**The Orphan Oncology Innovator**

# 2016 HALF-YEAR FINANCIAL REPORT

*A société anonyme* (a public limited company) with capital of €10.367.715
Head Office located at 49 Boulevard du Général Martial Valin – 75015 Paris
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# SUMMARY



*This report is prepared pursuant to Article L. 451-1-2 of the Monetary and Financial Code and Articles 222-4 to 222-6 of the Financial Markets Authority (AMF) General Regulations and the provisions of Articles L.232-7 par. 3 and R 232-13 of the Commercial Code.*

## 1. PREAMBLE

Onxeo is a biopharmaceutical company specializing in the development of innovative drugs for the treatment of orphan diseases, in particular in oncology, driven by high therapeutic demand in one of the fastest growing segments of the pharmaceutical industry.

The Group's objective is to become a major international player in the field of rare cancers. The Group's growth strategy is founded on the development of innovative drugs based on breakthrough technologies that can make a real difference in the treatment of orphan oncology diseases and considerably improve the quality of life of patients affected by rare and aggressive cancers.

Deployment of this strategy includes notably external growth (M&A) to accelerate development and extend the Group's product portfolio. In 2014, the Group acquired Topotarget, a Danish biopharmaceutical company based in Copenhagen, specializing in the development of oncology products and developer of Beleodaq®, a pan-HDAC inhibitor. In 2016, the Group acquired DNA Therapeutics and through it, a new drug class derived from the revolutionary technology of DNA repair inhibition in cancer cells.

The acquisition of this new "first-in-class" product named AsiDNA™, like that of Beleodaq® in 2014, reinforces the Group's product portfolio, positioning the Group at the forefront of scientific and clinical progress in oncology, DNA repair, thus increasing its scientific renown and, ultimately, its attractiveness on the international market.

## 2. SCOPE OF THE CONSOLIDATION

The Company prepared the Group's interim condensed consolidated financial statements for the period January 1 to June 30, 2016 in accordance with International Financial Reporting Standards (IFRS).

The Group is comprised of Onxeo SA, which concentrates the majority of its business in Paris and in its Danish branch in Copenhagen, and its subsidiaries, most of which have limited activity:

1. DNA Therapeutics (*société par actions simplifiée),* wholly owned subsidiary registered in France;
2. Laboratoires BioAlliance Pharma, (*société par actions simplifiée),* wholly owned subsidiary registered in France;
3. Onxeo US, Inc., wholly owned subsidiary registered in the United States;
4. BioAlliance Pharma Switzerland, wholly owned subsidiary registered in Switzerland;
5. Topotarget UK, wholly owned subsidiary registered in the United Kingdom;
6. Topotarget Switzerland, wholly owned subsidiary registered in Switzerland;
7. SpeBio, a subsidiary owned at 50% by Onxeo and registered in the Netherlands.

## 3. DETAILS OF THE IMPORTANT EVENTS OF THE PAST SIX MONTHS

### 3.1 Orphan oncology product portfolio

**Livatag®** (Doxorubicin Transdrug™)

In the 1st half of 2016, Onxeo actively pursued the recruitment for the ReLive Phase III trial. This trial aims to show Livatag®'s efficacy on overall survival of nearly 400 primary liver cancer (hepatocellular carcinoma – HCC) patients after failure or intolerance to Sorafenib. The trial is on-going in 11 countries (Europe, US, MENA region). To date, 80% of the patients have been randomized. This recruitment rate is consistent with the trial schedule, which plans on publishing preliminary results by mid-2017.

Furthermore the Data Safety Monitoring Board (DSMB), an independent committee of European experts responsible for monitoring tolerance in ReLive study, convened in April 2016 and once again, for the 8th time, unanimously recommended continuing the study without modification, confirming Livatag®'s acceptable tolerance level.

As regards Livatag® preclinical development program started in late 2015 with recognized European partners, Onxeo added a new collaboration in February with Centro de Investigación Médica Aplicada of the University of Navarra in Spain. The objective of this preclinical development plan is to evaluate the interest of combining Livatag® as well as Beleodaq® with other anti-cancer agents in various tumor types, notably with immuno-oncology agents (including PD-1 and CTLA-4).

**Beleodaq®** (belinostat)

In February, as described above, Onxeo entered into a collaboration with the University of Navarra in Spain.

In June, Onxeo announced the first set of positive results from a preclinical pharmacokinetic (PK) study on the bioavailability of an oral formulation of belinostat (Beleodaq®) and the next steps in its development plan for the new formulation. Findings from this study showed a good level of bioavailability from 2 tested prototypes. Onxeo will now select the best of the two formulation technologies, to pursue formulation development and obtain a suitable clinical prototype and, in parallel, fine tune the optimal dosing regimen to then start clinical development in selected indications.

**AsiDNA**

In February 2016, Onxeo acquired DNA Therapeutics and the product AsiDNA and thus expanded the Company's orphan oncology pipeline. AsiDNA is a first-in-class signal-interfering DNA (siDNA) which accelerates cancer cell death by breaking the cycle of tumor DNA repair. This technology has already demonstrated an increase in the efficacy of radiotherapy[1], radiofrequency ablation[2], and chemotherapy[3] in a variety of preclinical animal models, making it a promising candidate for combination therapy. AsiDNA could also have clinical interest when used in monotherapy, which will also be investigated by the company. A first-in-human Phase I trial[4] (DRIIM) performed in metastatic melanoma further demonstrated that AsiDNA molecules showed good tolerance and safety when administered intra-tumorally and subcutaneously around the tumors. Results presented at ASCO 2015[5] showed, based on 23 patients, an objective response rate (ORR) of 59% and a complete response (CR) rate of 30% compared to 10% CR with radiotherapy alone[6].

In June, Onxeo presented a plan for further development of AsiDNA focused on systemic administration, promoting its potential as a therapy across a broad range of oncology indications.
AsiDNA's development plan includes :

- *preclinical studies* to further define the pharmacokinetic/pharmacodynamic profile following an intravenous (IV) administration, with results expected in Q3/Q4 2016 ;
- *optimization of the product's manufacturing process* to improve costs and production duration for future large-scale clinical development and industrialization. First results for this process development are expected in Q4 2016 ;
- *a clinical trial*, expected to commence as soon as 2017 to assess safety and first indication of anti-cancer activity of AsiDNA as monotherapy via systemic administration.

**Validive®** (Clonidine Lauriad®)

Over the course of 2015, Onxeo continued to advance the clinical development of Validive® and notably its validation by the US and European regulatory agencies. Despite recognition from both agencies of Validive®'s interest and value

[1] Quanz et al., 2009, Berthault et al., 2011, Coquery et al., 2012, Biau et al., 2014
[2] Devun et al., 2014
[3] Devun et al. 2011, Herath et al., 2016
[4] DRIIM Phase 1 trial, "DNA Repair Inhibitor & Irradiation on Melanoma" NCT01469455)
[5] Abstract available at http://meetinglibrary.asco.org/content/143029-156
6 Based on literature data.

to patients, these discussions have confirmed that two Phase III clinical trials will be required for registration in the US, which makes the further clinical program significantly longer and more costly than expected. Therefore, in the first half of 2016, the Company decided it is in the best interest of its shareholders to move forward with this Phase III program only with the support of a partner. Onxeo continues to promote the value of Validive® through presentations at international scientific meetings.

### 3.2 Governance

**Board of Directors**

On January 2016, Mr. Joseph Zakrzewski joined Onxeo's Board of Directors as director and non-executive Chairman of the Board of Directors. Mr. Zakrzewski has more than 25 years of international experience in the health/biotech sector. In particular, he held several management positions with US biotech companies, as well as in the area of risk capital.

Mr Patrick Langlois, non-executive Chairman of Onxeo in 2015, resigned from the Board of Directors for personal reasons on January 22, 2016 and was replaced by Mr. Joseph Zakrzewski.

In April, the General Meeting of Shareholders approved the nomination as Directors of Dr. Jean-Pierre Kinet, an expert in immunology and oncology research and Professor at the Faculty of Medicine at Harvard and Dr. Jean-Pierre Bizzari, an international oncology clinical development expert. Both are leading figures in the field of drug development and have over 30 years' experience in the US pharmaceutical and biotechnology industry.

**Creation of a subsidiary in the United States**

The Group announced in March 2016 the opening of a US subsidiary in New York, Onxeo US Inc., marking a new step in the implementation of its US strategy. Mr. Philippe Maitre is leading the subsidiary as Executive Vice President & Chief of US Operations. P. Maitre has over 35 years' experience in the pharmaceutical and biotechnology industry, including more than 15 years in listed US companies.

### 3.3 Events since the close of the semester

Early July, Onxeo received USPTO Notice of Allowance of a new patent on AsiDNA, extending IP protection in the U.S. until 2031 with potential extension to 2036. With this new patent, Onxeo's intellectual property for DNA repair signal interfering technology and products is protected by 8 patent families worldwide.

The Company also announced collaboration with the Royal College of Surgeons in Ireland (RCSI) for a discovery-stage program on the derivatives of belinostat (Beleodaq®), a histone deacetylase (HDAC) inhibitor. This new collaboration program aims at optimizing the pharmacokinetic profile of belinostat, in order to increase its lifetime, its efficacy and its stability. In the end, the goal is to develop conjugate molecules derived from belinostat and with distinctive features compared to existing HDAC inhibitors, which may lead to new patent opportunities.

End July, Onxeo has has entered into an exclusive license agreement with Pint Pharma for the commercialization of Beleodaq® in key South American countries: Argentina, Brazil, Chile, Colombia, Ecuador, Peru, and Venezuela. Pint Pharma will register, commercialize, and promote the product. Onxeo will receive an upfront payment from Pint Pharma, regulatory and commercial milestone as well as double-digit royalties on the net sales of Beleodaq® in these territories, representing a deal value of over USD 20 million.

## 4. IMPACT ON THE FINANCIAL POSITION AND EARNINGS

**Revenues**

Total revenues for the period amounted to €1,878,000, compared with €1,533,000 in the first half of 2015. This progression is mostly due to the increase of recurring revenues, representing product sales to commercial partners and

royalties on product sales by Onxeo's partners, notably in the US. After a slow market entry, both Spectrum Pharmaceuticals with Beleodaq and Cipher with Sitavig maintain active marketing efforts in a very competitive environment with significant barriers to entry. Non-recurring revenues decreased from €314,000 in 2015 to €54,000 in 2016. This is primarily due to the accounting impact of IFRS adjustments relating to recognition of upfront payments on certain licensing agreements.

**Personnel costs**

Salaries, wages and benefits decreased from €3,748,000 in the first half of 2015 to €3,452,000 in the first half of 2016; this variation is related to changes in structure of the workforce within Onxeo.

**External expenses**

External expenses amounted to €8,477,000 on June 30, 2016 against €8,353,000 on June 30, 2015. R&D expenses increased by nearly 10% from €7,832,000 in 2015 to €8,534,000 in 2016. R&D expenses were driven by the deployment of Livatag clinical and manufacturing operations in relation with ReLive phase III trial, the initiation of AsiDNA development program following acquisition of DNA Therapeutics at the end of March and new preclinical experiments with Beleodaq and Livatag aiming at evaluating new combinations with various anti-cancer agents. Other operating expenses were kept under tight control with a view to optimizing the company cash burn.

**Financial income**

The decrease in financial income from a profit of €832,000 on June 30, 2015 to a loss €210,000 on June 30, 2016 comes mainly from foreign exchange differences on company operations.

**Net loss**

As a result of the evolution of the business, reflected in the income and expense items discussed above, net income as of June 30, 2016 shows a loss of €11,147,000 against a loss of €11,347,000 for the first half of 2015.

**Free Cash Flow**

Cash available as of June 30, 2016 amounted to €19.6 million versus €33.8 million on December 31, 2015, providing visibility until Q4 2017. The net cash burn of €14.2 million is associated with operating costs, notably in the area of research and development.

## 5. PRINCIPAL RISKS AND UNCERTAINTIES CONCERNING THE UPCOMING SEMESTER

No specific risks are anticipated in the first half of 2016, other than those risk factors inherent in the business, structure, strategy and environment of the Company described in the 2015 Reference Document filed with the Financial Markets Authority on April 29, 2016. These risks are inherent to innovative drug development, which depends on the success of preclinical and clinical trials, manufacturing process development and product approval constraints in terms of tolerance safety and treatment efficacy. These risks are also linked to the activities of our licensed trading partners.

As regards ongoing litigation, proceedings continued during the semester. Just as on December 31, 2015, the possible risks related to these disputes cannot be reliably measured. As the Company considers itself to be within its rights, no provision has been made as of June 30, 2016. A detailed description of these disputes and their development is provided in Note 8.1.2 to the consolidated financial statements.

## 6. FORESEEABLE DEVELOPMENT OF THE GROUP'S SITUATION AND FUTURE OUTLOOK

The Company will continue to develop its portfolio of orphan oncology products for rare cancers and associated severe diseases and expects following main catalysts for growth in the short-to-mid term.

Livatag® (doxorubicin Transdrug™):

- Q3 2016 : results of combination studies of Livatag® with other anti-cancer agents
- Q4 2016 : outcome of the 8th DSMB monitoring safety in ReLive phase III trial
- Mid 2017 : preliminary results of phase III trial

Beleodaq® (belinostat):

- Q3 2016: results of the combination studies of Beleodaq® with other anti-cancer agents
- From end 2016 : initiation of BelCHOP phase III trial in 1st line PTCL

AsiDNA :

- Q4 2016: Optimization of manufacturing process
- 2017: Launch of AsiDNA clinical trial in monotherapy by systemic administration

## 7. KEY TRANSACTIONS WITH RELATED PARTIES

Transactions entered into with other companies related to the Group as defined in paragraph 9 of standard IAS 24, relate exclusively to the companies included in the scope of consolidation and which are summarized in note 16 to the consolidated financial statements below.

# 8. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS<br>in thousands euros | 30/06/2016 | 31/12/2015 | Note |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 23,013 | 20,059 | 4 |
| Acquired R&D programmes | 65,500 | 66,300 | 4 |
| Other intangible assets | 3 | 9 | |
| Tangible assets | 777 | 841 | |
| Financial assets | 376 | 307 | |
| Deferred tax assets | 24 | 24 | |
| *Total non-current assets* | 89,693 | 87,539 | |
| | | | |
| **Current assets** | | | |
| Stocks and work in progress | 76 | 106 | |
| Trade receivables | 1,374 | 1,036 | 5 |
| Other receivables | 9,030 | 6,762 | 5 |
| Financial investments & cash | 19,598 | 33,793 | 6 |
| *Total current assets* | 30,078 | 41,696 | |
| | | | |
| **TOTAL ASSETS** | **119,771** | **129,235** | |

| LIABILITIES AND SHAREHOLDERS' EQUITY<br>in thousands euro | 30/06/2016 | 31/12/2015 | Note |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | 10,368 | 10,138 | 7 |
| Less: treasury shares | (121) | (157) | 7 |
| Premiums | 246,059 | 243,854 | 7 |
| Reserves | (150,875) | (131,628) | 7 |
| Earnings | (11,227) | (19,409) | |
| *Total shareholders' equity* | 94,205 | 102,798 | |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 11,214 | 11,381 | |
| Provisions | 702 | 719 | 8 |
| Other liabilities | 4,728 | 3,731 | 8 |
| *Total non-current liabilities* | 16,644 | 15,832 | |
| | | | |
| **Current liabilities** | | | |
| Short-term financial debt | 71 | 69 | |
| Trade payables and related accounts | 6,653 | 6,362 | 9 |
| Other liabilities | 2,197 | 4,175 | 9 |
| *Total current liabilities* | 8,921 | 10,606 | |
| | | | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **119,771** | **129,235** | |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| In thousands euros | 30/06/2016 | 30/06/2015 | Note |
|---|---|---|---|
| **Recurrent** sales from licensing agreements | 1,824 | 1,219 | |
| **Non-recurrent** sales from licensing agreements | 54 | 314 | |
| **Total sales** | **1,878** | **1,533** | 11 |
| Purchases | (298) | (153) | |
| Personnel costs | (3,455) | (3,748) | 11 |
| External expenses | (8,484) | (8,353) | 11 |
| Duties and taxes | (155) | (173) | |
| Depreciation and amortisation, net | (912) | (905) | 11 |
| Allowances to provisions, net | 327 | (81) | |
| Other operating income | 30 | 0 | |
| Other operating expenses | (95) | (89) | |
| **Operating expenses** | **(13,043)** | **(13,502)** | |
| **Current operating income** | **(11,165)** | **(11,969)** | |
| Share of income under the equity method | (20) | (10) | |
| **Operating income after share of income under the equity method** | **(11,185)** | **(11,978)** | |
| Income from cash and cash equivalents | 188 | 1,655 | |
| Other financial income | 39 | 9 | |
| Financial expenses | (436) | (832) | |
| **Financial income** | **(210)** | **832** | 12 |
| **Pre-tax income** | **(11,395)** | **(11,147)** | |
| Income tax | 167 | (200) | |
| **Net profit/loss** | **(11,227)** | **(11,347)** | |
| Earnings per share | (0.27) | (0.28) | 13 |
| Diluted earnings per share | (0.27) | (0.28) | 13 |

## OTHER ELEMENTS OF THE STATEMENT OF COMPREHENSIVE INCOME

| € | 30/06/2016 | 30/06/2015 | Note |
|---|---|---|---|
| Income for the period | (11,227) | (11,347) | |
| Other comprehensive income | 0 | 0 | |
| Translation adjustments | (203) | (459) | |
| Losses and gains on derecognition of assets available for sale | 0 | 0 | |
| Cash flow hedges | 0 | 0 | |
| Tax related to elements of the comprehensive income | 0 | 0 | |
| **Other items recycled as income** | **(203)** | **(459)** | |
| Actuarial gains and losses | (80) | (46) | |
| **Other non-recyclable items classified as income** | **(80)** | **(46)** | |
| **Other elements of the comprehensive income for the period net of taxes** | (283) | (505) | |
| **Total comprehensive income for the period** | (11,510) | (11,852) | |
| **Total comprehensive income attributable to** | | | |
| Owners of the parent company | (11,510) | (11,852) | |
| Minority interests | | | |

ONXEO
June 30, 2016

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | | | | Variations Réserves et Résultats | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **€ '000** | **Capital** | **Treasury shares** | **Additional paid-in capital** | **Réserves de conversion** | **Share-based payment** | **Gains and losses recognised in shareholder's equity** | **Consolidated reserves and income** | **Total Variations** | **TOTAL** |
| **Capitaux Propres au 31/12/2014** | **10 136** | **-122** | **243 741** | **23** | **1 782** | **0** | **-133 589** | **-131 784** | **121 971** |
| Total comprehensive income for the period | | | | -459 | | | -11 393 | -11 852 | -11 852 |
| Capital increase | 2 | | 41 | | | | | 0 | 43 |
| Treasury shares | | 16 | | | | | -15 | -15 | 1 |
| Other changes | | | | | | | 317 | 317 | 317 |
| Share-based payment | | | | | 210 | | | 210 | 210 |
| **Capitaux Propres au 30/06/2015** | **10 138** | **-106** | **243 782** | **-435** | **1 992** | **0** | **-144 680** | **-143 124** | **110 691** |
| Total comprehensive income for the period | | | | 367 | | 0 | -8 061 | -7 694 | -7 694 |
| Capital increase | 0 | | 72 | | | | | 0 | 72 |
| Treasury shares | | -51 | | | | 0 | -39 | -39 | -91 |
| Other changes | | | | | | -45 | -311 | -355 | -355 |
| Share-based payment | | | | | 175 | | 0 | 175 | 175 |
| **Capitaux Propres au 31/12/2015** | **10 138** | **-157** | **243 854** | **-69** | **2 167** | **-45** | **-153 091** | **-151 038** | **102 798** |
| Total comprehensive income for the period | | | | -203 | | -80 | -11 228 | -11 510 | -11 510 |
| Capital increase | 230 | | 2 205 | | | | | 0 | 2 435 |
| Treasury shares | | 36 | | | | | 51 | 51 | 87 |
| Other changes | | | | | | | 282 | 282 | 282 |
| Share-based payment | | | | | 113 | | | 113 | 113 |
| **Capitaux Propres au 30/06/2016** | **10 368** | **-121** | **246 059** | **-203** | **2 280** | **-125** | **-164 054** | **-162 101** | **94 205** |

ONXEO
June 30, 2016

## CONSOLIDATED NET CASH FLOW STATEMENT

| € '000 | 30/06/2016 | 31/12/2015 | 30/06/2015 |
|---|---|---|---|
| **Consolidated net loss** | **-11 227** | **-19 409** | **-11 347** |
| +/- Depreciation, inpairment and provisions, net (excluding provisions against working capital) | 386 | 2 207 | 1 131 |
| /+ Unrealized gain and losses associated with changes in fair value | 0 | -2 | 0 |
| +/- Non cahs income and expenses on Sotck options and similar items | 113 | 385 | 210 |
| -/+ Other calculated income and expenses | 140 | -66 | -33 |
| -/+ Capital gains and losses on disposal | 0 | -141 | 0 |
| +/- Share of earning associates | 20 | 0 | 0 |
| **Gross operating cash flow after cost of net debt and taxes** | **-10 568** | **-17 027** | **-10 039** |
| + Cost of net debt | 218 | -600 | -832 |
| +/- Tax expenses (including deferred taxes) | -167 | -2 448 | 0 |
| **Gross Operating cash flow before cost of net debt and taxes** | **-10 517** | **-20 075** | **-10 871** |
| - Taxes paid | | | |
| +/- Changes in operating WCR (including debt related to employéé benfits)) | -4 122 | -3 042 | -4 117 |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | **-14 639** | **-23 116** | **-14 988** |
| - Expenditures on acquisition of tangible and intangible assets | -97 | -410 | -112 |
| + Proceeds of disposal of tangible ans intagble assets | 0 | 161 | -29 |
| - Expenditures on acquisition of financial assets | 0 | -1 | 0 |
| + Proceeds of disposal of financial assets | -111 | 16 | 4 |
| **NET CASH FLOW FROM INVESTING ACTIVITITES** | **-208** | **-235** | **-136** |
| + Net amount received from shareholders on capital increase | | | |
| . Paid by shareholders of the parent company | 1 000 | 115 | 43 |
| + Amount received on exercise of stock options | | | |
| -/+ Purchase and Sale of treasury shares | 36 | -35 | 16 |
| + Amounts received on issuances of new loans | 0 | 898 | 139 |
| - Reimbursments of loans(including finance leases) | 143 | -1 417 | 11 |
| - Net interest received | 0 | -18 | 0 |
| +/- Others flows related to financing activities | -243 | 509 | 799 |
| **NET CSH FLOW FROM FINANCING ACTIVITIES** | **936** | **53** | **1 008** |
| +/- Effects of fluctuations in foreign exchange rates | -283 | -136 | -187 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **-14 194** | **-23 434** | **-14 304** |
| **CASH AND CASH EQUIVALENTS at start of year** | **33 793** | **57 227** | **57 227** |
| **CASH AND CASH EQUIVALENTS at year end** | **19 598** | **33 793** | **42 923** |

| WCR | 30/06/2016 | 31/12/2015 | Variation |
|---|---|---|---|
| Inventories | 76 | 106 | -31 |
| Trade receivables | 1 374 | 1 036 | 338 |
| Other receivables | 9 030 | 6 762 | 2 268 |
| | 10 480 | 7 904 | 2 576 |
| Non recurent deferred income | -18 | -18 | 0 |
| Trade payables | 6 653 | 6 362 | 292 |
| Other liabilities | 2 197 | 4 175 | -1 978 |
| | 8 833 | 10 519 | -1 686 |
| | | | |
| Working capital | -1 647 | 2 615 | -4 262 |
| Pension commitments | 629 | 489 | 140 |
| WCR Changes | -1 018 | 3 104 | -4 122 |

Onxeo is a leading developer of orphan oncology drugs. The Company is focused on developing innovative therapeutics for orphan or rare cancers, by developing advanced therapeutics designed to improve the lives of patients.

## NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Onxeo's consolidated interim financial statements for June 30, 2016 were approved by the Board of Directors on July 28, 2016. They were prepared in accordance with International Financial Reporting Standards (IFRS) as they apply in the European Union for interim financial statements (IAS 34) authorising the filing of selected notes. The consolidated financial statements are presented in condensed form and should be read together with the December 31, 2015 Group financial statements included in the reference document filed with the AMF on April 29, 2016.

The accounting principles and methods applied to the consolidated financial statements at June 30, 2016 are identical to those used in the consolidated financial statements at December 31, 2015, and with the IFRS standards, amendments or interpretations as adopted by the European Union and the IASB, which are compulsory for financial years beginning on or after January 1, 2016 (and which had not been applied early by the Group), namely:

| Standard | Name |
|---|---|
| IAS 1 Amendments | First part of "disclosure initiative": materiality |
| Cycle 2012-2014<br>- IFRS 7<br>- IAS 19<br>- IAS 34 | <br>Financial instruments: disclosures<br>Employee benefits<br>Interim financial reporting |
| IAS 16 / IAS 38 Amendments | Clarifications regarding acceptable amortization methods |
| IFRS 11 | Acquisition of an interest in a joint operation |

Besides, the Group has chosen not to apply by anticipation the new standards, standard amendments and interpretations, whose mandatory application is subsequent to June 30, 2016, be them adopted or not by the European Union. The impact of these standard and amendments is being reviewed by the Group.

**Use of estimates**
As of December 31, 2015, Group management used estimates to prepare the financial statements for the calculation:
- of pension commitments
- of share-based payments
- of provisions
- of revenue as the sums received from the signing of licensing agreements

## NOTE 2: SCOPE OF CONSOLIDATION

In the first half of 2016, the scope of consolidation changed as follows:
- Acquisition of DNA Therapeutics, a simplified joint-stock company under French law, on March 25, 2016 (see Note 3)
- Creation of ONXEO US, Inc., a company operating under US law with registered office in New York City.
- Liquidation of Topotarget Germany, a dormant subsidiary wholly-owned by Onxeo.

As a result, the scope of consolidation at June 30, 2016 also included the companies:
- Laboratoires BioAlliance Pharma,
- Topotarget UK
- Topotarget Switzerland
- BioAlliance Pharma Switzerland SA,

- DNA therapeutics,
- Onxeo US,
- SpeBio BV.

All subsidiaries are 100% owned and fully consolidated, except SpeBio, which is a joint venture 50% owned under the equity method.

## NOTE 3: ACQUISITION OF DNA THERAPEUTICS

The acquisition of DNA Therapeutics took place on March 25, 2016. Onxeo purchased 100% of the shares in DNA Therapeutics by issuing 553,819 new shares valued 3.13 Euros per share (spot value as of March 24, 2016) for a total of €1,733,000.

In accordance with IFRS 3 the acquisition is booked as a business combination. As of June 30, 2016, the acquisition value less the net asset value of DNA Therapeutics as of March 25, 2016 has been recognized in the accounts as preliminary goodwill, booked as an intangible asset. The company expect to allocate a part of the goodwill to intangible assets (IP R&D)

The impact of this acquisition being non significant as regards the accounts of the Group, no proforma accounts have been prepared.

An earn-out mechanism is included in the transaction, leading to potential future payments (see Note 14).

## NOTE 4: INTANGIBLE ASSETS

Intangible assets of a net amount of €88,516,000 as of June 30, 2016 consist of:

- R&D assets acquired within the context of the merger with Topotarget amounting to €65,500,000 including €40,800,000 not amortized;
- Goodwill recorded from the Topotarget merger of €20,058,000;
- Goodwill recorded from the DNA Therapeutics acquisition of €2,954,000; and
- Other intangible assets, mainly the cost of patents and software, amounting to €3,000.

R&D assets were depreciated by a total amount of €800,000 over the year. This depreciation corresponds to the assets associated with the product Beleodaq® for its second-line purpose in the treatment of peripheral T-cell lymphoma, generating income through sales achieved by the business partner Spectrum Pharmaceuticals. These assets will be amortized over the duration of the product's anticipated commercialisation for this purpose (17 years).

R&D assets and goodwill are subject to impairment tests at least once annually in accordance with IAS 36. At June 30, 2016, no causes of impairment of R&D assets or goodwill were identified in relation to the parameters used in impairment tests at December 31, 2015. As a result, no provision for impairment was recorded.

Research and development costs incurred in the first half of 2016 were expensed in the amount of €8,534,000, including €1,892,000 for personnel expenses, and €6,600,000 for external expenses, regulatory taxes and fees.

No new significant development costs were incurred on the Company's registered products. Consequently, there were no capital development costs over the half-year period.

## NOTE 5: OTHER ASSETS

### 5.1. TRADE RECEIVABLES

| EUR `000 | 30/06/2016 | < 1 year | > 1 year | 31/12/2015 |
|---|---|---|---|---|
| **Trade receivables, net** | 1,374 | 1,374 | | 1,036 |

Trade receivables mainly consist of receivables from international partners Spectrum Pharmaceuticals, Innocutis/Cipher and Therabel.

### 5.2. OTHER RECEIVABLES

| EUR `000 | 30/06/2016 | < 1 year | > 1 year | 31/12/2015 |
|---|---|---|---|---|
| Personnel | 1 | 1 | | 2 |
| Research tax credit | 5,991 | 5,991 | | 3,814 |
| Other tax receivables | 1,976 | 1,976 | | 2,202 |
| Other receivables | 202 | 202 | | 104 |
| Prepaid expenses | 860 | 860 | | 640 |
| **Net amount of other receivables** | **9,030** | **9,030** | **0** | **6,982** |

The item "research tax credit" corresponds to the receivable established on December 31, 2015 by ONXEO SA, amounting to €3,814,000, not yet collected, the receivable established on December 31, 2015 by DNA Therapeutics amounting to €494,000 and the receipt of the tax credit for the first half of 2016, for €1,682,000. These receivables are subject to anticipated recovery and are therefore classified as due in less than one year. In accordance with the IAS 20 standard, the research tax credit for the first half of 2016 reduced expense and income items according to their nature, as follows:

| EUR `000 | 30/06/2016 | 31/12/2015 |
|---|---|---|
| Reduction in personnel costs | 509 | 749 |
| Reduction in external expenses | 1,150 | 3,014 |
| Reduction in depreciation and amortisation | 23 | 51 |
| **Total research tax credit** | **1,682** | **3,814** |

Other tax receivables mainly relate to deductible VAT as well as VAT credit, the reimbursement of which was filed for by the company, and an expected repayment of a withholding tax of €1,379,000.
Other receivables consist of accrued revenue and supplier receivables. The settlement was essentially carried out over the first half.
Prepaid expenses correspond mainly to the subcontracting of scientific services.

## NOTE 6: CASH AND CASH EQUIVALENTS

| EUR `000 | Net at 30/06/2016 | Net at 31/12/2015 | Change in cash and cash equivalents |
|---|---|---|---|
| Cash | 13,294 | 28,486 | -15,192 |
| Financial investments | 6,304 | 5,307 | 997 |
| **Total net cash** | **19,598** | **33,793** | **-14,195** |

Total net cash as of 30 June 2016 amounts to €19.6 million, providing visibility until Q4 2017. The change in net cash stems from the Company's operational expenses, namely research and development, amounting to €7,481,000, as well as the payment of a withholding tax, the reimbursement of which is expected in 2016 in the amount of €1,370,000.

Liquid assets concern euro and dollar accounts opened at leading banks, mainly in France and Denmark. This item includes term deposits of less than three months with a capital guarantee, to boost performance and meet the definition of cash equivalents in accordance with IAS 7.6 and IAS 7.7.

Marketable security investments correspond to medium-term freely negotiable notes, having low volatility with very low risk linked to changes interest rates.

## NOTE 7: SHAREHOLDERS' EQUITY

### 7.1. SHARE CAPITAL

#### 7.1.1 Changes in composition of the share capital

| | | Nominal | Number of shares | € |
|---|---|---|---|---|
| Shares fully paid up at 31/12/2015 | | 0.25 | 40,552,083 | 10,138,021 |
| Capital increase - acquisition of DNA Therapeutics | (1) | 0.25 | 553,819 | 138,454.75 |
| Capital increase – Private investment reserved for DNA Therapeutics shareholders | (2) | 0.25 | 364,958 | 91,239.50 |
| | | | | |
| **Shares fully paid up at 30/06/2016** | | **0.25** | **41,470,860** | **10,367,715.00** |

(1) Capital increase resulting from the acquisition of 100% of the shares in DNA Therapeutics. In accordance with the Board of Directors' resolution of February 26, 2016 and recording of the completion by the CEO (minutes of March 25, 2016), the Company issued 553,819 new ordinary shares valued €3.13 and with a nominal value of €0.25 per share, corresponding to an increase in the share capital of €138,454.75 and premiums for €1,594 999.

(2) Reserved capital increase subscribed by certain historical shareholders of DNA Therapeutics. In accordance with the Board of Directors' resolution of February 26, 2016, the decision taken by the CEO on March 25, 2016 and the recording of the funds deposited on April 1, the Company issued 364,958 new ordinary shares valued €2.74 with a nominal value of €0.25 per share, corresponding to an increase in the share capital of €91,239.50 and premiums for €908,745.

#### 7.1.2 Treasury shares

In accordance with IAS 32, paragraph 33, treasury shares acquired in the context of the liquidity contract signed with CM-CIC Securities were deducted from shareholders' equity for an amount of €121,000. Losses on share buybacks as of June 30, 2016 amounting to €51,000 were deducted from income pursuant to the standard.

### 7.2. SHARE-BASED PAYMENTS

All disclosures concerning the BCEs, BSAs and stock options granted by the Group are set out in note 14 below.

The first half expense related to share-based payments amounts to €113,000.

On January 23, 2016, the Board granted 90,000 warrants (BSA 2015-2) to non-executive or non-salaried employees of the company, which were fully subscribed. The valuation of these BSAs was made using the Black & Scholes method, supported by the binomial / trinomial method to reflect different possible exercise dates.

| | **BSA 2015** |
|---|---|
| Date of grant | 22/01/2016 |
| Number of warrants granted | 90,000 |
| Number of warrants subscribed | 40,000 |
| Vesting | 15 months |
| Exercise price (€) | 3.33 |

The expense for the financial year is €14,000.

On July 28, 2016, the Board of Directors recorded the automatic cancellation due to employee leave of 1,944 SO 2010(1) options, 2,094 SO 2011(1) options, 2,094 SO 2012 options, 2,083 SO 2013 options, 2,865 SO 2014 options, 4,500 SO 2015 options and 393 AGA 2014 free shares. The impact of these write-offs is a decrease in the total expense of €4,000.

## NOTE 8: NON-CURRENT LIABILITIES

### 8.1. PROVISIONS

| **EUR `000** | **31/12/2015** | **Allowances** | **Reversals** | | **30/06/2016** |
|---|---|---|---|---|---|
| | | | **Used** | **Unused** | |
| Post-employment benefits | 489 | 140 | | | 629 |
| Provision for litigation | 230 | | | 157 | 73 |
| **Total non-current provisions** | **719** | **140** | **0** | **157** | **702** |

### 8.1.1. PENSION LIABILITIES (IAS 19 REVISED)

As pension liabilities for Onxeo's Danish employees are outsourced, the provision in the accounts on June 30, 2015 concerns only French employees of the Group.

The provision for pension liabilities amounted to €629,000, compared to €489,000 on December 31, 2015. The impact on June 30, 2016 numbers was a charge of €140,000, which came from changes in the workforce. The actuarial gain of €80,000 was recognised directly as a reserve according to the standard.

The actuarial assumptions are as follows:

| | 30/06/2016 | 31/12/2015 |
|---|---|---|
| Collective bargaining agreement | Medical industry | Medical industry |
| Retirement age | Between 65 and 67 years, under the Pension Reform Act of 10 November 2010 | Between 65 and 67 years, under the Pension Reform Act of 10 November 2010 |
| Calculation date | 30/06/2016 | 31/12/2015 |
| Mortality table | INSEE 2015 | INSEE 2015 |
| Discount rate | 1.52% (AA rate Reuters) | 2.26% (AA rate Reuters) |
| Rate of salary increase | 3% | 3% |

| | | |
|---|---|---|
| Employee turnover rate | By age category:<br>- 0% from 16 to 24<br>- 2.30 % from 25 to 34<br>- 8.05 % from 35 to 44<br>- 2.30 % from 45 to 54<br>- 0.57 % above 55 | By age category:<br>- 0% from 16 to 24<br>- 2.30 % from 25 to 34<br>- 8.05 % from 35 to 44<br>- 2.30 % from 45 to 54<br>- 0.57 % above 55 |
| Social charges | 46% for Onxeo FR | 46% for Onxeo FR |

### 8.1.2. PROVISIONS FOR LITIGATION

As on December 31, 2015, the possible risks relating to ongoing litigation with SpeBio/SpePharm cannot be reliably measured. As the Company considers itself to be within its rights, no provision has been made as of June 30, 2016.

- **Litigation with SpeBio/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®. This process is part of the ongoing law suit filed by Onxeo against SpeBio before the Commercial Court of Paris on 27 February 2009. SpeBio itself referred the suit to the Clerk of the Commercial Court while being aware of Onxeo's referral to the Arbitral Tribunal.

SpePharm and SpeBio issued counterclaims for damages before the Arbitral Tribunal and the Commercial Court respectively.

Having stayed the proceedings on its own jurisdiction, the Paris Commercial Court assumed jurisdiction. In pursuing its strategy to bring the dispute under a single proceeding, Onxeo filed an objection before the Paris Court of Appeals. This objection was rejected and the procedure has now resumed before the Commercial Court. By judgement on 3 May 2016 the Commercial Court of Paris pronounced the forced intervention of Spepharm and joined the proceedings as a unique number. Spepharm formed contradicts against the judgment of 3 May 2016. The hearing is scheduled for August 30, 2016.

Spepharm filed conclusions to obtain severance procedures and alternative claims that the Paris Commercial Court declines jurisdiction (in favor of the ICC).

In a partial award solely on the question of its jurisdiction the Court of Arbitration has recognized its jurisdiction under the Governing agreement and against SpePharm only.

Onxeo maintains its position of bringing together the dispute in order to judge all of the parties before the same court.

### 8.2. OTHER NON-CURRENT LIABILITIES

This item includes:

- an advance from BPI France paid under the Livatag programme (NICE consortium), repayable in case of commercial success on ONXEO in the amount of € 4,517,000 including €822.000 to receive in the coming years in accordance with the contract.
- two advances from BPI France paid under the AsiDNA prgramme in the amount of €908,500. Repayment of the first advance began in March 2016, and repayment of the second will begin in September 2018.

## NOTE 9: CURRENT LIABILITIES

### 9.1. TRADE PAYABLES

| EUR `000 | 30/06/2016 | 31/12/2015 |
|---|---|---|
| Trade payables | 6,653 | 6,362 |

### 9.2. OTHER LIABILITIES

The item "other liabilities" includes mainly social security, tax and other debts.

| EUR `000 | 30/06/2016 | 31/12/2015 |
|---|---|---|
| Social security and similar liabilities | 1,683 | 2,177 |
| Tax liabilities | 173 | 1,637 |
| Other liabilities | 342 | 362 |
| Total | 2,197 | 4,175 |

The change in social security liabilities mainly relates to the recognition over six months (instead of 12 as of December 31, 2015) of Group employee performance-related bonuses.
The change in tax liabilities relates to the recognition in 2015 of a withholding tax in the amount of €1,379,000 paid in 2016, whose repayment was requested in 2016.
Other liabilities mainly include €218,000 concerning grants as well as license revenues deferred to less than a year amounting to €71,000 concerning agreements with partners Sosei and Novamed. For the first half, the amount included in income and recognised as revenue is €54,000.

## NOTE 10: FINANCIAL INSTRUMENTS

The carrying amount of financial instruments by category under IAS 39 is detailed as follows

| €'000 | Catégory in accordance with IAS 39 | Net at 31/12/2015 | Net at 30/06/2016 | Balance Sheet amounts as per IAS 39 | | | Fair Value as per IFRS7 |
|---|---|---|---|---|---|---|---|
| | | | | Amortized cost | Fair Value in equity | Fair Value in Income | |
| Loans | P&C | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivatives at fair Value | AJVPR | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade receivables and, related accounts | P&C | 1 036 | 1 374 | 1 374 | 0 | 0 | 1 374 |
| Other Receivables | P&C | 6 762 | 9 030 | 9 030 | 0 | 0 | 9 030 |
| Security Deposits | P&C | 201 | 90 | 90 | 0 | 0 | 90 |
| Other assets available for sale | ADV | 106 | 106 | 0 | 0 | 106 | 106 |
| Cash and equivalents | AJVPR | 33 793 | 19 598 | 13 294 | 0 | 6 304 | 19 598 |
| **Total Assets** | | **41 897** | **30 198** | **23 788** | **0** | **6 410** | **30 198** |
| Debenture loans | DACA | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan debts/ credit inst. | DACA | 69 | 71 | 71 | 0 | 0 | 71 |
| Derivatives at fair Value | PJVPR | 0 | 0 | 0 | 0 | 0 | 0 |
| BPI France advances | DACA | 3 545 | 4 454 | 4 454 | 0 | 0 | 4 454 |
| Total payables | DACA | 6 362 | 6 653 | 6 653 | 0 | 0 | 6 653 |
| Other debts/other liabilities | DACA | 4 362 | 2 472 | 2 472 | 0 | 0 | 2 472 |
| **Total Liabilities** | | **14 337** | **13 650** | **13 650** | **0** | **0** | **13 650** |

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.

| € `000 | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Derivatives at fair value by income | | | |
| Derivatives at fair value by equity | 0 | 0 | 0 |
| Financial assets available for sale | 0 | 106 | 0 |
| Money market securities available for sale | 0 | 6,304 | 0 |
| Total Financial Assets | 0 | 6,410 | 0 |
| Derivatives at fair value by income | 0 | 0 | 0 |
| Derivatives at fair value by equity | 0 | 0 | 0 |
| Total Financial Liabilities | 0 | 0 | 0 |

## NOTE 11: OPERATING INCOME AND EXPENSES

### 11.1. SALES

| **EUR `000** | **30/06/2016** | **30/06/2015** |
|---|---|---|
| **Recurrent** sales from licensing agreements | 1,824 | 1,219 |
| **Non-recurrent** sales from licensing agreements | 54 | 314 |
| Other sales | 0 | 0 |
| **Total sales** | **1,878** | **1,533** |

Recurring sales come from product sales and sales-based royalties related to licence agreements established by the Company. The increase is due to the ongoing development of the two products Beleodaq® and Sitavig® in the US, commercialized respectively by Spectrum Pharmaceuticals and Innocutis/Cipher.

Non-recurring sales from licence agreements include a proportionate share of amounts received in previous years when signing these agreements, spread out over time in accordance with IAS 18.

In accordance with IFRS 8.32 and 33, the table below shows the provenance of sales by geographic area and in comparison with two Company product portfolios:

| **Breakdown of sales in euro** | **30/06/2016** | **30/06/2015** |
|---|---|---|
| Orphan Products in Oncology | 964 | 653 |
| Other Products | 914 | 880 |
| **Total** | **1,878** | **1,533** |
| Europe | 339 | 317 |
| Rest of the world | 1,539 | 1,216 |
| **Total** | **1,878** | **1,533** |

### 11.2. PERSONNEL COSTS

Personnel costs are broken down as follows:

| In € | 30/06/2016 | 30/06/2015 |
|---|---|---|
| Salaries | 2,698 | 3,008 |
| Expenses | 1,153 | 1,029 |
| Employee benefits (IFRS2) | 113 | 210 |
| Deduction of research tax credit | (509) | (483) |
| Deduction of operating grants | 0 | (16) |
| **Total** | **3,455** | **3,748** |

The change in salaries and expenses compared with 2015 is related to the change in the staff structure, notably between the establishments in Paris and Copenhagen.

Total headcount was 59 at June 30, 2016.

### 11.3 EXTERNAL EXPENSES

External expenses include mainly the following items:

| EUR `000 | 30/06/2016 | 30/06/2015 |
|---|---|---|
| R&D expenses | 6,541 | 5,847 |
| Deduction of operating grants | 0 | -3 |
| Deduction of research tax credit | -1,151 | -1,233 |
| General and administrative expenses | 3,094 | 3,742 |
| **Total** | **8,484** | **8,353** |

The increase in R&D expenses was due to the internationalisation of the phase III study for Livatag® and industrial development activities for this product, as well as to the acquisition of DNA Therapeutics and the new preclinical programmes launched at the end of 2015 with Livatag and Beleodaq. General and administrative expenses decreased as a result of tight management notably as regards contractors/consultants and office rents.

## NOTE 12: FINANCIAL INCOME

Financial Income was negative at €210,000 at June 30, 2015, mainly owing to foreign exchange losses on transactions and dollar holdings.

## NOTE 13: EARNINGS PER SHARE

### 13.1. EARNINGS PER SHARE

| EUR `000 | 30/06/2016 | 30/06/2015 |
|---|---|---|
| Net income/(loss) attributable to ordinary shareholders | -11,227 | -11,347 |
| Number of ordinary shares | 41,470,860 | 40,552,083 |
| Number of treasury shares | 32,907 | 18,908 |
| **Earnings per share** | **(0.27)** | **(0.28)** |

Earnings per share is calculated by dividing the net profit (or loss) attributable to ordinary shareholders (the numerator) by the weighted average number of outstanding ordinary shares (the denominator) for the period.

### 13.2. DILUTED EARNINGS PER SHARE

| EUR `000 | 30/06/2016 | 30/06/2015 |
|---|---|---|
| Net income/(loss) attributable to ordinary shareholders | -11,227 | -11,347 |
| Number of ordinary shares | 41,470,860 | 40,552,083 |
| Effect of dilution (1) | - | - |
| Number of shares adjusted for diluted earnings | 41,470,860 | 40,552,083 |
| **Diluted earnings** | **(0.27)** | **(0.28)** |

(1) Taking into account the conversion into shares of all of the BSAs, free shares and stock options attributed as of the balance sheet date, 2,000,137 extra shares would be created, the impact of dilution is not presented due to the accretive effect resulting from negative earnings.

## NOTE 14: OFF-BALANCE-SHEET COMMITMENTS

As part of the acquisition of DNA Therapeutics, an additional financial compensation (earn out) will be paid for an amount of € 1,000,000 when the product will enter Phase II. Royalty payments based on sales will also be paid in case of commercialisation of the product for a total amount of maximum €25,000,000 per indication. As of June 30, 2016 none of these additional payments have been booked due to their uncertain nature in line with the development plan of the product.

# NOTE 15: SUMMARY OF SHARE PURCHASE WARRANTS (BSA), STOCKS OPTIONS AND FREE SHARES

## 15.1. Summary of share purchase warrants at 30 June 2016

| Type | Authorisation date | SPW authorised | Allocation date | SPW allocated | Beneficiaries | SPW in circulation at 30/6/2016 adjusted (1) | SPW in circulation at 30/6/2016 adjusted (1) | Subscription proce per share in euros adjusted (1) | Expiry date |
|---|---|---|---|---|---|---|---|---|---|
| SPW 2011 | 29 June 2011 Resolution 18 | 100,000 | 21/9/2011 | 70,000 | Non-salaried, non-executive Board Members | 41,864 | 41,864 | 3.63 | 21/9/2017 |
| SPW 2012 | 31 May 2012 Resolution 15 | 100,000 | 13/09/2012 | 85,000 | Non-salaried, non-executive Board Members | 41,857 | 41,857 | 3.75 | 13/09/2018 |
| SPW 2013 | 26 June 2013 Resolution 17 | 100,000 | 19/09/2013 | 85,000 | Non-salaried, non-executive Board Members | 88,490 | 88,490 | 3.85 | 19/09/2023 |
| SPW 2014 | 30 June 2014 Resolution 19 | 314,800 | 22/09/2014 | 107,500 | Non-salaried, non-executive Board Members | 85,886 | 85,886 | 6.17 | 22/09/2024 |
| | | | 04/03/2015 | 35,500 | | 19,000 | 12,667 | 6.26 | 04/03/2025 |
| SPW 2015 | 20 May 2015 Resolution 18 | 405,000 | 27/10/2015 | 80,000 | Non-salaried, non-executive Board Members | 65,000 | 21,667 | 3.61 | 27/10/2025 |
| SPW 2015-2 | | | 23/01/2016 | 90,000 | Non-salaried, non-executive Board Members | 90,000 | 40,000 | 3.33 | 23/01/2026 |
| **TOTAL** | | | | | | **432,097** | **332,431** | | |

(1) Adjustment to the number and subscription price of warranties following capital increases in July 2011, July 2013 and December 2014, in accordance with article L.288-99 of the Code of Commerce (CA of 28 July 2011, 14 November 2013 and 22 January 2015).

## 15.2. Summary of rights to free shares at 30 June 2016

| Name of Plan | Authorisation date | Number of free shares authorised | Allocation date | Number of shares subscribed | Beneficiaries | Rights to free shares in circulation at 30/06/2016 adjusted (1) | Shares definitively acquired at 30/06/2016 adjusted (1) |
|---|---|---|---|---|---|---|---|
| AGA Employees 2014 | 30/06/2014 Resolution 18 | 314,800 | 22/09/2014 | 72,000 | Employees | 66,180 | 52,885 |
| AGA Executives 2014 | | | 22/09/2014 | 76,500 | Executives | 75,203 | 71,177 |
| TOTAL AGA 2014 | | 314,800 | | 148,500 | | 141,383 | 124,062 |
| TOTAL AGA | | | | | | 141,383 | 124,062 |

(1) Adjustment to the number and subscription price of options following capital increases in July 2011, July 2013 and December 2014, in accordance with article L.288-99 of the Code of Commerce (CA of 28 July 2011, 14 November 2013 and 22 January 2015).

## 15.3. Summary of share subscription options at 30 June 2016

| Name of plan | Authorisation date | Number of options authorised | Allocation date | Number of options allocated | Beneficiaries | Options in circulation at 30/06/2016 adjusted (1) | Options exercisable at 30/06/2016 adjusted (1) | Subscription price per share in euros adjusted (1) | Expiry date |
|---|---|---|---|---|---|---|---|---|---|
| SO employees 2010 (1) | 22/04/2010 Resolutions 20 and 21 | 150,500 | 25/08/2010 | 120,800 | Employees | 51,721 | 51,721 | 5.28 | 25/08/2020 |
| SO employees 2010 (2) | | | 16/12/2010 | 16,000 | Employees | 17,491 | 17,491 | 5.23 | 16/12/2020 |
| SO Executives 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** | | **80,003** | **80,003** | | |
| SO employees 2011 (1) | 29/06/2011 Resolutions 16 and 17 | 300,000 | 21/09/2011 | 218,500 | Employees | 145,575 | 145,575 | 3.63 | 21/09/2021 |
| SO Executives 2011 | | 210,000 | 21/09/2011 | 210,000 | Executives | 219,782 | 219,782 | 3.63 | 21/09/2021 |
| **TOTAL SO 2011** | | **510,000** | | **428,500** | | **365,357** | **365,357** | | |
| SO employees 2012 | 31/05/2012 Resolutions 13 and 14 | 333,000 | 13/09/2012 | 268,000 | Employees | 214,096 | 173,665 | 3.75 | 13/09/2022 |
| SO Executives 2012 | | 110,000 | 13/09/2012 | 110,000 | Executives | 103,597 | 89,470 | 3.75 | 13/09/2022 |
| **TOTAL SO 2012** | | **443,000** | | **378,000** | | **317,693** | **263,135** | | |
| SO employees 2013 | 26/06/2013 Resolution 15 | 283,000 | 19/09/2013 | 195,500 | Employees | 160,939 | 80,502 | 3.85 | 19/09/2023 |
| **TOTAL SO 2013** | | **283,000** | | **195,500** | | **160,939** | **80,502** | | |
| SO employees 2014 | 30/06/2014 Resolution 17 | 314,800 | 22/09/2014 | 138,700 | Employees | 118,178 | 29,528 | 6.17 | 22/09/2024 |
| SO Executives 2014 | | | 22/09/2014 | 40,000 | Executives | 34,487 | 20,334 | 6.17 | 22/09/2024 |
| **TOTAL SO 2014** | | **314,800** | | **178,700** | | **152,665** | **49,862** | | |
| SO employees 2015 | 20/05/2015 Resolution 16 | 405,000 | 27/10/2015 | 290,000 | Employees | 290,000 | 0 | 3.61 | 27/10/2025 |
| SO Executives 2015 | | | 27/10/2015 | 60,000 | Executives | 60,000 | 0 | 3.61 | 27/10/2025 |
| **TOTAL SO 2015** | | **405,000** | | **350,000** | | **350,000** | **0** | | |
| **TOTAL SO** | | | | | | **1,426,657** | **838,859** | | |

(1) Adjustment to the number and subscription price of options following capital increases in July 2011, July 2013 and December 2014, in accordance with article L.288-99 of the Code of Commerce (CA of 28 July 2011, 14 November 2013 and 22 January 2015).

## NOTE 16: RELATED PARTIES

Transactions with other companies related to the Group within the meaning of paragraph 9 of the IAS 24 standard show no significant effect in the June 30, 2016 accounts.

## NOTE 17: POST-BALANCE SHEET EVENTS

End July 2016, Onxeo has has entered into an exclusive license agreement with Pint Pharma for the commercialization of Beleodaq® in key South American countries. Onxeo will receive an upfront payment from Pint Pharma, regulatory and commercial milestone as well as double-digit royalties on the net sales of Beleodaq® in these territories, representing a deal value of over USD 20 million.

## 9. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEARLY REPORT

I certify that, to my knowledge, the condensed six-month financial statements are prepared in accordance with applicable accounting standards and give a true picture of the assets, the financial situation and the results of the Company and all the companies included in the consolidation, and that the semi-annual management report (listed on page 3 of this report) presents an accurate picture of the important events during the first six months, of their impact on accounts, of the main transactions between related parties as well as a description of the main risks and key uncertainties for the remaining six months of the year.

On July 28, 2016

Madam Judith Greciet
Chief Executive Officer

## 10. STATUTORY AUDITORS' REPORT ON THE 2016 INTERIM FINANCIAL INFORMATION

**GRANT THORNTON**
*Membre français de Grant Thornton International*
100, rue de Courcelles
75849 Paris Cedex 17
S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie
régionale de Paris

**ERNST & YOUNG Audit**
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92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

## Onxeo

Period from January 1 to June 30, 2016

**Statutory auditors' review report on the half yearly financial information**

To the Shareholders,
In compliance with the assignment entrusted to us by your general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Onxeo, for the period from January 1 to June 30, 2016,

- the verification of the information presented in the half-yearly management report.

These condensed half-yearly financial statements are the responsibility of your board of directors. Our role is to express a conclusion on these financial statements based on our review..

### 1. Conclusion on the Financial Statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all

material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

### 2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, July 28, 2016

The statutory auditors
*French original signed by*

| GRANT THORNTON | ERNST & YOUNG Audit |
|---|---|
| *Membre français de Grant Thornton International* | |
| Jean-Pierre Colle | Franck Sebag |