THORNTON	ERNST & YOUNG Audit
Membre français de Grant Thornton International	
Samuel Clochard	Franck Sebag
Partner	Partner

6.3 FINANCIAL STATEMENTS (FRENCH GAAP)

BALANCE SHEET

1. ASSETS

In thousands of €	Gross	Amortization - Depreciation	Net 2017	Net 2016
SUBSCRIBED CAPITAL NOT ISSUED				
INTANGIBLE ASSETS				
Start-up costs				
Development costs	65 089	39 330	25 760	61 409
Concessions, patents and similar rights	181	181		0
Goodwill	4 450		4 450	4 450
Other intangible assets	538	523	14	1
Advances and prepayments on intangible assets				
Total intangible assets	70 258	40 034	30 424	65 861
PROPERTY, PLANT AND EQUIPMENT				
Land				
Buildings				
Plant, equipment and tooling	1 255	1 207	48	234
Other PP&E	3 006	2 826	181	422
PP&E in progress				2
Advances and prepayments				
Total property, plant and equipment	4 261	4 033	228	658
LONG-TERM INVESTMENTS				
Equity associates				
Other investments in associates	48 630	42 619	6 011	9 766
Loans to equity associates				
Other long-term securities	89		89	97
Other long-term investments	215		215	298
Total long-term investments	48 934	42 619	6 306	10 161
TOTAL NON-CURRENT ASSETS	123 454	86 686	36768	76 680
INVENTORIES				
Raw materials and supplies				
Goods in process				
Services in progress				
Intermediate and finished products				
Goods held for resale	30		30	184
Total inventories	30		30	184
ACCOUNTS RECEIVABLE				
Prepayments and advances on orders				
Trade accounts receivable and related accounts	881	150	730	1 406
Other accounts receivable	41 779	26 251	15 528	8 741
Subscribed capital – issued and not paid				
Total accounts receivable	42 660	26 402	16 258	10 147
CASH AND CASH EQUIVALENTS				
Marketable securities including treasury shares:				5 302
Cash and cash equivalents	13 965		13 965	23 681
Prepaid expenses	481		481	914
Total cash and cash equivalents	14 446		14 446	29 898
TOTAL CURRENT ASSETS	57 136	26 402	30 734	40 228
Deferred financing costs				
Bond redemption premiums				
Unrealised foreign exchange losses	57		57	
TOTAL ASSETS	180 646	113 088	67 558	116 908

2. EQUITY AND LIABILITIES

In thousands of €		Net 2017	Net 2016
NET EQUITY			
Share capital Of which paid up:	12 674	12 674	11 761
Additional paid-in capital, merger premiums, share premiums		255 760	242 661
Revaluation differences			
Legal reserve			
Reserves required by the articles of incorporation or by contract			
Regulated reserves			
Other reserves		72	44
Retained earnings		(162 781)	(141 545)
NET LOSS FOR THE YEAR		(66 424)	(21 236)
Total net equity		39 301	91 684
Investment subsidies		6	43
Tax-driven provisions			
SHAREHOLDERS' EQUITY		39 305	91 727
Proceeds from issue of participating shares			
Advances subject to covenants		4 714	5 348
OTHER SHAREHOLDERS' EQUITY		4 714	5 348
Contingency provisions		56	73
Loss provisions		82	
PROVISIONS FOR CONTINGENCIES AND LOSSES		138	73
FINANCIAL LIABILITIES			
Convertible bond issues			
Other bond issues			
Bank borrowings		9	8
Miscellaneous loans and borrowings			205
Total financial debt		9	212
OPERATING LIABILITIES			
Trade advances and prepayments on orders in progress			
Trade accounts payable and related accounts		6 129	9 116
Taxes and social security taxes		2 269	1 659
Total operating liabilities		8 398	10 775
MISCELLANEOUS LIABILITIES			
Accounts payable on non-current assets and related accounts		13	
Other liabilities		12 686	3 284
Total miscellaneous liabilities		12 699	3 284
ACCRUALS AND DEFERRED INCOME			
Deferred income		1 244	2 320
TOTAL LIABILITIES		22 350	16 591
Unrealised foreign exchange gains		1 049	3 169
TOTAL EQUITY AND LIABILITIES		67 558	116 908

PROFIT AND LOSS ACCOUNT

1. PROFIT AND LOSS ACCOUNT (PART 1)

In thousands of €	France	Export	Net 2017	Net 2016
Sales of goods	697		697	531
Sales of products				
Sales of services	198		198	26
NET SALES	895		895	557
Production in inventory				
Self-constructed assets				
Operating subsidies			2	0
Reversal of provisions and transfer of expenses			1 018	77
Licence fees and other income			8 393	3 485
TOTAL OPERATING INCOME			10 308	4 119
EXTERNAL EXPENSES				
Purchases of goods (including customs duties)			218	344
Change in inventory (goods)			184	(78)
Purchases of raw materials and other supplies (including customs duties)			233	125
Change in inventory (raw materials and supplies)				
Other purchases and external expenses			20 467	20 009
Total external expenses			21 101	20 401
TAXES AND RELATED EXPENSES			366	219
PAYROLL EXPENSES				
Salaries and other compensation			5 182	4 614
Social security taxes			2 396	2 071
Total payroll expenses			7 578	6 684
OPERATING DEPRECIATION, AMORTISATION AND PROVISIONS				
Amortisation and depreciation on non-current assets			1 761	1 735
Provisions on non-current assets			158	
Provisions on current assets			751	247
Provisions for contingencies and losses				
Total operating depreciation, amortisation and provisions			2 670	1 982
OTHER OPERATING EXPENSES			203	226
TOTAL OPERATING EXPENSES			31 918	29 512
OPERATING LOSS			(21 610)	(25 393)

2. PROFIT AND LOSS ACCOUNT (PART 2)

In thousands of €	Net 2017	Net 2016
OPERATING LOSS	(21 610)	(25 393)
JOINT OPERATIONS		
Profit allocated or loss transferred		
Loss allocated or profit transferred		
FINANCIAL INCOME		
Financial income from equity associates	28	61
Financial income from other marketable securities and capitalised receivables	13	52
Other interest and similar income	19	36
Reversal of provisions and transfer of expenses	0	21 936
Foreign exchange gains	591	680
Net income from disposals of marketable securities		
TOTAL FINANCIAL INCOME	650	22 765
FINANCIAL EXPENSES		
Amortisation, depreciation and provisions	1	291
Interest and related expenses	346	267
Foreign exchange losses	941	536
Net loss on disposals of marketable securities		
TOTAL FINANCIAL EXPENSES	1 288	1 094
NET FINANCIAL INCOME	(638)	21 671
LOSS BEFORE EXCEPTIONAL ITEMS AND TAX	(22 248)	(3 722)
EXCEPTIONAL ITEMS		
Exceptional items from financial management transactions		4
Exceptional items from non-current asset transactions	85	33
Reversal of provisions and transfer of expenses	58	241
TOTAL EXCEPTIONAL ITEMS	143	278
EXCEPTIONAL EXPENSES		
Exceptional expenses from management transactions	47 786	5
Exceptional expenses from capital or non-current asset transactions	152	21 742
Amortisation, depreciation and provisions	67	
TOTAL EXCEPTIONAL EXPENSES	48 005	21 747
EXCEPTIONAL ITEMS	(47 862)	(21 469)
Employee profit sharing		
Corporate income tax	(3 687)	(3 955)
TOTAL INCOME	11 101	27 162
TOTAL EXPENSES	77 725	48 398
NET LOSS	(66 424)	(21 236)

ACCOUNTING RULES AND METHODS

Onxeo ("the Company") is a French biotechnology company that develops innovative oncology drugs, based on tumour DNA-targeting, an increasingly important area of research in the treatment of cancer. The Company focuses on developing innovative or disruptive compounds from translational research to proof of clinical concept in man, the most value-creating and attractive point of inflection for potential partners.

Onxeo's separate financial statements for the year ended 31 December 2017 were prepared under the responsibility of the CEO and approved by the Board of Directors on 29 March 2018.

1. ACCOUNTING POLICIES AND METHODS

The financial statements for the financial year ended 31 December 2017 were prepared and presented in accordance with the provisions of the French Commercial Code, the French General Accounting Plan and Accounting directive ANC 2016-07 dated November 04, 2016, in accordance with the principle of prudence and independence of financial years.

The financial statements were prepared on a going concern basis based on the Company's cash flow forecasts.

Items are recognised in the financial statements on a historical cost basis. The valuation methods applied for this year are unchanged from the previous financial year.

1.1. INTANGIBLE ASSETS

Intangible assets are recognised at acquisition cost or contribution value less accumulated depreciation and impairment losses.

Research and development costs are expensed directly to the profit and loss account. They may be capitalised in fixed assets when the following criteria are satisfied simultaneously:

- The projects in question are specific, well-defined projects;
- Each project must be technically feasible and have a realistic chance of commercial success at the balance sheet date,
- The cost of each project can be clearly identified.
- These criteria are considered to be satisfied only once the Company has obtained marketing authorisation.

Acquired research and development projects are recognised as intangible assets at transfer value even in the absence of marketing authorisation.

Where a finite useful life has been defined, the cost of intangible assets less any residual value is depreciated over the useful life as estimated by the Company. This period is determined on a case-by-case basis depending on the nature and characteristics of the elements included within the category. In particular, concessions and patents are amortized over a 10-year period on a straight-line basis, software is amortized over a 12-month period using a straight-line method, and R&D assets with finite useful lives in the marketing phase are amortized over their useful life expected by the Company.

When their useful life is indefinite, intangible assets are not amortised but are subject to annual impairment tests. The goodwill is tested at least once a year, at the end of the year. Assets relating to acquired molecules not yet marketed (and thus not yet amortized) are also tested on an annual basis, at the end of the financial year, and as soon as an indicator of loss of value is identified. For example, slower than expected commercialization can be an indication of loss of value.

1.2. PROPERTY, PLANT AND EQUIPMENT

The gross cost of PP&E corresponds to their initial carrying value in the balance sheet, including costs to bring such assets into condition for use, but excluding ancillary expenses related to their acquisition.

Depreciation of PP&E is calculated on a straight-line basis. Depreciable lives and depreciation methods are generally as follows:

- Equipment and tooling	5 years
- Specialised equipment	5 years
- Fixtures and fittings	10 years
- Office and computer equipment	4 years
- Furniture	5 years

1.3. FINANCIAL ASSETS

Investments in subsidiaries and other long-term securities are measured at cost, excluding acquisition-related expenses.

A provision for impairment is recorded at the balance sheet date if the value in use is less than their book value. The value in use of investments in subsidiaries is established on the basis of the net assets at the closing date. The prospects of profitability require the exercise of the judgment of the Management to confirm the valuation made of the net book value of the investments.

The amounts invested in the context of the liquidity contract managed by an investment services provider are recognised:

- under 'Other long-term securities' for treasury shares (being the portion invested in the Company's shares);
- under 'Other financial assets' for the portion kept in cash.

1.4. INVENTORIES

Inventories are measured at purchase cost using the weighted average cost method.

A provision for impairment is recorded if the actual value is less than the net book value.

1.5. RECEIVABLES AND PAYABLES

Receivables and payables are measured at their face value. A provision for impairment is recorded at the balance sheet date if the actual value of thee receivables is less than their net book value.

Receivables and payables denominated in foreign currencies are recognised at the exchange rate prevailing on the transaction date and are restated at the closing rate at each period end. Foreign exchange differences arising on such restatements are recognised in balance sheet assets and liabilities. A provision for losses is recognised in the event of unrealised foreign exchange losses.

Receivables are examined on a case-by-case basis and a provision for depreciation is established in line with the incurred risk.

1.6. MARKETABLE SECURITIES

Marketable securities are measured at cost, excluding acquisition-related expenses.

In case of sale concerning all securities of the same nature conferring the same rights, the input value of the securities sold is estimated using the F.I.F.O. method.

1.7. CASH

All liquid assets held in cash or banks are valued at their nominal value.

1.8. PROVISIONS FOR CONTINGENCIES AND LOSSES

Provisions correspond to obligations resulting from various disputes and risks whose timing and amount is uncertain and to which the Group may be exposed in the context of its operations. A provision is recognised where the Company has a legal or constructive obligation to a third party resulting from a past event that is likely or certain to lead to an outflow of resources to the third party, without receipt of equivalent consideration and where such future cash outflows can be estimated reliably.

1.9. LICENSING AGREEMENTS

1.9.1. LICENCES GRANTED TO THIRD PARTIES

Agreements under which the Company licences rights to third parties for marketing one or more products in its portfolio generally involve an upfront payment at the date of signature, as well as future milestone payments and the payment of royalties on net sales.

Upfront payments due on signature of a licensing agreement, representing the contracting party's share of past R&D investments incurred by the Company as well as to future R&D expenses still to be borne by the Company, are initially recognised in deferred income and are subsequently taken to the profit and loss account over the period of the agreement or over a shorter period, depending on the Company's involvement and the specific conditions of the agreement. This period generally corresponds to the estimated time to obtain a marketing authorization for the product concerned and this estimate is reviewed each year by the Management. In general, the future payments are conditional and depend on the achievement of certain objectives: registration of products, marketing authorisation for products, obtaining a price and/or achievement of sales thresholds (sales performance). They are immediately recognised in other income in the year in which they are received by the Company.

On the other hand, the company benefits from royalties which correspond to a percentage of the net sales actually made by the partners during the period, according to a contractual rate. Royalties are generally calculated on the basis of a monthly or quarterly report sent by the partners. At closing, in the event that the reporting of the last period is not received, the royalties are valued on the basis of actual quantities sold based on a historical net selling price.

In the case of a sale of assets, initial payments are fully recognized on the date of signature of the contract.

1.10. SUBSIDIES

Operating subsidies are taken to profit and loss as the costs are incurred.

Refundable advances are recorded under "Other equity". Where the project is successful, these advances are refundable based on forecasts - arising from the project. In the event that the project fails and the failure is duly recognized by the lending party, cash received is usually not refunded and recorded as an income.

2. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

2.1. R&D PROGRAMMES

2.1.1. LIVATAG®

In January 2017, the Company finalised the recruitment for the "ReLive" phase III trial. This trial aims to show Livatag®'s efficacy in the 2nd-line treatment of advanced hepatocellular carcinoma.

On 11 September 2017, the Company announced that the main criterion of the ReLive trial, improving patient survival, had not yet been achieved. Indeed Livatag® administered as a single therapy showed similar efficacy to that observed for the control group composed of active treatments (particularly poly-chemotherapies and tyrosine kinase inhibitors). No difference in efficacy was found between the two doses in arms treated with Livatag® (20mg/m² and 30mg/m²).

These results led the Company to stop all its investments relating to Livatag (apart from the finalisation of the ReLive clinical trial), preferring to allocate its resources to the AsiDNA™ and belinostat programmes, which provide innovative mechanisms of action and represent very high value.

As a consequence, on 26 October 2017, the Company announced a plan to reduce expenses, including a reduction of approximately 20% of the workforce in France.

2.1.2. AsiDNA™

In 2017, the Company actively pursued the pre-clinical development of this candidate as a systemic single therapy and in combination with other treatments in various types of solid tumours and overcame several key steps:

- In-vivo trial presented to the AACR in April 2017, showing the therapeutic interest of combining AsiDNA™ with PARP (Poly ADP-Ribose Polymerase) inhibitors.
- Positive pre-clinical in-vivo proof-of-concept results announced in June 2017, confirming the activity of AsiDNA™, by systemic administration (intravenously).
- Announcement in September 2017 of -- in-vitro pre-clinical trials results when combining AsiDNA™ with Histone deacetylase inhibitors (HDACi), including belinostat, on various tumour cell lines.
- Submission of an authorisation request for a phase I clinical trial through systemic administration at the end of 2017 in France and in Belgium.

AsiDNA™ could be used in a wide range of indications, which the Company is willing to develop and optimize in partnership. As such, AsiDNA™ can generate, short term or long term, many drivers of growth and value to the Company and its owners.

2.1.3. Beleodaq® (belinostat)

On 24 April 2017, in several countries in Europe, Onxeo launched a Managed Access Programme - also called Named Patient Programme – for Beleodaq®. Within the framework of this programme, a doctor not having any other treatment option can ask for treatment using belinostat for patients suffering from relapsed or refractory peripheral T-cell lymphoma (PTCL). In Europe, some patients could therefore have treatment using belinostat before it is authorised to be marketed in Europe. This programme started to generate revenues in 2017.

At the same time, throughout 2017, the Company continued the development of an oral formulation for belinostat, which up to now has been administered intravenously (IV). In addition, the Company conducted intensive pre-clinical trials on using belinostat in combination with AsiDNA™. These trials showed very promising results, and the Company plans to start a phase 1 trial in 2018 on the use of its two key compounds in combination.

As far as indication for treatment of relapsed or refractory peripheral T-cell lymphoma (PTCL) is concerned, our partner Spectrum Pharmaceuticals has kept marketing Beleodaq® in the United States in 2nd line treatment. Spectrum Pharmaceuticals, which was granted the marketing authorization in 2014 based on a Phase II trial, is responsible for launching and managing a Phase III trial in order to position Beleodaq® in 1st line PTCL. Preliminary studies are presently conducted by Spectrum Pharmaceuticals before Phase III trials can be launched.

The R & D assets related to Beleodaq®, acquired as part of the merger with Topotarget in 2014, were the subject of a value test at December 31, 2017. This test led to recognize a provision for impairment of € 38.1 million as disclosed in note 3.1 below and to depreciate the investments in the subsidiary Topotarget UK, which holds a portion of these assets, for € 3.8 million, as described in note 3.3 below. This information was released by press release on March 14, 2018.

2.2. OTHER PRODUCTS DEDICATED TO PARTNERSHIPS

As part of its strategic repositioning, in July 2017, the Company sold the products Sitavig® and Loramyc® to Vectans Pharma, in consideration of an initial payment of € 4.0 million. The agreement also contains a profit-sharing clause applying to future sales, based on the two products' cumulated global commercial performance. Further, Onxeo will receive from existing partners regarding the two products most of the payments expected in the next three years, relating to successfully completing regulatory steps or achieving commercial performance targets.

In addition, Onxeo granted a global licence for Validive® to Monopar Therapeutics Inc. Onxeo received the immediate payment of a licence fee of $1.0 million and will receive payments for subsequent stages, which could reach $108.0 million subject to achieving agreed stages, including payments related to the regulatory phases, from phase II to registration, for $15.5 million. The agreement also provides for the payment of increasing royalties on sales, which could experience double-digit percentage growth.

2.3. FINANCING

In June 2017, the Company announced a capital increase through the issue of new ordinary shares with cancellation of the preferential subscription right of existing shareholders, pursuant to the 18th and 20th Resolutions adopted by the Extraordinary General Meeting of 24 May 2017 and on the basis of Articles L. 225-136 of the French Commercial Code and L. 411-2(II) of the French Monetary and Financial Code. This fundraising was done through the accelerated construction of an order book open to institutional investors in Europe and through a private placement in the United States.

This capital increase resulted in the issuance of 3,529,411 new ordinary shares on 20 June 2017 for a gross amount of €15.0 million.

Leading American and European institutional investors, and health and biotechnology sector specialists participated in the placement, thereby strengthening and diversifying the Company's shareholder structure. The funds raised will be allocated to developing R&D programmes in the field of orphan oncology diseases and, more generally, to financing the Company's business.

2.4. DISPUTE WITH SPEBIO AND SPEPHARM

On 27 February 2009, Onxeo broke off collaboration with SpePharm and reacquired the rights to market Loramyc® in Europe from the SpeBio joint venture. Onxeo has taken SpePharm and SpeBio to the International Court of Arbitration of the International Chamber of Commerce to obtain damages for the losses suffered on account of breaches of contract committed by these companies under the partnership that had been agreed for the commercial launch of Loramyc®.

In a partial arbitral decision as to the question of its jurisdiction, the Court of Arbitration affirmed its jurisdiction in respect to the one framework contract and only against SpePharm. Onxeo then had a claim form issued by the Commercial Court and served on SpeBio regarding its contractual liability. Onxeo then lodged an application with the Commercial Court for the forced intervention of SpePharm on criminal grounds, and, by a 3 May 2016 ruling, the Paris Commercial Court upheld Onxeo's application pronouncing the forced intervention of SpePharm and consolidation of the Onxeo v. SpeBio and Onxeo v. SpePharm proceedings. In a counterclaim, SpeBio and SpePharm filed claims for damages.

On 17 October 2017, the Paris Commercial Court handed down a judgement ordering Onxeo to pay to SpeBio the sum of €8.6 million for costs sustained before the termination with interest at the statutory rate from 30 June 2014 with compound interest (in addition to € 250 thousand on the basis of Article 700 of the French Code of Civil Procedure) and to Spepharm the sum of € 50 thousand in damages (in addition to € 15 thousand on the basis of Article 700 of the French Code of Civil Procedure). This judgement was handed down along with provisional enforcement and, as a result, a total amount of € 9.2 million was recognised under other liabilities. This amount, although not paid at 31 December 2017, has been deducted from free cash flow and recognised under assets as other receivables.

On 20 October 2017, Onxeo lodged an appeal against this ruling and lodged its submissions with the Court of Appeal of Paris on 9 January 2018, in order to ensure that the appeal proceedings are dealt with promptly in the interests of its shareholders. The Company intends to do make all efforts to convince the Court of Appeal of its merits, and the judgement should be handed down at the end of the fourth quarter of 2018.

2.5. EVENTS SUBSEQUENT TO YEAR END 2017

There are no post-balance sheet events likely to have a material effect on the accounts.

3. NOTES TO THE BALANCE SHEET

3.1. INTANGIBLE ASSETS

€ thousand	31/12/2016	Increase	Decrease	31/12/2017
R&D assets Beleodaq	61,830			61,830
R&D assets AsiDNA	3,259			3,259
Goodwill	4,450			4,450
Other intangible assets	693	26		719
Total Gross value	***70,232***	***26***	***0***	***70,258***
Amortization Beleodaq	-3,680	-1,440		-5,120
Amortization AsiDNA	0	0		0
Amortization other intangible assets	-693	-11		-704
Total Amortization	***-4,373***	***-1,451***	***0***	***-5,824***
Depreciation Béléodaq		-34,210		-34,210
Total Depreciation	***0***	***-34,210***	***0***	***-34,210***
Total	***65,859***	***-35,635***	***0***	***30,224***

Gross intangible assets amounted t to € 70,258 thousand as at 31 December 2017, and consist mainly of:

- € 65,089 thousand in development costs, allocated to Beleodaq® (belinostat) in the amount of € 61,830 thousand and to AsiDNATM in the amount of € 3,259 thousand in connection with the merger-absorption operation of Topotarget in 2014 and the acquisition of DNA Therapeutics in 2016 respectively.
- Goodwill of € 4,450 thousand representing the difference between the acquisition value of Topotarget and the net assets contributed.

Intangible assets also include patents, brands and software acquired by the Company for a total gross amount of € 538 thousand.

Depreciation amounted to € 5,824 thousand, of which € 5,120 thousand resulted from the depreciation of assets associated with the product Beleodaq® for its second-line indication in peripheral T-cell lymphoma, generating income through the marketing efforts of Spectrum Pharmaceuticals, a partner company. These assets are depreciated over the duration of the product's anticipated commercialisation for this indication (17 years).

The intangible assets resulting from the merger with Topotarget (R&D assets and goodwill) were the subject of a value test at 31 December 2017, as follow:

Recoverable amount of intangible assets

Every year, goodwill is subjected to an impairment test. This test is performed at least once per year at the closing date. R&D assets, which are depreciable, were also tested. An impairment is recorded if the recoverable amount of the intangible assets is lower than its book value, i.e. the higher value between the net fair value at the disposal cost and the value in use.

Goodwill

On 31 December 2017, the Group determined the recoverable value of the goodwill as being the higher value between the fair value and the value in use. The fair value was assessed by reference to Onxeo's market capitalisation at 31 December 2017. As for the value in use, it was determined based on projected cash flow, including all income and expenses related to the indications currently in the portfolio, as well as potential advances on products developed by the Group. As the recoverable amount thus obtained, net of disposal costs, was higher than the book value of the goodwill, no depreciation appeared necessary.

R&D assets

R&D assets acquired within the framework of the merger with Topotarget and the acquisition of DNA Therapeutics, respectively Beleodaq in its current PTCL (peripheral T-cell lymphoma) indication as well as in its potential future indications and AsiDNA, have all been tested, whether they are commercialised or not. 1st and 2nd indications in PTCL have been tested together, since the Group considers they concern the same pathology and have a common development plan. The value in use of these R&D assets has been determined using the estimated cash flow method. A discount rate of 16.2% has been applied to the cash flow, taking into account the market risk and specific risks related to Onxeo. Since the values in use obtained for Beleodaq 1st and 2nd line PTCL, firstly, and for the future potential indications of the product, secondly, are lower than the tested bases, the R&D assets acquired for a net amount of €65,089 thousand as of December 31, 2017, have been depreciated in the amount of €34,210 thousand. This impairment stems mainly from increased competitive pressure in the PTCL market. This situation naturally affects the second-line treatment segment, the first approved Beleodaq indication in which the product is marketed in the United States by partner Spectrum Pharmaceuticals. But it also has a prospective influence on the first-line segment, an additional indication that should be obtained at the end of Spectrum's Phase III study, whether in terms of estimated market shares for the product or selling price.

It is specified that the R & D assets related to Beleodaq, acquired through the merger with Topotarget, are partly owned by Topotarget UK. The value test above has impacted the value of the assets of this subsidiary and as a result, a provision for depreciation of the investments held by Onxeo has been recognized, as indicated in paragraph 3.3 below.

The Group has implemented sensitivity tests on key parameters of the model, the results of which are summarized below:

€ million	**Beleodaq**
Value in use as of December 31, 2017	22.5
Variation of the probability of success /PTCL 1L	
-5%	22.0
-10%	21.5
Variation of net sales	
-5%	21.1
-10%	19.7
Variation of discount rate	
+0,3%	21.9
+0,5%	21.2

3.2. PROPERTY, PLANT AND EQUIPMENT

PP&E mainly comprises laboratory and research equipment, computer equipment and other fittings and equipment purchased by the Company.

During the financial year 2017, acquisitions amounted to €37 thousand. Capital depreciation was €183 thousand, fully amortized, corresponding to an asset update made by the Company.

3.3. FINANCIAL ASSETS

Financial assets correspond primarily to equity securities held by Onxeo in its subsidiaries in France and abroad.

Changes in this item mainly correspond to an additional depreciation of UK subsidiary equity securities, for an amount of €3,764 thousand, recognized as an exceptional expense. This is due to the write-down of the fair value of the Beleodaq related assets (see above), part of which being owned by that subsidiary.

The amount of treasury shares held as part of the liquidity agreement at 31 December 2017 was €89 thousand, corresponding to 77,752 shares recognised in 'Other long-term securities". Cash not invested within the framework of the agreement amounted to €50 thousand.

3.4. TRADE ACCOUNTS RECEIVABLE

Net trade accounts receivable amounted to € 730 thousand at 31 December 2017, of which € 178 thousand due from other companies of the Group. Trade accounts receivable due from outside the Group mainly comprise receivables owed by the partner Spectrum Pharmaceuticals and correspond to rebilling of R&D expenses and fees on sales due by this partner.

3.5. OTHER RECEIVABLES

Other receivables amount to € 15,528 thousand at 31 December 2017 and mainly consist of the following:

- Research Tax Credit, France and Denmark 2017: €3,699 thousand
- Cash allocated to payment due to SpeBio and SpePharm: € 9,152 thousand
- Net value of subsidiaries' current accounts: € 716 thousand
- Deductible VAT: € 980 thousand
- VAT refund requested: € 184 thousand.

3.6. CASH

At 31 December 2017, cash and cash equivalent amounted to € 13,965 thousand, including term accounts in the amount of € 2,000 thousand. It also includes an amount of € 5,455 thousand lodged into an escrow account as part of an on-going administrative procedure, which has been released in total early January 2018.

The change in net cash was a decrease of € 15,018 thousand. This mainly stems from the Company's operating costs, including research and development, for a total of € 28.4 million, and the amount of € 9.2 million relating to the sentence against the Company in connection with the dispute with SpeBio and SpePharm. These cash outflows were partly offset by fundraising finalised in June for a net amount of € 14.0 million and by revenue from the sale of Loramyc® and Sitavig® (€ 4.0 million), the Validive licence (€ 0.8 million) and products sold by the Company's partners.

3.7. PREPAID EXPENSES

Prepaid expenses at 31 December 2017 amounted to € 481 thousand and mainly correspond to subcontracted services and fees.

3.8. SHAREHOLDERS' EQUITY

At 31 December 2017, share capital amounted to €12,674k, divided into 50,695,653 ordinary shares with a nominal value of €0.25 each, all of the same class and fully paid up.

During the year 2017, the Company's share capital increased as follows:

		Nominal value	Number of shares	€
Shares fully paid at 31/12/2016		0.25	47,043,404	11,760,851.00
Capital increase	(1)	0.25	3,529,411	882,352.75
AGA capital increase acquired	(2)	0.25	117,150	29,287.50
Increase in capital by exercise of stock options	(3)	0.25	5,688	1,422
Shares fully paid at 31/12/2017		0.25	50,695,653	12,673,913.25

- Reserve capital increase on 20 June 2017: issuance of 3,529,411 new ordinary shares at the unit price of €4.25, with a par value of €0.25 each, corresponding to an increase in share capital of €882k together with share premiums of €14,118k.

- Issuance of 117,150 vested bonus shares allocated in 2016, permanently acquired in the financial year, of a par value of €0.25 each, i.e. an amount of €29,287.50.

- Capital increase relating to the exercise of the stock options having led to the issue of 5,688 new ordinary shares with a par value of €0.25 each, corresponding to an increase in share capital of €1,000 together with share premiums of €19,000.

Additional paid-in capital, merger premiums and share premiums increased from €242,661k to €255,760k, mainly due to the following events:

- Capital increases described above, for a total premium amount over the year 2017 of €14,137k
- Charging of the 2017 capital increase costs for an amount of €1,059k

3.9. OTHER SHAREHOLDERS' EQUITY

Other equity capital corresponds to:

- A BPI France advance paid in several instalments under the Livatag programme within the framework of the NICE consortium, put in place in 2013 and for which Onxeo was the lead company. This advance, of an amount of € 4,036 thousand at 31 December 2017, is repayable in case of commercial success. Due to the negative results of the ReLive phase III, Onxeo made a commercial failure declaration to BPI France in order to be released from its repayment obligations. A decision is expected in the financial year 2018.
- A BPI France advance of € 550 thousand paid in 2009 under the ASIDNA programme. The balance of € 116 thousand at 31 December 2017 will be repaid over the 2018 year.
- Another advance from BPI France of € 562 thousand paid in 2010 under the ASIDNA program, repayable in case of commercial success. The repayment schedule of this advance is scheduled from September 2018.

3.10. INVESTMENT SUBSIDIES

The investment subsidy corresponds to the landlord's contribution to some of the work on the new registered office, which started in 2008, in the amount €3 67 thousand, depreciated over 10 years. The amount of deprecation at 31 December 2017 was € 361 thousand.

3.11. PROVISIONS FOR CONTINGENCIES AND LOSSES

Provisions for contingencies and losses amounted to € 138 thousand, mainly corresponding to exchange rate or litigation provisions.

3.12. TRADE PAYABLES

Trade payables fell from € 9,116 thousand at 31 December 2016 to € 6,170 thousand at 31 December 2017 due to the change in R&D activities.

The Group conducts preclinical and clinical research and contracts with external partners who assist Onxeo in its work. In clinical trials, research expenses provisioned at the end of the year are determined based on management's estimates of the patient-related not-yet-billed costs. These estimates are based on information provided by contracted investigator centres (hospitals) and cost analyses performed by management.

3.13. TAX AND SOCIAL SECURITY TAXES

The € 610 thousand increase mainly comes from the sums provisioned for the workforce reduction plan implemented by the company after the negative results from the phase III with Livatag.

3.14. OTHER LIABILITIES

This item of € 12,686 thousand corresponds to the subsidiary Topotarget UK's current account of € 3,534 thousand (credit) and to the accrued expenses of € 9,152 thousand relating to the sentence pronounced by the Commercial Court in the dispute with SpeBio and SpePharm.

3.15. DEFERRED INCOME

Deferred income mainly consists of licence revenue deferred for less than one year with Pint Pharma, whose recognition in profit or loss staggered over several financial years based the estimated date of obtaining the marketing authorisation and whose balance at 31 December 2017 was € 1,027 thousand.

4. NOTES ON THE PROFIT AND LOSS ACCOUNT

4.1. REVENUE

Revenue for the financial year 2017 amounted to € 895 thousand and came from sales of products to licence partners for € 697 thousand and from various services for €198k.

4.2. ROYALTIES FROM LICENSING AND OTHER INCOME.

This item of an amount of € 8,393 thousand includes a portion of the amounts received on signing the marketing licence agreements for € 1,010 thousand, staggered over time, as well as royalties on the sales of partners for € 2,107 thousand. The increase in respect of 2016 is mainly due to the sale to Vectans of Sitavig and Oravig for € 4,000 thousand, the signing of the licence agreement for Validive for an amount immediately received of € 838 thousand, as well as receipt of other non-recurring licence revenue of € 438 thousand.

4.3. OPERATING EXPENSES

Operating expenses increased from € 29,512 thousand in 2016 to € 31,918 thousand in 2017.

The major changes of the year were:

- A € 458 thousand increase in external expenses, mainly due to an increase in scientific outsourcing expenses, as a result of conducting the ReLive clinical trial with Livatag and continuation of the development plans of the AsiDNA and belinostat projects.
- A € 894 thousand increase in payroll expenses, mainly due to the workforce reduction plan and the social security costs resulting from the final acquisition of free shares previously allocated.
- A € 453 thousand increase in impairment provisions, mainly due to the impairment of the Onxeo US current account.
- A € 261 thousand increase in change in inventory, subsequent to the sale to Vectans of the Sitavig and Loramyc products.

The research and development costs in 2017 amounted to € 18.8 million.

The employment competitiveness tax credit for 2017 amounted to € 32 thousand and was recognised as a reduction of operating expenses. It was assigned exclusively to the Company's research and development effort.

4.4. FINANCIAL INCOME

Financial income mainly includes, foreign exchange gains in the amount of € 591 thousand, group current account interest for € 28 thousand, and income generated by short-term investments for € 13 thousand.

Financial expenses include interest relating to current account advances for a total amount of € 197 thousand, an amount of € 145 thousand corresponding to interest on the BPI refundable advance calculated at the effective interest rate and foreign exchange losses in the amount of € 941 thousand.

4.5. EXCEPTIONAL ITEMS

The negative extraordinary result of €(47,862) thousand mainly corresponds to

- The writing down of the R&D intangible assets for € 34,210 thousand
- The depreciation of the Topotarget UK intercompany investment for € 3,754 thousand
- the amount of € 9,152 thousand the Company was ordered to pay to SpeBio and SpePharm in its dispute with the two companies, and
- The writing-off of a receivable within the framework of an agreement with a partner company for € 670 thousand.

4.6. CORPORATE INCOME TAX

Corporate income tax is an income of € 3,687 thousand corresponding to French and Danish research tax credits.

Onxeo had a tax loss carried forward amounting to € 261 million at 31 December 2017.

5. OFF BALANCE SHEET COMMITMENTS

5.1. POST-EMPLOYMENT BENEFITS

The actuarial valuation method used is the retrospective valuation method. This method enables the present value of the benefit obligation to be determined on the basis of services rendered by the employee at the valuation date. The plan is a defined benefit plan.

The actuarial assumptions applied are as follows:

Collective bargaining agreement: Medical industry
Retirement age:
From 65 years, in accordance with the Pension Reform Act of 10 November 2010
Calculation date: 31/12/2017
Mortality table: INSEE 2017
Discount rate: 1.55 %
Rate of salary increase: (Salary growth rate + inflation) 2%
Employee turnover rate: By age category:
Social security tax rate 46%

At 31 December 2017, retirement benefit obligations amounted to € 468 thousand.

5.2. LEASING COMMITMENTS

Leasing commitments amount to €121.5 thousand at 31 December 2017.

6. REMUNERATIONRATION OF CORPORATE OFFICERS

Remuneration of corporate officers amounted to € 1,031 thousand, including the retirement benefits of the Chief Executive Officer for an amount of € 82 thousand.

7. RELATED PARTIES

Onxeo SA's related parties are as follows:

- Financière de la Montagne, which, in its capacity as the largest shareholder of the company with 12.67% of the capital and as a board member, is considered to exert a significant influence on the company.

No transactions were made in the year 2017 with Financière de la Montagne.

- The Chairman of the Board of Directors, as one of the main executives presenting the financial statements.

No transactions were made in the year 2017 with the Chairman of the Board of Directors.

8. INTRA-GROUP TRANSACTIONS

Transactions with other companies related to the Group concern only those companies included in the scope of consolidation. These essentially involve sales of finished goods and services, billings of marketing license fees, and intercompany loans and borrowings as part of cash management agreements.

The table below shows the impact of intra-group transactions at 31 December 2017:

in 000' €	31/12/2017	31/12/2016
Assets	75,783	77,698
Liabilities	3,534	2,904
Income	26	56
Expenses	198	177

Asset amount mainly corresponds to the current account of the subsidiary Topotarget Switzerland and to participating shares, liability amount to the Topotarget UK subsidiary current account.

APPENDICES

NON-CURRENT ASSETS

In thousands of €	Amount at start of 2017	Increases	Decreases	Amount at end of 2017
Start-up costs and research and development costs	65 089	0		65 089
Other intangible assets	5 143	26		5 168
TOTAL INTANGIBLE ASSETS	**70 232**	**26**		**70 258**
Land				
Construction on own land				
Leaseholds				
Facilities, fixtures and fittings				
Plant, equipment and tooling	1 221	34		1 255
Facilities, fixtures and fittings	2 281		49	2 232
Transport equipment				
Office and computer equipment, furniture	902	5	132	775
Recoverable packaging & other				
Property, plant and equipment in progress	2		2	
Advances and prepayments				
TOTAL PROPERTY, PLANT AND EQUIPMENT	**4 405**	**39**	**183**	**4 261**
Equity associates				
Other investments in associates	48 630			48 630
Other long-term securities	97	26	34	89
Loans and other financial assets	298	51	134	215
TOTAL LONG-TERM INVESTMENTS	**49 025**	**78**	**168**	**48 934**
TOTAL NON-CURRENT ASSETS	**123 662**	**142**	**351**	**123 454**

DEPRECIATION AND AMORTIZATION TABLE

In thousands of €	Amount at start of 2017	Increases	Decreases	Amount at end of 2017
Start-up costs and research and development costs	3 680	1 440		5 120
Other intangible assets	691	13		704
TOTAL INTANGIBLE ASSETS	4 371	1 453		5 824
Land				
Construction on own land				
Leaseholds				
Facilities, fixtures and fittings				
Plant, equipment and tooling	987	62		1 049
Fixtures and fittings	1 934	214	49	2 099
Transport equipment				
Office and computer equipment, furniture	826	32	132	726
Recoverable packaging & other				
TOTAL PROPERTY, PLANT AND EQUIPMENT	3 747 K	308 K	181 K	3 874 K
GRAND TOTAL	**8 119**	**1 761**	**181**	**9 698**

PROVISIONS

In thousands of €	Amount at start 2017	Increases: in provisions in the year	Decreases:			Amount at end 2017
			Used during the period	Unused during the period	Reversals during the year	
Tax-driven provisions						
Provisions for replenishing sources (mines, oil).						
Provisions for investment						
Provisions for price rises						
Special depreciation allowances						
Additional depreciation for tax purposes of which exceptional increases of 30%						
Provisions for construction and equipment loans						
Other regulated provisions						
TOTAL REGULATED PROVISIONS						
Provisions for contingencies and losses						
Provisions for litigation						
Provisions for customer warranties						
Provisions for losses on futures markets						
Provisions for fines and penalties						
Provisions for foreign exchange losses		56				56
Provisions for pensions and similar obligations						
Provisions for taxes						
Provisions for capital renewal						
Provisions for major repairs and major overhauls						
Prov. for tax and soc. chgs on holiday pay						
Other provisions for contingencies and losses	73	67			58	82
TOTAL PROV. FOR CONTINGENCIES AND LOSSES	73	123			58	138
Provisions for impairment						
On intangible assets		34 210				34 210
On PP&E		158				158
On long-term investments in associates						
On long-term investments in participating shares	38 863	3 754				42 618
On other long-term investments						
On inventories and work in progress						
On trade receivables	972	56			878	150
Other provisions for impairment	25 613	638				26 251
TOTAL PROVISIONS FOR IMPAIRMENT	65 449	38 816			878	103 387
GRAND TOTAL	65 522	38 939			936	103 525

RECEIVABLES

In thousands of €	Gross amount	Less than 1 year	More than 1 year
Loans to equity associates			
Loans (1) (2)			
Other long-term investments	215		215
Total non-current assets	215		215
Doubtful or contentious receivables	138	138	
Other trade receivables	742	742	
Receivables representing loaned securities			
Personnel	13	13	
Social security and other employee benefit charges	0	0	
Corporate income tax	3 699	3 699	
Value added tax	1 133	1 133	
Taxes other than on income			
Other	190	190	
Group and shareholders (2)	26 967	26 967	
Miscellaneous receivables	9 778	9 778	
Total current assets	42 660	42 660	
Prepaid expenses	481	450	
TOTAL RECEIVABLES	43 356	43 141	

(1) Amount of loans granted during the period	
(1) Amount of repayments obtained during the period	
(2) Shareholders' loans and advances (individuals)	

PAYABLES

In thousands of €	Gross amount	Less than 1 year	Between 1 and 5 years	More than 5 years
Convertible bonds (1)				
Other bonds (1)				
Ban debts < 1 year	9	9		
Ban debts > 1 year				
Other debt (1) (2)				
Trade payables	6 129	6 129		
Personnel	1 215	1 215		
Social security and other employee benefit charges	827	827		
Corporate income tax				
Value added tax	118	118		
Secured obligations				
Taxes other than on income	109	109		
Payables on fixed assets and related accounts	13	13		
Group and shareholders (2)	3 534	3 534		
Other liabilities	9 152	9 152		
Debt representing borrowed securities				
Deferred income	1 244	1 244		
TOTAL PAYABLES	22 350	22 350		

(1) Loans contracted during the year	
(1) Loans repaid during the year	
(2) Amount of loans and debts payable to shareholders	

ACCRUED INCOME

In thousands of €	2017	2016
Financial assets		
Loans to equity associates		
Other long-term investments		
Total long-term investments		
Receivables		
Trade receivables	330	757
Other receivables	636	98
Total receivables	**966**	**855**
Cash and cash equivalents		
Marketable securities		2
Cash	0	2
Total cash and cash equivalents	**0**	**4**
Other		
Total other		
TOTAL	**966**	**859**

ACRRUED EXPENSES

In thousands of €	2017	2016
Financial liabilities		
Convertible bond issues		
Other bond issues		
Ban borrowings		
Miscellaneous loans and borrowings		
Trade advances and prepayments on orders in progress		
Total financial liabilities		
Operating liabilities		
Trade accounts payable and related accounts	5 571	5 107
Tax and social security taxes	1 669	1 238
Total operating liabilities	**7 240**	**6 345**
Other payables		
Accounts payable on non-current assets and related accounts	13	
Other liabilities	9 152	
Total operating liabilities	**9 165**	
Other		
Total other liabilities		
TOTAL	**16 405**	**6 345**

CHANGES IN EQUITY

In thousands of €	2017 Opening	Capital increase	Capital reduction	Appropriation of income 2016	Other changes	Net profit (loss) for year 2017	2017 Close
Share capital in number of shares							
Nominal value							
Share capital	11 761	884			29		12 674
Additional paid-in capital, merger premiums, share premiums	242 661	14 137			(1 038)		255 760
Revaluation differences							
Legal reserve							
Reserves required by the articles of incorporation or by contract							
Regulated reserves							
Other reserves	44	72	44				72
Retained earnings	(141 545)			(21 236)			(162 781)
Net profit (loss) for the year	(21 236)			21 236		(28 314)	28 314
Investment subsidies	43				(37)		6
Tax-driven provisions							
Dividends paid							
Total equity	**91 727**	**15 093**	**44**	**0**	**(1 046)**	**28 314**	**77 417**

LEASING

LEASED ASSETS (in thousands of €)	Initial cost	Amortisation and depreciation		Net value
		For the period	Cumulative	
Buildings				
Plant, equipment and tooling	45	9	25	20
Other PP&E	177	38	75	102
PP&E in progress				
TOTAL	222	47	100	122

LEASE COMMITMENTS (in thousands of €)	Amounts paid		Amounts outstanding				Residual purchase price
	For the period	Cumulative	< 1 year	From 1 to 5 years	> 5 years	Total	
Buildings							
Technical installations	11	28	11	11		22	1
Other PP&E	30	38	31	68		99	
PP&E in progress							
TOTAL	41	66	42	79		121	1

AVERAGE HEADCOUNT

Category	Average headcount		Average available headcount		Total	
	2017	2016	2017	2016R	2017	2016
Executives/supervisors	40	41			40	41
Staff and Technicians	9	11			9	11
Total	**49**	**52**			**49**	**52**

RELATED PARTIES AND PARTICIPATING INTERESTS

In thousands of €	Amount concerning	
	related parties	in which the Company has a participating interest
Long-term investments		
Advances and prepayments on intangible assets		
Investments in associates	48 630	
Loans to equity associates		
Loans		
Total long-term investments		
Accounts receivable		
Prepayments and advances on orders		
Trade accounts receivable and related accounts	186	
Other receivables	26 967	
Subscribed capital – issued and not paid		
Total accounts receivable	**75 783**	
Liabilities		
Convertible bond issues		
Other bond issues		
Ban borrowings		
Miscellaneous loans and borrowings		
Trade advances and prepayments on orders in progress		
Trade accounts payable and related accounts		
Other liabilities	3 534	
Total payables	**3 534**	
Financial income		
Income from equity associates		
Other financial income	(26)	
Financial expenses	198	
Total financial income	**172**	

TABLE OF SUBSIDIARIES AND EQUITY INTERESTS (IN €)

Company	Share Capital	Percentage owned	Book value of shares held		Loans and advances granted by the Company and not yet repaid	Result (profit or loss at last year-end)
			Gross	Net		
BIOALLIANCE PHARMA SW	81 460	100	31 918	0	218 914	(9 005)
SPEBIO	40 000	50	20000	0	1 475 000	(100 400)
TOPOTARGET SW	559 949	100	9 917 835	0	24 620 838	(64 859)
TOPOTARGET U	1 636 474	100	38 659 221	9 901 056	0	(3 467 778)
ONXEO US	884	100	884	0	652 337	(417 816)
Total			**48 629 858**	**2 237 056**	**26 967 089**	**(4 059 858)**

FIVE YEAR SUMMARY OF PROFIT/LOSS (IN €)

In euros	2013	2014	2015	2016	2017
Share capital at year end					
Share capital	5,170,748	10,136,051	10,138,021	11,760,851	12,673,913
Number of ordinary shares outstanding	20,682,992	40,544,204	40,552,083	47,043,404	50,695,653
Number of preference shares outstanding					
Maximum number of future shares to be issued:					
By conversion of bonds					
By exercise of subscription rights					
Operations and results					
Net revenue, excluding VAT	643,656	456,774	810,343	556,854	894,784
Net profit (loss) before tax, profit-sharing, depreciation, amortization and provisions	(17,162,260)	8,842,926	(23,266,312)	(45,158,403)	(30,432,231)
Corporate income tax	(2,389,161)	878,352	(3,718,068)	(3,954,873)	(3,686,612)
Employee profit-sharing for the year					
Net Profit (loss) after tax, profit-sharing, amortization, depreciation and provisions	(15,022,175)	8,521,759	(25,163,280)	(21,236,246)	(66,434,305)
Distributions					
Earnings per share					
Net profit (loss) after tax, profit-sharing, but before depreciation, amortization and provisions	(0.71)	0.20	(0.48)	(0.88)	(0.53)
Net profit (loss) after tax, profit-sharing, depreciation, amortization and provisions	(0.73)	0.21	(0.62)	(0.45)	(1.31)
Dividend per share					
Personnel					
Average headcount for the year	51	59	53	52	46
Gross payroll for the year	3,945,900	8,023,027	5,447,799	4,613,673	5,181,976
Amounts paid for employee benefits	1,944,581	2,392,857	2,063,410	2,070,805	2,395,768

6.4 STATUTORY AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

GRANT THORNTON
Membre français de Grant Thornton International
29, rue du Pont
92200 Neuilly-sur-Seine

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Onxeo,

I. Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Onxeo for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

III. Justification of assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Revenue recognition relating to license agreements:

Key Audit Matter	Our response
Cf. Notes 1.9.1., 2.2., 4.1. and 4.2. to the annual financial statements of Onxeo. Revenues are made notably from license agreements signed with partners. Such agreements result in the cash-in of initial payments at signing date, then cash-ins conditioned to technical, commercial or regulatory objectives by partners. Moreover, these agreements usually provide for royalties on partners' net sales that correspond to a percentage of given net sales. Revenues are also made of direct sales and non-recurring items such as revenues due to asset's intellectual property right sales. From an accounting standpoint, initial payments at signature date are spread over the period from signature to expected date of marketing authorization. In case of asset's intellectual property sale, initial payments are accounted for at signature date. Further payments conditioned to contractual objectives are fully recorded when objectives are met. Royalties on net sales are booked depending on actual sales made by partners, applying royalties contractual rates. Contracts accounting relies on several key assumptions determined by Onxeo SA management, notably:	Our audit procedures consisted of examining all on going agreements. Our controls consisted in: - analyzing the contractual clauses and accounting method applicable to initial payments, further conditioned payments and royalties on net sales; - assessing the assumptions used for revenue recognition, notably the expected dates of marketing authorization and development costs to be incurred after signing. Within that framework, we held meetings in particular with the Finance department and the R&D teams, and examined the documents submitted by the partners; - In the case of asset's intellectual property right sale, investigate on the conditions of the intellectual property right effective transfer of the products to the partners for the molecule sales. - reconciling the partners' net sales at closing in order to verify the calculation of the royalties based on these sales.

- Estimate of the marketing authorization date and research costs to be incurred by the Onxeo SA after signing the contract; - Estimate of the net sales made by partners and computation of the corresponding royalties. We considered that revenue recognition from license agreements was a key audit matter of the Onxeo SA audit.	

Intangible assets related to R&D and Goodwill valuation:

Key Audit Matter	Our response
Cf. Notes 1.1., 2.1. and 3.1. to the annual financial statements. The net book value of the fixed assets related to research and development (R&D) and to goodwill amount to, at December 31, 2017, 69,5 M€. Such assets are mainly made up of: - intangible assets related to R&D (i) originating, on the one hand, from research work performed by Danish company TopoTarget and brought to Onxeo in the context of a merger dated August 5, 2014, for 61,8 M€ and (ii) on the other hand, from the acquisition of the DNA Therapeutics on February 29, 2016 for 3,3 M€; - goodwill accounted for following the aforementioned merger with TopoTarget for an amount of 4,45 M€. Note 3.1, paragraph "R&D assets" to the annual financial statements describes the terms and conditions of the impairment tests performed on intangible assets relating to R&D and those relating to goodwill (*fonds commercial)*: - goodwill is subject to an impairment tests at least once a year. The Group performs such test at closing; - assets related to R&D not commercialized yet (and consequently not amortized yet) are tested on an annual basis. The Group performs such test at closing;	Our audit procedures regarding intangible assets relating to R&D and goodwill, consisted of controls on (i) the business plan prepared by the Group's management and including various operational assumptions and the chances of success in the projected cash-flows and (ii) the financial model used to determine the recoverable value of each of the assets used by the Group. We focused our attention on the following: - The main operational assumptions included in the business plan: we examined estimates and assumptions used and compared such data with projected information provided by partners of the Group's license contrats; - Chance of success: we assessed the various chances of success used and compared them with the practices observed in the biotechnology sector; - Discount rates sued: we assessed the relevance of the rates used, with the support of our financial valuation experts. Sensitivity tests were therefore performed; - Arithmetical computations: we examined the calculations made by the Group's management in the business plan and the financial model.

- R&D assets related to commercialized (and therefore amortized) products are subject to an impairment test, when new circumstances indicate that such assets may have suffered an impairment. Impairment tests have been performed using the discounted cash flow method in order to analyze the value in use of the assets. Such discounted cash flows take into account market risks as well as specific risks related to the Onxeo Groups. Impairment tests performed at December 31, 2017, led to a 34,2 M€ depreciation of the intangible assets relating to R&D. We considered that determining the recoverable value of intangible assets relating to R&D and goodwill (*fonds commercial*) is a key audit matter due to (i) the significance of the assets in the Group's annual financial statements, (ii) the necessary estimates to determine projected cash flows and (iii) the estimates and assumptions, namely regarding the chances of success and the discount rate,, used to determine the recoverable value.	

Valuation of investments in subsidiaries:

Key Audit Matter	Our response
As at December 31, 2017, investments in subsidiaries are recorded in the balance sheet at a net book value of 6 011 thousand euros, i.e. 9% of the total assets. As mentioned in Note 1.3 "Financial assets" to the annual financial statements, when the value in use of the investments is less than their book value, a depreciation is recognized for the amount of the difference. The value in use of the investments is determined on the basis of net assets or adjusted net assets at closing. The profitability forecast requires the exercise of management's judgment to confirm the valuation made of the net book value of the investments. Given the weight of these investments and the significant impact that a decrease in the profitability forecasts would have on their value in use, we considered the valuation of investments in subsidiaries to be a key audit matter.	Our assessment of the valuation of investments in subsidiaries is based on the process set up by the Company to determine the value in use of these investments. Our work consisted in: - reviewing the methodology used by management to assess the recoverable amount of each equity security; - analyzing, for the valuations based on historical items that the retained equity is consistent with the accounts of the entities and that the adjustments on equity, when applicable, are based on conclusive documentation; - assessing these valuation results based on historical financial data in relation to the valuation works performed on research and development assets on projected financial data.

Valuation of costs incurred for the performance of clinical trials:

Key Audit Matter	Our response
In the context of the development of its products Onxeo performs clinical trials in collaboration with research centers. The costs incurred for such trials are recognized as expenses according to the state of completion of the medical treatments. At closing, an estimate of the costs not yet invoiced by third-parties per patient is determined by management and recorded as expenses for the year. These cost estimates are determined by management based on the information provided by the research centers and cost analyzes performed by Onxeo. Given the importance of the research and development expenses and their methods of estimate at closing, we considered their valuation to be a key audit matter.	Our audit procedures consisted namely in taking into account the valuation and factors justifying the key assumptions used by management to determine the amount of the provisions. In this context, we have: - taken note of the internal control procedures set up by to identify and estimate the costs to be recorded at year-end; - assessed the significant contracts entered into with clinical trial centers, as well as the elements established by management to justify the cost per patient of the medical treatments carried out; - analyzed previous year accruals to review the consistency of management's past estimates; - examined the consistency of the stage or completion of medical treatments per patient and the calculation of the related expenses, in the light of the information provided by research centers or the analysis carried out by management on the basis of historical data. - analyzed the expenses recognized in the subsequent period to ensure that there is no discrepancy with the estimates made.

IV. Verification of the management report and the other documents provided to the shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the Management Report and in the Other Documents Provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

V. Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Onxeo by your annual general meetings held on February 25, 1997 for Grant Thornton and on November 7, 2005 for ERNST & YOUNG Audit.

As at December 31, 2017, Grant Thornton was in the 21st year of total uninterrupted engagement and ERNST & YOUNG Audit in the 13th year.

VI. Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

VII. Statutory auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional

standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La-Défense, April 25, 2018

The Statutory Auditors
French original signed by

GRANT THORNTON *Membre français de Grant Thornton International*	ERNST & YOUNG Audit
Samuel Clochard Partner	Franck Sebag Partner

6.5 OTHER FINANCIAL INFORMATION

Date of latest financial data

29 March 2018: Publication of the press release on the audited 2016 consolidated annual financial statements approved by the Board of Directors on 29 March 2018.

Interim and other financial data

None.

Dividend distribution policy

Because of its losses, Onxeo has never distributed any dividends.

In its shareholders' interests, the Company intends to dedicate all of its financial resources to increasing its enterprise value. Any distributable profits as may be earned during the business development phase will be kept by the Company and used in developing its activities.

Subsequently, depending on the level of distributable reserves, the Company intends to adopt a dividend distribution policy reflecting increases in profits and cash generated by the business. The Company does not, however, project any dividend distributions in the near future.

6.6 STATUTORY AUDITOR'S REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

GRANT THORNTON
Membre français de Grant Thornton International
29, rue du Pont
92200 Neuilly-sur-Seine

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France

To the general meeting of shareholders of Onxeo,

In our capacity as statutory auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, conditions and the reasons for the Company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the general meeting of shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement.

Agreements and commitments submitted for approval to the general meeting of shareholders

We hereby inform you that we have not been notified of any agreements or commitments authorized and concluded during the year to be submitted to the approval of the General meeting of shareholders pursuant to Article L. 225-38 of the French Commercial code (*Code de commerce*).

Agreements and commitments already approved by the general meeting of shareholders

We hereby inform you that we have not been notified of any agreements or commitments which were already approved by the general meeting of shareholders in prior years and whose execution continued during the year ended December 31, 2017.

Neuilly-sur-Seine and Paris-La Défense, April 25, 2018

The Statutory Auditors
French original signed by

GRANT THORNTON
Membre français de Grant Thornton International

Samuel Clochard
Partner

ERNST & YOUNG Audit

Franck Sebag
Partner

6.7 INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[14], under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Onxeo, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 12 2018, presented in chapter 10 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company instructions (hereafter referred to as the "Criteria"), and of which a summary is included in the management report and available on request at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11-3 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);

- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work mobilized the skills of four people between November 2017 and March 2018 for an estimated duration of two weeks.

[14] Scope available at www.cofrac.fr

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[15].

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code *(Code de commerce).*

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code *(Code de commerce).*

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code *(Code de commerce)* with the limitations specified in chapter 10.1 of the management report, notably that every social indicator - except the headcount and the terminations - only concern the French scope.

Conclusion

Based on this work and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook interviews with the people responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[16]:

[15] ISAE 3000 – *Assurance engagements other than audits or reviews of historical information*

[16] **Social information**: employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), absenteeism (sick leave and maternity/paternity), health and safety (number of work accidents, lost days, frequency and severity).

-At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report ;

-At the level of the representative selection of divisions that we selected[17], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 100% of the total workforce and 96% for all other indicators.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 28th March 2018

Independent Verifier
ERNST & YOUNG et Associés

Partner, Sustainable Development	Partner
Eric Duvaud	Bruno Perrin

Environmental and societal information: importance of subcontracting and the consideration of environmental and social issues in relations with suppliers and subcontractors, business ethics (measures undertaken in favour of consumers' health and safety).

[17] France

7. FURTHER ECONOMIC AND LEGAL INFORMATION

7.1 CAPITAL AND THE STOCK MARKET

7.1.1 ONXEO AND ITS SHAREHOLDERS

All shareholders have access to full, transparent and clear information that is adapted to the needs of the individual and can be used to make an objective assessment of Onxeo's growth strategy and results. This financial communication policy aims to ensure that all shareholders have access to information that complies with usual market practice.

A very diverse array of public documents including regulatory information covers the company's business activities, strategy and financial position: Registration Document, annual report, interim financial statements, shareholder communiqués, the Company's articles of association and the rules of procedure of the board. All these documents are readily accessible via the company's website at www.onxeo.com under the Investors section in both French and English and on request by contacting the company's general management. Email us at contact@onxeo.com to directly receive annual reports, institutional brochures, and press releases.

Onxeo circulates and publishes in the BALO legal announcements publication the regulatory information required of a listed company in the form of various annual and other periodic information. Financial information is complemented by press releases aimed at the financial community and the wider public, concerning subjects of significant importance to better understand the company's business activities and strategy. The company holds periodic meetings with financial analysts and economic journalists in order to explain in interactive mode the company's challenges, products, plans and results.

In 2017, Onxeo ensured a number of meetings with institutional investors, mainly in France but also in Europe and the USA, and with retail investors in France and Denmark.

The annual report presented and submitted as a Registration Document with the AMF (Autorité des Marchés Financiers) and the report on the interim accounts are widely distributed amongst the financial community.

CALENDAR 2018

- 29 March 2018: Consolidated Financial Statements 2017
- 4 May 2018: Sales number for Q1 2018
- 16 May 2018: General Meeting of Shareholders
- 27 July 2018: Consolidated Financial Statements for S1 2018
- 25 October 2018: Sales number for Q3 2018

7.1.2 ONXEO'S CAPITAL

As at 31 December 2017, the Company's share capital consisted of 12.5% bearer shares and 87.5% registered shares.

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, please find below the identity of the shareholders with interests in excess of the 5% threshold, namely those possessing more than a twentieth, tenth, three twentieths, one fifth, one quarter, one half, two thirds or nineteen twentieths of the share capital or voting rights at 31 December 2017.

Shareholders	Shares		Voting rights	
	Number of shares	% of share capital	Number of voting rights	% voting rights
Financière de la Montagne	6,423,379	12.67%	6,423,379	12.69%
Other	44,272,274	87.33%	44,189,614	87.31%
Total at 31/12/2017	**50,695,653**	**100.00%**	**50,612,993**	**100.00%**

The shareholder structure remained stable during FY 2017, with the percentage held by institutional investors slightly down, accounting for approximately 50% of the shareholder base.

The Company has not been notified of the existence of a shareholders' agreement.

During the financial year 2017, the Company has not received any notification of threshold crossing.

7.1.3 CHANGES IN ONXEO'S SHARE PRICE AND OTHER INFORMATION CONCERNING THE SHARE CAPITAL

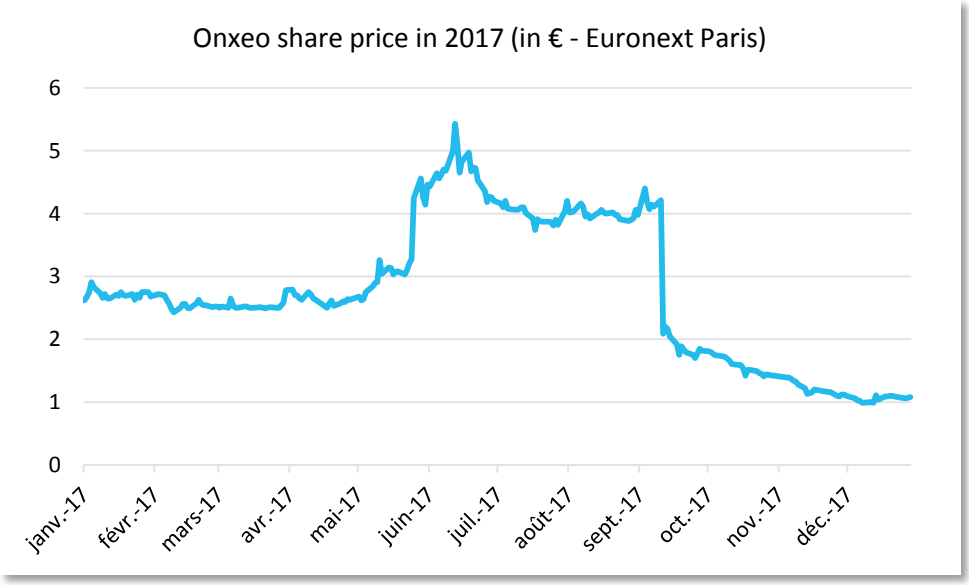
The Company's shares have been listed on Compartment C of the Euronext Paris stock market since 27 January 2017. According to Euronext regulations, market segment changes are made annually based on the market cap of the final 60 days of the year. Compartment C includes listed companies with less than €150 million in market cap.

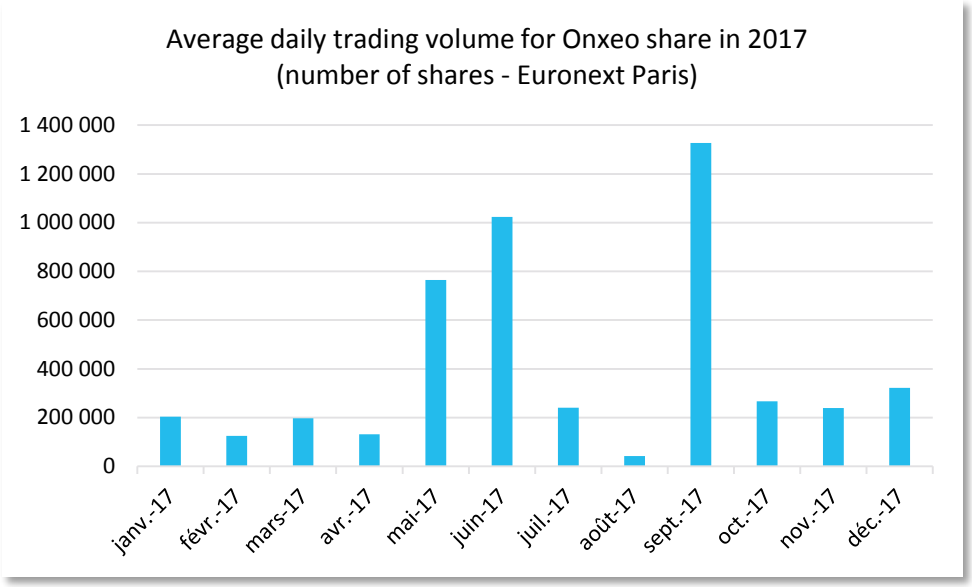
During FY 2017, the share price hit its lowest level of €0.99 on 8 November 2017, closing at €1.08 on 29 December 2017. A high of €5.43 was reached on 13 June 2017.

Furthermore, the share has had a secondary listing on the Copenhagen Nasdaq since 1 August 2014. Between 1 January 2017 and 31 December 2017, the share price hit its lowest level of DKK 7.25 on 13 and 14 December 2017, closing at DKK 8.15 on 31 December 2017. A high of DKK 40.30 was reached on 13 June 2017.

7.1.3.1 Changes in share price and trading volume

The table below shows the changes in the share price and trading volumes for the period from 1 January 2017 to 31 December 2017 on the Euronext Paris Exchange.





7.1.3.2 Stock exchange data

	31 December 2017
Market capitalization at the end of the period *(millions of Euros)*	54.75
Share price *(in euros)*	
• Highest *(at closing)*	5.43
• Lowest *(at closing)*	0.99
• At the end of period *(at closing)*	1.08

7.1.3.3 Dividends

ONXEO shares

Financial Year	Number of shares	Dividend paid for the period
2010	13,536,072	-
2011	17,659,715	-
2012	17,659,715	-
2013	20,682,992	-
2014	40,544,204	-
2015	40,552,083	-
2016	47,043,404	-
2017	50,695,653	-

7.2 SUPPLEMENTARY INFORMATION ABOUT THE GROUP

7.2.1 HISTORY

1997. Founding of the company on 5 March 1997.

1999-2005. The Company financed the development of its first projects, notably its first clinical trials of products based on two patented technologies - the Lauriad™ mucoadhesive oral technology and the Transdrug™ nanoparticle technology - by means of a number of financing rounds with venture capital investors. In 2005, this enabled it to complete and submit a registration application in France for Loramyc®, the first product entirely developed by the Group.

2005. Listing of Onxeo on Euronext Paris on 7 December 2005.

2006-2008. MA issued for Loramyc® in France (October 2006) and in eleven countries across Europe (2008). Launch of Loramyc® in late 2007 on the French market. Agreement signed with PAR Pharmaceutical for the marketing of Oravig® in the USA (2007) and completion of a pivotal phase III clinical trial with the product in the same country (2008).

2009. Three new products entered clinical phase: two emanating from the Lauriad® technology: fentanyl Lauriad® (phase I) for severe and chronic cancer pain and clonidine Lauriad® (phase II) in the treatment of oral mucositis, and a new chemical entity, the anti-invasive biotherapy AMEP® (phase I), designed for the treatment of invasive melanoma. Positive phase III results obtained in December 2009.

2010. MA issued for Loramyc® in the USA in April, under the brand name Oravig®. Marketing launch of Oravig® in the USA at the end of August 2010 by Strativa Pharmaceuticals, the "support care product" division of Par Pharmaceutical. Issue of 13 new MAs for Loramyc® in Europe, bringing the number of European countries in which it is registered to twenty-six.

Agreement with the Therabel Pharma group to market Loramyc® and Setofilm® in Europe, and transfer of commercial operations. Two other partnership agreements were concluded for the marketing of the product, with Handok and NovaMed in Asia.

In parallel, the Group conducted a pivotal international phase III trial for Sitavig® in the treatment of labial herpes.

2011. A year marked by the departure of Dominique Costantini, CEO and co-founder of the company, and the appointment of a new CEO, Judith Gréciet, and a new chairman, Patrick Langlois, incorporating the restructuring of the board of directors. 16 million euro financing round for the Livatag® development program and to strengthen the Group's orphan drugs portfolio.

2012. Clinical programs start of the Livatag® phase III trial, widening in Europe of the phase II Validive® trial and ANSM approval for the AMEP® phase I/II clinical trial protocol.

Signature of licensing agreements: with the Pharmaceutical Industries Limited for the marketing in Israel of Sitavig®; with Vestiq Pharmaceuticals for the marketing of Oravig® in the USA; and with Shafayab Gostar for the distribution of Loramyc® in Iran.

2013. Continuation of the ReLive phase III trial with Livatag® in France and authorization from the regulatory authorities to conduct the trial in the USA and in 7 other countries in Europe. Continuation of the phase II trial with Validive® in the USA and Europe. Issue of MA for Sitavig® in the USA. Capital increase of 8.7 million euros, notably intended for the acceleration and completion of the Validive® Phase II trial.

2014. In the summer of 2014, BioAlliance Pharma merged with Danish biopharmaceutical company Topotarget to create Onxeo (August) with a double-listing on Euronext Paris regulated market and NASDAQ Copenhagen market. With the merger came anti-cancer drug belinostat (Beleodaq®), which received FDA approval for PTCL in the US. For Validive, positive preliminary phase II results were presented and the product was granted Fast Track status by the FDA. In that same year, Livatag® also received Fast Track status by the FDA for second-line treatment of HCC. In December, a capital increase of 40.7 million euros was completed to finance the research and development of the Group’s key products.

2015. Livatag®: Progression of the ReLive Phase III trial in primary liver cancer with the opening of 4 new centres. Filing of a new patent based on a specific composition of Livatag® nanoparticles, which if granted, would extend industrial protection of Livatag until 2036. Launch of a preclinical research program of Livatag® and Beleodaq® with other cancer agents. Beleodaq®: Publication in December 2015 of the positive results of the Beleodaq® (belinostat) Phase I study in association with the CHOP chemotherapy protocol (BelCHOP study) as 1st line

treatment for PTCL. Validive®: Presentation of the final results of the Phase II trial of Validive® in oral mucositis in several international meetings.

2016. Acquisition of the company DNA Therapeutics and of a new product: AsiDNA™. Launch of the programme for the preclinical development of AsiDNA™. Notification of issuance by the US patent office of a key patent relating to AsiDNA™, extending its protection until 2031. AsiDNA™ demonstrates a synergic effect in combination with the PARP inhibitors without restriction linked to the genetic profile of the tumour. Continuation of the phase III "ReLive" study with Livatag®. Promising results of the preclinical programme for Beleodaq® in combination with checkpoint inhibitors. Exclusive licence agreement with Pint Pharma for the marketing of Beleodaq® in South America in the field of PTCL. Onxeo raises €12.5 million from US and European investors.

2017. Appointment of two experienced directors in order to accelerate preclinical and clinical development. Launch of a controlled access programme for belinostat in Europe for patients affected by peripheral T-cell lymphoma (PTCL). Raising of €15 million from US and European investors. Positive results of preclinical proof of concept, demonstrating the activity of AsiDNA™ by systemic administration. Assignment of the two historical non-strategic products Loramyc® and Sitavig®, to Vectans Pharma. Negative results of the phase III study of Livatag®, ReLive, in advanced liver cell carcinoma and decision not to pursue the development programme without a partnership. Signing of the global licence agreement for Validive® with Monopar Therapeutics. Obtaining of convincing preclinical data in association for the two innovative molecules, AsiDNA™ and belinostat. Presentation of platON™, a chemical oligonucleotide platform based on the "decoy" mechanism. Decision of the first instance of the Commercial Court of Paris, within the context of the case against SpeBio / SpePharm. Formation of a scientific council consisting of international experts specialising in DNA targeting.

7.2.2 LEGAL INFORMATION ABOUT THE COMPANY

7.2.2.1 General information

Company name and address

Company name: Onxeo
Registered office: 49 boulevard Valin – 75015 Paris – France
Telephone: +33 (0)1 45 58 76 00
Fax: +33 (0)1 45 58 08 81
www.onxeo.com

Company legal status

Onxeo is a French Société Anonyme whose securities are traded on Euronext Paris and also have a secondary listing on Nasdaq Copenhagen regulated market and is governed by the French Commercial Code and its implementation legislation; it complies with the rules of corporate governance generally applicable in France and notably with the MiddleNext code.

Onxeo applies the statutory and regulatory standards governing the corporate bodies of listed companies and reports within this Registration Document on its implementation of the recommendations set out in the aforementioned code.

Statutory Auditors

The company's accounts are audited by two statutory auditors appointed in accordance with Article L. 225-228 of the Commercial Code.

Date of incorporation and duration

Date of incorporation of the Company: 5 March 1997.
Incorporation expiry date: 05 March 2096.

Registration

The company is registered in the Paris commercial and companies register under number: 410 910 095.

APE/NAF code: 7219Z. This corresponds to the activity of research and development in the physical and natural sciences.

Document consultation

The following corporate documents may be consulted at the Company's registered office (where a copy can be obtained):

- The memorandum and articles of incorporation, the minutes of shareholders' meetings and other corporate documents of the Company;
- All reports, letters and other documents, historical financial information, valuations and declarations prepared by an expert at the Company's request, some of which are included or referred to in this Registration Document; and
- The historical financial information on the Company for each of the two financial years prior to the publication of this Registration Document.

The regulated financial information is available on the Company's website: www.onxeo.com.

Corporate purpose

Under the terms of Article 2 of the Articles of Association, the corporate purpose of the Company is as follows:

- The design, research and development of healthcare products from creation until marketing authorizations are obtained, and all operations related thereto;
- The acquisition, filing, award, assignment and licensing of all patents, trademarks, licenses and utilization processes;
- The acquisition of shareholdings or interests in all companies or enterprises created or to be created, both French and foreign, with or without a purpose similar to that of the Company;
- The provision of services, advice, research, development and marketing in the health sector;
- And, more generally, all industrial, commercial, financial, civil, securities or property operations, which may be related directly or indirectly to one of the aforementioned objects or any similar and related purposes, and which may be useful for the performance and development of the Company's business.

Financial year

The financial year lasting 12 months begins on 1 January and ends on 31 December.

Distribution of profits

Each share entitles with ownership of the Company's assets, profit sharing, and liquidation surplus in proportion to the number and nominal value of the existing shares.

Whenever it is necessary to own several shares, whether or not preferred shares or securities to exercise any right, shareholders or holders of securities are personally responsible for gathering the number of shares or securities necessary.

On the profit for the financial year, reduced by any prior losses as the case may be, it is mandatory to draw at least five percent (5%) to be assigned to the formation of a reserve fund called "legal reserve". This ceases to be mandatory when the amount of the legal reserve reaches one tenth of the share capital.

Distributable income consists of earnings of the fiscal year minus prior losses and the deduction provided in the previous paragraph plus any retained earnings.

If there is in the financial statements, as approved by the shareholders' meeting, a distributable profit, the shareholders' meeting decided (i) to enroll it in one or more reserve funds for which it regulates the assignment, (ii) to carry it forward or (iii) to distribute it as dividends.

However, except in case of capital reduction, no distribution may be made to shareholders when equity is, or would be after this distribution, below the amount of the share capital plus reserves that the law or the by-laws do not allow to distribute.

The shareholders' meeting may decide to distribute amounts deducted from the optional reserves either to provide or supplement a dividend or as an exceptional distribution.

After acknowledging the existence of reserves at its disposal, the shareholders' meeting may decide to distribute amounts drawn from these reserves. In this case, the decision expressly indicates the reserve items from which these withdrawals were taken. However, dividends are drawn in priority from the distributable profit for the fiscal year.

The modalities of the dividend payment shall be determined by the shareholders' meeting or, failing to do so, by the Board of directors.

However, the dividend payment shall take place within a maximum period of nine months after the closing of the fiscal year.

The shareholders' meeting approving the financial statements for the fiscal year may grant each shareholder, for all or part of the dividend distributed, an option between payment of the dividend in cash or in shares.

Similarly, the ordinary shareholders' meeting, acting in accordance with Article L. 232-12 of the French Commercial Code, may grant shareholders an interim dividend and for all or part of interim dividend, an option of payment of the interim dividend in cash or in shares.

Dividend limitation period

The dividend limitation period is five years from their date of issue, subsequent to which they are paid to the Treasury.

Amendment to Shareholder rights in Articles of Association

The rights of shareholders granted by the Articles of Association can only be amended by an extraordinary general meeting of the shareholders of the Company.

Establishment providing the company's financial services

Coupon payment and transfer services are provided at the branches of Société Générale, SOCIETE GENERALE Securities Services, 32 rue du Champ de Tir - BP 81236 - 44312 NANTES CEDEX 3.

Onxeo Share Listing

Onxeo's shares are listed in Segment B on Euronext Paris regulated market and have also had a secondary listing on Nasdaq Copenhagen since 1 August 2014: ISIN Code: FR0010095596.

Shareholders' general meetings

Shareholders' meetings are convened and meet under the conditions set by law. Meetings take place at the registered office or at any other location stated in the notice of meeting.

All shareholders have the right to attend shareholders' meetings and to participate in their deliberations either personally or by proxy, regardless of the number of shares that they hold, if an entry is made in respect of the shares held, under the conditions provided for by law, either in the shareholder's own name or in the name of the intermediary registered on such shareholder's behalf, on the third business day before the date of the shareholders' meeting at zero hours, Paris time, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the duly authorized intermediary.

Shareholders who participate in the meeting via video conferencing or via telecommunications methods that allow identification as required by the regulations then in force, are also deemed to be present for determination of a quorum and majority, if the Board of Directors so decides when the meeting is convened.

Onxeo's website maintains an up-to-date financial events diary for the Group, notably including the date of the general meeting.

Voting rights

There is only one class of shares, which conveys to all shareholders the same rights.

Each share conveys rights to the profits and corporate assets in a share proportional to the amount of capital it represents and conveys the right to one vote. The articles of incorporation do not contain any provisions stipulating double voting rights for shareholders or limiting the voting rights attached to shares.

Existence of statutory thresholds to be declared to the company (Article 7 – Articles of Association)

In accordance with the provisions of the French Commercial Code, any natural person or legal entity, acting alone or in concert with any other person, who holds bearer shares entered in an account with an authorized intermediary and who comes to own a number of company shares representing more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the capital or voting rights must inform the Company and the AMF, within four trading days of the date when the ownership threshold is crossed, of the total number of shares or voting rights which said person owns. This information must also be transmitted, within the same periods and under the same conditions, when the interest in the capital or voting rights drops below the aforementioned thresholds.

The company's articles of association do not set out any additional thresholds.

Over the course of 2017, the company did not receive declaration of lower or upper threshold being crossed.

No other provision in the articles of association affects shareholders' rights which may only be modified in accordance with the law.

Existence of an agreement the implementation of which could bring about a change of control of the company or could have the effect of delaying, deferring or preventing a change of control

The company is not aware of any agreement the implementation of which could lead at a later date to a change of control.

There currently does not exist any provision in any instrument of incorporation, in the articles of association or in a charter or regulation which could have the effect of delaying, deferring or preventing a change of control.

Measures taken by the company to ensure that control is not exercised in an abusive manner

The measures taken by the company to ensure that control is not exercised in an abusive manner are described in the Registration Document on the following pages:

- Section 5 of the Registration Document: report from the chairman of the board relating to internal control;
- Section 5 of the Registration Document: existence of independent directors on the board and on specialist committees;
- Section 5: 'Conflicts of interest'

Significant contracts and transactions with related parties

See section 7.2.2.2 below for information regarding significant contracts.

With regard to related-party transactions, they are described in Note 19 to the consolidated financial statements in section 6.1 of this Registration Document.

Property, plant and equipment

Due to the large-scale use of subcontracting for the manufacture of its products, the Group’s activities do not justify the ownership of plant or industrial equipment or facilities.

The Company leases its offices and laboratories, with a total area of 2,500 m² in the building housing its registered office in Paris, and an area of 120 m² in Copenhagen in Denmark.

Elements that could have an impact on a public offer

In accordance with Article L 225-100-3 of the French Commercial Code, the elements that could have an impact on a public tender offer are listed below:

- The capital structure of the Company has no characteristics that are likely to have an impact on a public tender offer;

- There are no restrictions imposed by the articles of incorporation on the exercise of the voting rights and the transfer of shares, and there are no clauses included in agreements brought to the Company's attention pursuant to Article L 233-11 of the Commercial Code;
- No declaration made pursuant to Articles L 233-7 and L 233-12 of the French Commercial Code mentions any direct or indirect shareholdings in the Company's capital that could have an impact on a public tender offer;
- There are no securities carrying special control rights;
- There is no employee ownership system;
- The Company is not aware of any shareholder agreements that could lead to restrictions on the transfer of shares and the exercise of voting rights;
- And under Article 14 of the articles of incorporation, the members of the Board of Directors are appointed for a term of four years by the annual shareholders' meeting. In case of vacancy by death or resignation of one or more board seats, the Board of Directors may, between annual shareholders' meetings, make appointments on an interim basis, which are subject to ratification by the next annual meeting. The Company's articles of incorporation may be amended only by an extraordinary shareholders' meeting;
- The Board of Directors benefits from authorizations set forth in the paragraph "Authorized, non-issued capital/debt securities" hereinafter;
- The Company has concluded certain agreements explicitly containing a clause with regard to change in control. These are in particular collaboration and licensing agreements which include a clause requiring prior approval by the contractor in the event of a change in control of Onxeo;

To date, there has been no agreement providing for indemnities for members of the Executive Committee or employees, if they resign or are dismissed without just and serious cause or if their employment ends due to a public tender offer.

Information from third parties, expert statements and declaration of interest
None.

7.2.2.2 Significant agreements

7.2.2.2.1 Agreement for the partial sale of operating assets, concluded with Vectans

On 31 July 2017, Vectans and Onxeo concluded an agreement for the partial assignment of operating assets. Under the terms of the agreement, the products Sitavig® and Loramyc® were assigned by Onxeo to Vectans.

This assignment notably includes patents and patentrequests, marketing authorisations and requests for marketing authorisations, trademarks and agreements relating to these two products.

7.2.2.2.2 Collaboration and licensing agreements

7.2.2.2.2.1 Supplementary agreement to the collaboration agreement with the Institut Curie, the Centre National de la Recherche Scientifique and Inserm Transfert SA

On 1 January 2014, DNA Therapeutics (absorbed by Onxeo in March 2016) concluded a collaboration agreement with the Institut Curie, the CNRS and INSERM Transfert, under the terms of which, the parties agreed on a research and development programme relating to the new Dbait technology, corresponding to a family of non-coding nucleic acid molecules, capable of interfering with repair routes for damage, in order to improve treatment of cancers which do not respond to conventional treatments.
The agreement provides for the payment of a stake by Onxeo with a view to financing a part of the research programme.
Each party shall assume its own costs linked to the execution of the research programme.

The results deriving from this research are the joint property of the parties in equal parts.

The collaboration agreement took effect on 1 January 2014 for a maximum duration of five (5) years. On each anniversary date, it shall be tacitly renewed for successive periods of one (1) year, unless one of the parties gives notice of termination six (6) months before the following renewal.

The agreement may be terminated *ipso jure* by one of the parties in the event of failure by the other party to execute one or several of the obligations incumbent on it or with duly justified grounds. This termination shall only become effective three (3) months after the submission by the complaining party of a registered letter with notice of receipt, presenting the grounds for the complaint or motivation, unless within this deadline, the defaulting party has complied with its obligations or has provided proof of an impediment subsequent to a case of force majeure, or a change of motivation.

Onxeo is also entitled to terminate this agreement at any time, subject to observance of a three (3) months' prior notice period, if objective reasons relating to the development of Onxeo, such as a change of control in the event of acquisition by a pharmaceutical company, or an objective interest in reorganising its research programmes differently, would justify Onxeo wishing to terminate this agreement.

The parties concluded an addendum to this agreement in August 2017, backdated to 1 January 2017. This addendum provides for a development plan for the years 2017 and 2018 and reassesses the allocated budget upwards.

7.2.2.2.2.2 Licence agreement with Monopar

Monopar and Onxeo concluded a licence agreement on 17 June 2016, with the exercising of an option on 11 September 2017. Under the terms of this agreement, as consideration of the payment of fixed amounts notably linked to the occurrence of certain regulatory events and of royalties paid by Monopar, Onxeo granted this latter party an exclusive licence, entailing the right of sublicensing, allowing it to use, sell, offer for sale, import, develop, manufacture and market the "Validive" product throughout the entire world.

The agreement provides that its validity deadline expires once Monopar has satisfied its payment obligations, product by product and country by country or, in the event of failure to exercise the option from which Monopar benefited (and which was exercised on 12 September 2017).

The agreement provides for the possibility of each of the parties to terminate the agreement in advance and unilaterally, in the event of a material infringement of one of its contractual obligations by a party which has remained without remedy for 120 days, starting from the submission of a written notification regarding this infringement.

The agreement also provides for the right for Monopar to terminate the agreement at any time, without justification and unilaterally, giving prior 30 days' written notice.

The agreement lastly provides for a case of advance termination in the event of insolvency of one of the parties.

The agreement provides scope for a party to assign the licence agreement with the prior agreement of the other party. This prior agreement is nevertheless not required in certain cases (In the event of assignment to a subsidiary or successor with an interest in the same by virtue of a merger or transaction such as a substantial sale of assets) provided that all of the rights and obligations are assigned, that the successor gives its written agreement for the assigned party for the assumption of these rights and obligations and in the event of assignment to a subsidiary, that the assignor remains liable for the execution of the agreement.

7.2.2.2.3 Principal subcontracting agreements

Framework agreement for development and manufacture concluded with Bend

On 25 March 2017, Bend Research and Onxeo concluded a framework agreement for development and manufacturing services in conjunction lien with the product Beleodaq®.

The intellectual property associated with the active principle of the product Beleodaq® generated during the execution of the services by Bend Research belongs to Onxeo.

This agreement entered into effect on 25 March 2017 for a maximum duration of three (3) years, renewable by addendum signed by the parties.

Onxeo may terminate the agreement and its application agreements unilaterally, in advance and without justification, observing a 30-day prior notice period.

For manufacturing services, if this latter period has not started, the termination or postponement of execution of the manufacturing service by Onxeo shall be accompanied by a penalty, the amount of which is calculated by applying a percentage of the amount of the terminated services, itself defined as a function of the date on which the termination has arisen.

Bend Research may terminate the agreement unilaterally in advance with prior written notice of one hundred and twenty (120) days.

The agreement provides that it may be terminated immediately by each of the parties, for a reason associated with patient safety or by order of the competent local authority.

The agreement provides that each party may terminate the agreement in the event of an infringement of the agreement by the other party which has remained without remedy for thirty (30) days following the forwarding of a letter of formal notice. The agreement gives Bend Research the right to, at its expense, re-execute the service concerned by the contractual infringement, if possible. If not possible, Bend Research shall reimburse Onxeo for all expenses linked to the contractual infringement.

The agreement lastly provides that Onxeo may terminate the framework agreement and terminate and/or suspend any application agreement, without incurring responsibility on this account, if Bend Research does not have or is stripped of its certification for good manufacturing practices for the product.

7.2.2.3 Supplementary information on the share capital

At 31 December 2017, the company's share capital amounted to 12,673,913.25 Euros divided into 50,695,653 shares each of a nominal value of 0.25 Euros, all of the same class and fully paid up.

In the course of 2017, the Company's capital was increased several times:

- Capital increase of a nominal amount of € 882,352.75 by the issue of 3,529,411 new shares, at a price of € 4.25 each including issue premium, with suppression of the preferential right to subscription of shareholders to qualified and institutional investors in the United States and Europe, decided by the Chief Executive Officer on June 19, 2017, under the subdelegations granted to it by the boards of directors of June 15 and 19, 2017, in accordance with the eighteenth and twentieth resolutions of the extraordinary general meeting of the Company held on May 24, 2017 and on the basis of the Articles L. 225-136 of the French Commercial Code and L. 411-2 (II) of the Monetary and Financial Code. This capital increase was completed on June 20, 2017.

- Capital increase of a nominal amount of € 29,287.50 by the issue of 117,150 shares with a par value of € 0.25 each, resulting from the definitive acquisition of free shares granted by the Board of Directors of 28 July 2016.

- Capital increase of a nominal amount of € 1,422 through the issuance of 5,688 new shares with a par value of € 0.25 each, resulting from the exercise of share subscription options.

At the date of the Registration Document, the company's share capital amounted to 12,673,913.25 Euros divided into 50,695,653 shares each of a nominal value of 0.25 Euros, all of the same class and fully paid up

7.2.2.3.1 Cross-shareholdings and treasury shares held

The Company did not carry out any transactions covered by Articles L 233-29 and L 233-30 of the Commercial Code.

7.2.2.3.2 Acquisition by the Company of its own shares

7.2.2.3.2.1 Share buyback program

Objectives of the share buyback program and use made of the shares bought back

In accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, the Company was authorized by its shareholders to trade in its own shares, up to a maximum of 10% of the share capital. This authorization was granted for a period of eighteen months by the Company's Ordinary and Extraordinary General Meeting of 20 May 2015 under the terms of its eighth resolution and then renewed for a period of eighteen months by the Company's Ordinary and Extraordinary General Meeting of 6 April 2016 under the terms of its thirteenth resolution and then renewed for a period of eighteen months by the Company's Ordinary and Extraordinary General Meeting of 26 April 2017 under the terms of its fourteenth resolution.

During the year ended 31 December 2017, the Board of Directors successively implemented the program authorized by the shareholders' meeting of 7 April 2016 and then, from 27 April 2017, the program authorized by the shareholders' meeting of 26 April 2017, identical to the previous one.

The objectives pursued by this buyback program, in decreasing order of priority, concern the following situations:

- increasing the liquidity of the company's shares on the market with an investment service provider acting independently within the scope of a liquidity contract in accordance with the ethics charter of the French Association of Financial Markets (AMAFI), recognized by the AMF;
- to implement any company share purchase option plan within the scope of the provisions of Article L. 225-177 *et seq.* of the French Commercial Code;
- allocation of bonus shares to employees and corporate officers under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to grant shares to employees and, where applicable, corporate officers under profit-sharing agreements and to implement any employee savings plan, under the conditions provided for by law, in particular within the scope of Article L. 3332-18 *et seq.* of the French Labour Code;
- to purchase shares to retain them and tender them subsequently in exchange or as payment within the scope of external growth transactions within the limit of 5% of the share capital;
- to provide shares upon the exercise of rights attached to securities granting immediate or future rights to capital;
- cancellation of shares bought back within the limits set by law.

The details of this share buyback program are available at the Company's registered office or on its website.

Implementation of the share buyback program

In accordance with the provisions of Article L. 225-211 of the French Commercial Code, we hereby indicate the methods of the share buyback program carried out during the past financial year.

During the 2017 financial year, this share buyback program was exclusively used within the scope of a liquidity contract aimed at entering into a share management process with regard to, or preserving the liquidity of, the company's shares with an investment services provider. Under the regulations in force, and in particular the provisions of European Regulation No 2273/2003 of 22 December 2003, on 2 January 2007, the Company entered into a liquidity contract with CM-CIC Securities that complied with the ethics charter of the French Association of Financial Markets (Association Française des Marchés Financiers, AMAFI), recognized by the Financial Markets Authority. This contract is still in force as of the date of this report. €400,000 was allocated to the liquidity account, and trading expenses amounted to €27,000 a year.

Under the share buyback program, the Company, between the opening date and the closing date of the last financial year, made the following purchases and sales of its own shares:

	Number of shares purchased	Number of shares sold	Average purchase price	Average sale price	Number of shares registered on behalf of the Company	Share of the capital
Outright share buy-back program	0	0	0	0	0	0
Liquidity agreement						
January 2017	25,453	32,135	2.73	2.72	17,118	0.04%
February 2017	53,566	31,194	2.54	2.53	39,490	0.08%
March 2017	82,771	99,354	2.60	2.65	22,907	0.05%
April 2017	66,367	71,266	2.65	2.67	18,008	0.04%
May 2017	74,578	76,127	3.48	3.38	16,459	0.03%
June 2017	109,386	112,016	4.69	4.69	13,829	0.03%
July 2017	60,859	58,226	3.93	3.69	16,462	0.03%
August 2017	104,717	110,232	4.01	4.05	10,947	0.02%
September 2017	205,793	174,679	2.23	2.35	42,061	0.08%
October 2017	74,008	29,914	1.66	1.51	76,752	0.15%
November 2017	0	0	0.00	0.00	76,752	0.15%
December 2017	1,000	0	1.07	0.00	77,752	0.15%
Total 2017	**858,498**	**795,143**	**3.04 (1)**	**3.17 (1)**	**428,537**	

(1) Weighted average calculated over the year

The company held 77,752 treasury bearer shares as at 31 December 2017, with a par value of €19,438 and a book value of €59,500 measured at the purchase price of the shares.

7.2.2.3.2.2 Shares held by the Company (excluding liquidity contract)

At 31 December 2017, the company held 4,908 of its own shares, with a total nominal value of €1.227 and a total book value of €37,559.89

All purchases and sales made by the company with respect to its shares since they were admitted for trading on the Paris Euronext regulated market have been made within the scope of the liquidity contract in order to stabilize the share price.

7.2.2.3.3 Potential dilution

The Company has authorized the capital increases, not effected at the date of filing of this registration document, which could result from the warrants, stock options and free shares described in Chapter 5 of this Registration Document.

7.2.2.3.4 Summary of valid delegations regarding capital increases granted by the General Meeting to the Board of Directors

In accordance with the provisions of Article L. 225-37-4 of the French Commercial Code, we hereby report the currently valid delegations granted by the General Meeting to the Board of Directors in respect of capital increases and the use made of these delegations during the year ended 31 December 2017.

	Duration of validity/expiry date	**Maximum (nominal value)**	**Use made of the delegation**
Delegations granted by the general meeting of 20 May 2015			
Delegation of authority granted to the Board of Directors for a capital increase through the issue of ordinary shares or of any securities giving access to the capital without preferential subscription rights of shareholders and a public takeover bid (9th resolution).	26 months / 20 July 2017 This authorization was replaced the authorization granted by the General Meeting of 24 May 2017 under its 17th resolution	€3,040,000 (12,160,000 shares)	The Board did not use this delegation during the fiscal year.
Delegation of authority granted to the board of directors with a view to issuing shares or any securities giving access to the capital immediately or in the future with removal of shareholders' preferential subscription rights through an offer to qualified investors or a restricted circle of investors within the meaning of paragraph II of Article L. 411-2 of the French Monetary and Financial Code (10th resolution).	26 months / 20 July 2017 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 18th resolution	€2,025,000 (8,100,000 shares)	The Board did not use this delegation during the fiscal year.
Authorization of the Board of Directors in the event of share issuance or of any securities giving access to the capital without shareholders' preferential subscription rights, to set the issue price within the limit of 10% of the share capital	26 months/20 July 2017 This authorization was replaced by the	15% of the initial issue	The Board did not use this delegation during the fiscal year.

and within those set by the General Meeting by virtue of the two above delegations (11th resolution).	authorization granted by the General Meeting of 24 May 2017 under its 20th resolution		
Delegation of authority granted to the Board of Directors to increase the amount of each share issue with or without preferential subscription rights that would be decided under the eighth to the tenth resolutions above (12th resolution).	26 months/20 July 2017 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 19th resolution	€3,040,000 (12,160,000 shares)	The Board did not use this delegation during the fiscal year.
Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's capital in the event of a tender offer with an exchange component as initiated by the Company (13th resolution).	26 months / 20 July 2017	€1,012,500 (4.050.000 shares)	The Board did not use this delegation during the fiscal year.
Delegation of authority to the Board of Directors to increase the share capital within a limit of 10% of the capital in remuneration of contributions in kind of any equity securities or securities giving access to the capital of third-party companies not within the context of a share exchange offer (14th resolution).	26 months/20 July 2017	Within the limit of 10% of the share capital.	The Board did not use this delegation during the fiscal year.

Delegations granted by the general meeting of 6 April 2016			
Delegation of authority granted to the Board of Directors to increase the share capital immediately or in the future through the issuance of ordinary shares or any securities giving access to the capital without preferential subscription rights (15th resolution).	26 months/6 June 2018 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 16th resolution	€5,069,010 (20.276.043 shares)	The Board did not use this delegation during the fiscal year.
Delegation of authority granted to the Board of Directors to increase the size of issues with preferential subscription rights (16th resolution).	26 months/6 June 2018	15% of the initial issue	The Board did not use this delegation during the fiscal year.
Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the share capital, without preferential subscription rights in favour of a category of persons (17th resolution).	18 months/6 October 2017 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 21th resolution	€2,025,000 (12,165,624 shares)	The Board did not use this delegation during the fiscal year.
Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the share capital, without preferential subscription rights in favour of a category of persons (18th resolution).	18 months/6 October 2017	€2,025,000 (12,165,624 shares)	The Board did not use this delegation during the fiscal year.
Delegation of authority to the Board of Directors to increase the share capital within a limit of 10% of the capital in remuneration of contributions in kind of any equity securities or securities	26 months/6 June 2018 This authorization was replaced by the	10% of the share capital	The Board did not use this delegation during the fiscal year.

giving access to the capital of third-party companies not within the context of a share exchange offer (19th resolution).	authorization granted by the General Meeting of 24 May 2017 under its 23th resolution		
Authorization for the Board to grant share subscription options or share purchase options (22nd resolution).	38 months/6 June 2019 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 26th resolution	405,520 shares, representing a maximum nominal amount of €101,380.	The Board did not use this delegation during the fiscal year.
Authorization for the Board to grant bonus shares - existing or to be issued (23rd resolution).	38 months/6 June 2019 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 27th resolution	405,520 shares, representing a maximum nominal amount of €101,380.	The Board did not use this delegation during the fiscal year.
Delegation of authority granted to the Board of Directors to issue a maximum number of 405,000 warrants in favour of the members and observers of the Board of Directors in office as at the warrant allocation date who are neither employees nor executives of the Company or of any of its subsidiaries (24th resolution).	18 months/6 October 2017 This authorization was replaced by the authorization granted by the General Meeting of 24 May 2017 under its 28th resolution	405,520 shares, representing a maximum nominal amount of €101,380.	The Board did not use this delegation during the fiscal year.

Delegations granted by the general meeting of 24 May 2017			
Delegation of authority granted to the Board of Directors to increase the share capital immediately or in the future through the issuance of ordinary shares or any securities giving access to the capital without preferential subscription rights (16th resolution).	26 months/24 July 2019	€5,880,425 (23,521,700 shares)	
Delegation of authority granted to the Board of Directors for a capital increase through the issue of ordinary shares or of any securities giving access to the capital without preferential subscription rights of shareholders and a public takeover bid (17th resolution).	26 months/24 July 2019	€5,880,425 (23.521.700 shares)	
Delegation of authority granted to the board of directors with a view to issuing shares or any securities giving access to the capital immediately or in the future with removal of shareholders' preferential subscription rights through an offer to qualified investors or a restricted circle of investors within the meaning of paragraph II of Article L. 411-2 of the French Monetary and Financial Code (18th resolution).	26 months/24 July 2019	€2,352,170 (9,408,680 shares)	The Chief Executive Officer, by authorization of the Board of 15 and 19 June 2017, made use of this delegation on 22 June 2017, and decided to increase the capital by a maximum of €882,352.75 by issuing a maximum number of 3,529,411 shares at a price of €4.25 issue premium included.
Delegation of authority granted to the Board of Directors to increase the amount of each share issue with or without preferential subscription rights that would be decided under the 16th to 18th resolutions above (19th resolution).	26 months/24 July 2019	15% of the initial issue	
Authorization of the Board of Directors in the event of share issuance or shares of any securities giving access to the capital without shareholders' preferential subscription rights, to set the issue price within the limit of 10% of the share capital and within those set by the General Meeting by virtue of the delegations decided under the 17th and 18th resolutions above (20th resolution).	26 months/24 July 2019	Within the limit of 10% of the share capital.	
Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the share capital, without preferential	18 months/24 November 2017	€2,352,170 (9,408,680 shares)	

subscription rights in favour of a category of persons (21st resolution).		Amounts not cumulative with those stated above	
Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the share capital, without preferential subscription rights in favour of a category of persons within the framework of a financing facility using own funds (22nd resolution).	18 months/24 November 2017	€1,176,085	
Delegation of authority to the Board of Directors to increase the share capital within a limit of 10% of the capital in remuneration of contributions in kind of any equity securities or securities giving access to the capital of third-party companies not within the context of a share exchange offer (23rd resolution).	26 months/24 July 2019	10% of the share capital	
Authorization for the Board to grant share subscription options or share purchase options (26th resolution).	38 months/24 July 2020	470,440 shares, representing a maximum nominal amount of €117,610.	The Board of Directors of 28 July 2017 awarded (i) 347,800 share subscription options in favour of employees of the Company and (ii) 70,000 options in favour of the Chief Executive Officer. Each option shall provide entitlement to the subscription of one share of the Company of a nominal value of €0.25 at the price of €4.
Authorization for the Board to grant bonus shares - existing or to be issued (27rd resolution).	38 months / 24 July 2020	470,440 shares, representing a maximum nominal amount of €117,610.	The Board of Directors of 28 July 2017 decided to go ahead with the free allocation of a total number of (i) 183,000 shares to employees of the Company and (ii) 35,000 shares to its Chief Executive Officer.
Delegation of authority granted to the Board of Directors to issue a maximum number of 470,440 warrants in favour of the members of the Board of Directors in office as at the warrant allocation date who are neither employees nor executives of the Company or of any of its subsidiaries and persons bound by a service agreement or a consultancy agreement to the Company or one of its subsidiaries (29th resolution).	18 months/24 November 2017	470,440 shares, representing a maximum nominal amount of €117,610.	The Board of Directors of 28 July 2017 decided to issue, at the price of €0.20 each, 340,000 warrants for the benefit of directors of the Company: Each warrant shall provide entitlement to the subscription of one share of the Company of a nominal value of €0.25 at the price of €4.

The complete text of the resolutions of the company's general meetings is available on the website of Bulletin d'Annonces Légales Obligatoires: http://www.journal-officiel.gouv.fr/balo.

7.2.2.4 Supplementary information about the auditing of the accounts

7.2.2.4.1 Audit of the accounts

The statutory auditors of **Onxeo** carry out certification of the company's accounts in accordance with legislation on commercial companies. The statutory auditors are appointed by shareholders' general meeting.

Statutory Auditors

Grant Thornton
French member of Grant Thornton International
29, rue du Pont
92200 Neuilly sur Seine

Represented by Mr. Samuel Clochard, member of the regional association of statutory auditors of Versailles.

The mandate of Grant Thornton was renewed by the shareholders' meeting of 6 April 2016 for a period of 6 financial years. This mandate will expire at the close of the shareholders' meeting approving the financial statements for the year ending 31 December 2021.

Ernst & Young Audit
Tour Ernst & Young, Faubourg de l'Arche,
Tour First,
1 /2 place des Saisons
92400 Courbevoie, Paris-La Défense 1.

Represented by Mr. Frank Sebag, member of the regional association of statutory auditors of Versailles.

Ernst & Young's mandate was renewed by the General Meeting on 26 April 2017 for a period of 6 financial years. This mandate will expire at the close of the shareholders' meeting approving the financial statements for the year ending 31 December 2022.

Alternate Auditors

IGEC, Institut de gestion et d'expertise comptable
3, rue Léon Jost
75017 Paris

The mandate of IGEC was renewed by the shareholders' meeting of 6 April 2016 for a period of 6 financial years. This mandate will expire at the close of the shareholders' meeting approving the financial statements for the year ending 31 December 2021.

The appointing of an alternate auditors is not required when the statutory auditor is neither a physical nor a unipersonal moral person. Therefore, the mandate of Auditex that has expired at the close of the General Meeting on 26 April 2017 has not been renewed.

Statutory auditors have not resigned and their appointments have not terminated during the period covered by the referenced historical information.

7.2.2.4.2 Fees paid to auditors and members of their networks

The table of fees paid to the statutory auditors and members of their networks as recognized in expenses by the company between 1 January and 31 December 2017 is provided in Note 20 to the consolidated financial statements, included in section 6.1 of this Registration Document.

8. PERSONS RESPONSIBLE

8.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mrs. Judith Greciet, Chief Executive Officer

8.2 DECLARATION BY THE PERSON RESPONSIBLE

"I hereby certify, having taken all reasonable measures to that effect, that the information contained in this document is, to my knowledge, truthful and contains no omission likely to affect its import.

I certify that, to my knowledge, the financial statements are prepared in accordance with applicable accounting standards (IFRS as adopted by the EU for the consolidated financial statements and French GAAP for the annual financial statements) and give a true and fair picture of the assets and liabilities, the financial position and the results of the Company and the undertakings included in consolidation, and that the management report presents a true picture of the changes in the business, the results and the financial position of the Company and the undertakings included in the consolidation, along with a description of the principal risks and uncertainties they face.

We have received a letter from the statutory auditors prepared at the conclusion of their work, in which they state that they have audited the information about the financial position and financial statements provided in this Registration Document, and have read the entire Registration Document.

Financial information on the consolidated and annual accounts presented in this Document is the subject of reports from the statutory auditors.

Done on 25 April 2018

Judith Greciet, Chief Executive Officer

8.3 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr. Nicolas Fellmann - Chief Financial Officer
Address: 49 boulevard Valin – 75015 Paris – France
Telephone: +33 (0)1 45 58 76 00 - Fax: +33 (0)1 45 58 08 81 - Email: contact@onxeo.com

8.4 HISTORICAL FINANCIAL INFORMATION INCORPORATED BY REFERENCE

In accordance with Article 28 of Commission Regulation (EC) No 809/2004, the following information are incorporated by reference in the Registration Document:

- The consolidated financial statements and the relevant statutory auditors' report thereon at pages 97 to 133 of the 2016 Registration Document filed with the AMF on 24 April 2017 under number D.17-0423.
- The consolidated financial statements and the relevant statutory auditors' report thereon at pages 118 to 153 of the 2015 Registration Document filed with the AMF on 29 April 2016 under number D.16-0452.

9. CROSS-REFERENCING TABLE WITH INFORMATION REQUIRED IN THE ANNUAL FINANCIAL STATEMENTS

In order to enhance the readability of this Registration Document, the cross-referencing table below enables information in this Registration Document to be identified which its homologues in the annual financial report that listed companies are required to publish in accordance with Article L. 451-1-2 of the Monetary and Financial Code and Article 22-3 of the General Regulations of the AMF.

ANNUAL FINANCIAL STATEMENTS	**SECTIONS (PAGES)**
1. Persons responsible	8.2 (p. 196)
2. Annual Financial Statements (French GAAP Standard)	6.3 (p. 139)
3. Consolidated Financial Statements (IFRS Standard)	6.1 (p. 97)
4. Annual Management Report	See sub-section below
5. Report on corporate governance	See dedicated cross-referencing table hereafter
6. Fees paid to auditors and members of their networks	7.2.2.4.2 (p. 195)
7. Statutory auditors' reports on the consolidated financial statements	6.2 (p. 131) 6.4 (p. 163)
ANNUAL MANAGEMENT REPORT	**SECTIONS (PAGES)**
1. Company activity during the financial year	2 (p. 10)
2. Analysis of the results and financial position – Appropriations – Dividends – Non-tax deductible expenses	3.1.1 (p. 32)
3. Information related to payment delays for contractors	3.1.1.6 (p. 33)
4. Key risks and uncertainties for the Company / Utilization of the Company's financial instruments	5.7.1.4 (p. 88)
5. Future development and strategy	2.3 (p. 17)
6. Significant events since the end of the financial year	2.2 (p. 17)
7. Information concerning the capital – self-control – cross-shareholdings	7.2.2.3 (p. 186)
8. Employee holdings of share capital	None
9. Transactions carried out by Officers or Members of the Board on the securities of the Company	5.6 (p. 87)
10. Risk Management and Internal Control Procedures	5.7.1 (p. 87) 5.7.2 (p. 93)
11. Information on agreement between a corporate officer and a significant shareholder or a Group subsidiary	7.2.2.1 (p. 180)
12. Social and environmental information	2.4 (p. 18)
13. Table of results for the last five financial years	6.3 (p. 162)

10. CROSS-REFERENCING TABLE FOR THE REGISTRATION DOCUMENT

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11. CROSS-REFERENCING TABLE WITH "CSR" DECREE

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13. GLOSSARY

WORDS	DEFINITIONS
ANSM	Agence Nationale de Sécurité du Médicament (French Drug agency)
AMM	Marketing Authorization
Quality Assurance	Quality assurance is a concept encompassing everything individually or collectively capable of influencing product quality. Quality assurance means all the measures taken to ensure that available products are suitable for their intended use. Good practice in the areas of sampling, transport, manufacturing and preservation form part of quality assurance.
GCP (Good Clinical Practice)	The set of measures ensuring the quality of clinical trials.
GMP (Good Manufacturing Practices)	Part of the pharmaceutical quality assurance that ensures that drugs are manufactured and controlled consistently, according to quality standards appropriate to the intended use and in accordance with the specifications of these drugs.
BSA	French share purchase warrants.
CNRS	Centre National de la Recherche Scientifique (French National Scientific Research Centre).
CRO	Contract Research Organization.
Toxic Dose Limit (TDL)	Dose of a given drug at which toxicity first appears. This dose makes it possible to define the therapeutic dose, which must necessarily be lower than the TDL.
DSMB	Data Safety and Monitoring Board. International committee of experts meeting every 6 months and/or after the recruitment of the first 25 patients for the ReLive study, in order to assess the tolerance data for patients included in the study and to recommend any protocol amendments.
EMA	European Medicines Agency.
Clinical trial	The systematic study of a drug on human subjects (either healthy or sick volunteers), in order to discover or verify drug effects, adverse reactions, and to study the absorption, distribution, metabolism, and extraction of the drug in question, for the purpose of establishing its safety and efficacy.
Pharmacokinetic study	The study of a drug's kinetic parameters in various compartments (the bloodstream, tissues).
Pharmacodynamic study	The study of a drug's effective dosage and length of therapeutic efficacy.
Randomized trial	A trial in which selected patients are randomly distributed among the various groups under study.
Pivotal trial	The clinical trial used to register a drug.
Drug Adverse Effect	Any harmful and undesirable effect experienced by a participant in a clinical trial, regardless of the effect's connection to the drug(s) under study and regardless of what caused the effect.
Serious adverse effect	An adverse effect that may contribute to death or is likely to endanger life, causes disability or incapacity, or leads to or prolongs hospitalization.
FDA	Food and Drug Administration.
HCC	*Hepatocellular Carcinoma* – primary liver cancer.
ICH	International Conference of Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.
IFRS	International Financial Reporting Standards.
IND	*Investigational New Drug* – Request to start a clinical trial with the FDA for innovative new medicines.
INSERM	The National Institute of Health and Medical Research, a French institution.
Investigator(s)	Natural person(s) managing and supervising the performance of the study; responsible for protecting the health and wellbeing of study volunteers. The investigator is a doctor with appropriate experience. When a trial is entrusted to multiple investigators, a coordinator is appointed by the sponsor.

WORDS	DEFINITIONS
In vivo	Manipulation taking place in the body of a human or animal.
ISO 9000 (9001, 9002, 9003)	Quality system: A system designed to ensure quality in design, development, production, installation, and related services.
Batch	A defined quantity (of a raw material, an item used in packaging, or a product manufactured in a process or a series of processes) that may be deemed a consistent unit.
Drug	Substance or combination of substances presented as possessing curative or preventive properties regarding human disease, and any product that can be administered to humans in order to establish a medical diagnosis or to restore, mitigate or modify their biological functions.
MDR	Multi Drug Resistance gene – encoding transmembrane proteins rejecting products or drugs outside the cells.
Compliance	The patient's adherence to treatment (good therapeutic follow-up).
PCT	Patent Cooperation Treaty – an international treaty providing for standardized filing procedures for obtaining foreign patents in the signatory countries.
Phase I	This phase corresponds to the initial clinical trials. It must evaluate drug tolerance in a small number of (usually healthy) volunteer subjects and enable initial studies on the administration of the drug in the human body.
Phase II	This phase is divided into two sub-phases. The objective of Phase II-A is to study the effects of the drug on a small number of volunteer patients (usually healthy) and to complete pharmacokinetic studies. The objective of Phase II-B is to assess the tolerance (adverse effects) and efficacy of the drug on a limited number of patients and to define the optimum dosage.
Phase III	The objective of this phase is to confirm and complete the results related to the efficacy and tolerance of the drug on a sufficient number of patients. It must also enable adverse effects to be studied and the efficacy/safety relationship to be evaluated against a reference treatment.
Phase IV	This phase incorporates tests performed after the MA. It is carried out on a very large number of patients. Its objective is to fine-tune the understanding of the drug and its adverse effects, to adapt the optimum dosage for particular cases and finally to evaluate the treatment strategy.
Sponsor	Natural person or legal entity that assumes leadership of a clinical trial and is responsible for its launch and management.
Protocol	Document describing the trial's rationale, goals, methodology and statistical methods and which specifies the terms and conditions under which the trial must be conducted and managed.
Benefit/risk ratio	The ratio between a drug's expected benefits and its possible risks.
Biomedical research	Trial or experiment conceived for and conducted on human subjects with a view to developing biological or medical knowledge.
Immune response monitoring	The set of techniques used to monitor the induction and kinetics of the immune response. In the case of immunotherapy, the monitoring of T responses (via the T lymphocytes) is especially pertinent.
SO	Stock Option – Option to subscribe to shares or option to purchase shares.
Traceability	All the information and measures taken to monitor and rapidly retrace each stage of a process.
Validation	The establishment of proof that the implementation or use of any process, procedure, equipment, raw material, activity, or system actually enables the realization of planned outcomes and set specifications.