THE ORPHAN ONCOLOGY INNOVATOR

A '*Société Anonyme'* (public limited company) with a share capital of EUR 12,683,913.25
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2018 HALF YEARLY FINANCIAL REPORT

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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 French biotechnology company developing innovative oncology drugs based on tumor DNA-targeting, one of the most important research fields in cancer treatment today. The Company is focused on bringing innovative or disruptive compounds from preclinical research (also known as translational research) to clinical proof-of-concept, which represents its know-how and expertise field. The Company develops programs up to a value-creating inflection point which is appealing to potential partners.

Its in-house translational expertise positions the Group at the forefront of scientific and clinical research in oncology in the field of tumor DNA repair, with original and highly differentiated mechanisms of action.

2. COMPANY'S ACTIVITY AND SIGNIFICANT EVENTS OF THE PERIOD

Onxeo aims to become a major international player in the field of the targeting of DNA functions. In order to deploy this growth strategy, the Group is supported by solid assets and distinct competences that provide a basis for future growth:

- A portfolio that positions Onxeo as a key player in one of the most sought after areas in oncology, through innovative therapeutic approaches with high scientific value. Whether combined with other anticancer agents or as a monotherapy, ongoing and planned programs offer development prospects on multiple indications with broad market potential;
    - AsiDNA™, a first-in-class tumor DNA damage repair inhibitor, based on a unique decoy mechanism. AsiDNA™ has already successfully completed a Phase I trial in metastatic melanoma via local administration, and is currently being assessed for treating other solid tumor by systemic administration (IV) in a phase I trial (DRIIV-1).
    - platON™, Onxeo's chemistry platform of decoy oligonucleotides, to create new components to expand the Company's pipeline, of which AsiDNA™ is the first molecule.
    - belinostat, an HDAC inhibitor (epigenetics) which was conditionally approved by the FDA as second-line treatment of patients with peripheral T-cell lymphoma and is marketed in the United States in this indication by Spectrum Pharmaceuticals, Onxeo's partner (under the name of Beleodaq®). Simultaneously, belinostat was under preclinical evaluation, notably in association with AsiDNA ™, for new indications in oncology.
- Internal translational capabilities with a high-level scientific team supported by an experienced management team and board of directors, with an international profile;
- Experience in clinical studies in Europe and the United States, collaborating with academic and scientific opinion leaders internationally and respected business partners in the pharmaceutical industry.

In the first half of 2018, the Group's lead asset development programs have progressed significantly and in line with expectations, including the launch of the Phase 1 study (DRIIV-1) on AsiDNA™ administered by systemic injection.

The primary operational advances and organizational changes of the Group during the financial period are set out below.

2.1. DEVELOPMENT PROGRAMS

2.1.1. AsiDNA™

AsiDNA™ positions the Group on a new field at the forefront of scientific and clinical research in oncology, tumor DNA damage response *(DDR*).

DNA damage response consists of a network of cellular pathways that identify, signal and repair DNA damage. Proteins monitor DNA integrity and can activate cell cycle checkpoints and repair pathways in response to damage, to prevent potentially harmful mutations.

Applied to oncology, this new research field aims to weaken or block the ability of tumor cells to repair damage occurring to their DNA, either naturally or under the effect of cytotoxic treatments. Tumor cells are much more dependent on DNA repair mechanisms than healthy cells, because of their uncontrolled proliferation.

AsiDNA ™ is a first-in-class product in DDR. It interferes with the repair of tumor DNA using a highly innovative decoy mechanism developed by researchers at the Institut Curie.

The product consists of a double-stranded DNA fragment that behaves like a damaged tumor DNA fragment and causes hyper-activation of repair pathways (agonist mechanism) and sequestration of repair proteins (decoy mechanism). AsiDNA™ thus induces inhibition of ADN repair and exhaustion of the repair pathways of the tumor cell, which nevertheless continues its replication cycle, but its damaged DNA eventually leads to its death.

AsiDNA™ specifically targets tumor cells; preclinical and clinical studies to date have shown that it has no impact on healthy cells, suggesting a favorable safety profile, currently under assessment in humans after systemic administration in the multicenter study DRIIV-1.

Remarkably, unlike targeted products that inhibit a specific repair protein or pathway, such as PARP inhibitors (PARPi), AsiDNA™ interferes with all repair pathways. Acting upstream of multiple pathways, it does not inhibit one or more repair proteins but instead hyper-activates them, thereby inhibiting the repair mechanism as a whole. Thus, it does not cause resistance mechanisms, a problem faced by all the targeted therapies used today in oncology. This resistance leads to therapeutic failure after several cycles of treatment.

Thus, this is a very strong differentiation factor which makes it possible to consider its use as a single-agent therapy, but also in combination with other agents which damage tumor DNA such as radiotherapy and chemotherapy, or in combination with inhibitors of a specific repair pathway such as PARPi, to significantly increase their effectiveness, including by avoiding resistance to these treatments.

The Group has continued its activities in the first semester of 2018 to further the development of AsiDNA™ in order to demonstrate its efficiency when administered systemically, as a monotherapy or in combination with other treatments, in several different types of solid tumors and has achieved several major milestones:

- In January 2018, the Group received a communication from the European Patent Office (EPO) informing the Company of its intent to grant a new patent covering AsiDNA™ in all countries of the European Union (EU). This new patent significantly strengthens the Company's intellectual property portfolio by protecting several conjugated nucleic acid molecules including AsiDNA™ as well as the pharmaceutical compositions and their therapeutic uses, especially for treating cancer, standalone and in combination with a DNA-damaging antitumoral agent (such as radiotherapy, chemotherapy or other tumor DNA damage-inducing agents). Onxeo's intellectual property for DNA-targeting technologies, products and combinations now protected by 10 patent families worldwide
- In April 2018, Onxeo presented two preclinical study abstracts highlighting AsiDNA™ at the upcoming American Association for Cancer Research (AACR) Annual Meeting. The first study shows the strong therapeutic potential of AsiDNA™ in combination with HDAC inhibitors. In the second study, long-term treatment with AsiDNA™ has shown to lead to an increased sensitivity of tumor cells. This is a unique feature in the setting of cancer treatment that could lead to a new development opportunity for AsiDNA™ in maintenance, to prevent treatment resistance.
- On 24 April 20018, Onxeo announced the initiation of DRIIV (DNA Repair Inhibitor administered IntraVenously) phase I clinical trial of AsiDNA™. 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. The DRIIV study is being conducted at three of the most prestigious centers in France and Belgium and interim results are expected in the second half of 2018.

2.1.2. platON™

AsiDNA™ is the first compound sourced from platON™, Onxeo's platform of decoy oligonucleotides.

PlatON™ is a patented chemistry platform which can generate new molecules when modifying three components: a sequence of double-stranded oligonucleotides (DNA fragment), a linker that binds the two strands and a vector favoring cellular penetration (a cholesterol molecule in the case of AsiDNA™).

With platON™, Onxeo is capable of expanding its drugs pipeline with highly innovative drugs, while capitalizing on its expertise and knowledge of oligonucleotides and DNA repair mechanisms acquired over several years.

Several compounds are in the selection and optimization phase, and Onxeo expects to initiate the preclinical evaluation of a new drug candidate by the end of 2018.

The Group strongly believes in the important therapeutic potential of its decoy oligonucleotide technology, in particular by interference with tumor DNA repair signals, and the disruptive innovation that it represents, which could pave the way for a new paradigm in cancer therapy.

2.1.3. belinostat (Beleodaq®)

Belinostat is an inhibitor of histone deacetylases (HDACi). Belinostat (for injection) has been sold in the United States as Beleodaq® since 2014 as part of a conditional FDA approval for the 2nd line treatment for patients with peripheral T-cell lymphoma.

The Company's US partner, Spectrum Pharmaceuticals (SPPI), continues to prepare the Phase III clinical trial as a first-line treatment for peripheral T-cell lymphoma.

Belinostat has undergone a preclinical trial program to assess its potential in combination with other anti-cancer agents, notably AsiDNA™.

A preclinical study was presented in April 2018 at the American Association for Cancer Research (AACR) Annual Conference, highlighting an anti-tumor activity synergy between AsiDNA™ and belinostat in several tumor models.

2.2. CORPORATE GOVERNANCE

On 16 May 2018, the Ordinary General Meeting of the shareholders renewed for three years the appointment as director of Mr. Thomas Hofstaetter, president of the compensation committee and the scientific & business development committee.

2.3. FINANCING

In order to actively pursue its R&D programs and deliver their key milestones as planned, the Group has obtained, in the period, funding of two kinds, which significantly reinforces its cash position, amounting to €11.0 million at 30 June 2018.

The Group secured on 7 June 2018 $7.5 million of non-dilutive capital from SWK Holdings Corporation through the sale of rights related to future Beleodaq® royalties. Under this agreement, Onxeo will immediately receive $7.5 million through the sale of bonds entitling SWK Holdings Corporation to receive $13.5 million of future royalties and milestones on sales of Beleodaq® (belinostat) in territories licensed to Spectrum Pharmaceuticals, Inc.

Furthermore, the Group implemented on 15 June 2018 an equity financing line including an incentive program through the issuance of new shares over a 10-month period representing a maximum amount of €5.4 million with Nice & Green SA. Pursuant to the terms of the agreement, Nice & Green, acting as a private specialized investor who has no intention of remaining a shareholder in the Company, provided a full and firm commitment, over a 10-month period, to subscribe to and exercise each month, at the Company's directive,

a number of share warrants corresponding to a minimum monthly financing of €500,000, within the limit of 4,700,000 shares over the duration of the contract. The shares will be issued based on the average of the volume weighted average share price of the three trading days preceding each issuance, minus a maximum discount of 5.0%. Should the equity line facility be used in full, a shareholder owning a 1.00% stake in Onxeo's share capital prior to the transaction would see this stake reduced to 0.92%. Onxeo retains the option of suspending or terminating this agreement at any time. Nice & Green and Onxeo have agreed to an incentive program designed to grant Onxeo, as a cash allowance, a percentage of realized gains from the sale, by Nice & Green, of the shares resulting from the exercise of the warrants.

The amounts collected and to be collected in the context of these two financing operations will be used to further the clinical development of the Company's flagship program, AsiDNA™, a first-in-class molecule in the field of DDR (DNA Damage Response), whose innovative mechanism of action prevents tumor DNA damage repair. They will also accelerate the development of the next drug candidates from its decoy oligonucleotide platform, platON™, which has already produced a compound expected to enter preclinical trial phase by the end of 2018.

3. IMPACT ON THE FINANCIAL POSITION AND EARNINGS

3.1. REVENUES

Total revenues for the period ending 30 June 2018 amounted to €2.1 million euros, compared to €3.4 million in the first half of 2017. The decrease is mostly due to the sale of the Loramyc® and Sitavig® products to Vectans Pharma at the end of July 2017 and a negative €0.5 million impact of deferred licensing revenue recognition following implementation of new standard IFRS15 as of January 1, 2018.

3.2. PERSONNEL COSTS

The salaries, wages and benefits have changed from €3.7 million in the first half of 2017, to €2.7 million euros in the first half of 2018. This variation is primarily due to reduction of the workforce at the end of 2017.

3.3. EXTERNAL EXPENSES

External expenses amounted to €4.2 million at 30 June 2018, compared to €9.7 million at 30 June 2017. The share of these expenses attributed to R&D activities (net of research tax-credit (CIR)) has decreased by nearly 73%, from €7.1 million in the first half of 2017 to €1.9 million in the first half of 2018. This significant decrease is principally owed to the decision in September 2017 to discontinue the Livatag® program.

3.4. OTHER OPERATIONAL INCOME AND EXPENSES

A €8.6 million expense has been recorded as 'other operational expense' as a result of the impairment of the R&D assets associated to belinostat, mainly due to new development options of the compound in combination with other anti-cancer agents.

In addition, a public grant for the Livatag® program from Bpifrance has been written off due to the fact that the objective of commercial success had not been met. Bpifrance has confirmed in January 2018 that Onxeo will not have to reimburse this public grant. The liability has been reversed and has been accounted for as 'other operational income' for an amount of €4.0 million.

3.5. FINANCIAL INCOME

Financial income at 30 June 2018 was a loss of €0.4 million essentially due to the revaluation at market value of the share subscription warrants issued as part of the equity line with Nice & Green.

3.6. INCOME TAX

Income tax for the semester is a profit of €1.7 million corresponding to the reduction of the deferred tax liability. This deferred tax was recognized in connection with the merger with Topotarget in 2014 and its variation results from the impairment of Beleodaq R&D assets.

3.7. NET LOSS

As a result of the evolution of the business, reflected in the income and expense items discussed above, net income at 30 June 2018 shows a loss of €8,836 thousand compared to a loss of €11,627 thousand for the first half of 2017.

3.8. CASH AND TREASURY

Cash available at 30 June 2018 amounts to €11.0 million compared to €14.3 million at 31 December 2017. The variation of the treasury is linked to the Company's operational expenses, namely research and development, partly compensated by the bond financing from SWK Holdings in June 2018.

4. PRINCIPAL RISKS AND UNCERTAINTIES RELATING TO THE UPCOMING SEMESTER

No specific risks are anticipated in the second half of 2018, other than those risk factors inherent in the business, structure, strategy and environment of the Company described in the 2017 Registration Document filed with the French Financial Markets Authority (AMF) on April 25, 2018. 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.

The main risks and uncertainties to which the Company and the Group are exposed are listed below:

Financial risks

Financial risks are essentially risks associated with the Company's cash flow to the extent that it does not generate sufficient revenues to ensure its development, particularly in the area of research and development. The cash flow level at year-end provides financial visibility for approximately 12 months. By that time, it is not excluded that the Company might rely on non-dilutive financing or fund raising to secure its operations if it fails to generate additional resources, notably through new licensing agreements.

Factors such as the inability to establish licensing agreements on the products of its portfolio on time, delayed or insufficient success in the marketing of its products by its partners, development or acquisition opportunities, higher costs of current developments particularly because of additional regulatory requirements or to defend intellectual property can influence the requirements and deadlines of such financing

Risks related to the Company's business

The Company's operational risks relate mostly to the development of its products until approvals to bring them to market are obtained.

The risk of a substantial failure or delay in the development of a drug exists at all stages and particularly at the clinical trial stage, often requiring the enrolment of a large number of patients in diseases where by definition the number of patients is limited.

Moreover, the response time of the regulatory authorities to approve submissions is also variable, in particular if additional requests are made by the latter.

With regard to the Company's structure and its strategy, the most significant risks are associated with the resources and size of the Company that has to attract and foster the loyalty of its key staff members, outsource and subcontract its production, and succeed in launching a product with its partners.

Moreover, there is a competitive risk for all products developed by the Company

Legal and regulatory risks

Legal risks relate chiefly to intellectual property, licensing agreements, and intellectual property infringements once the products are placed on the market.

In addition, the Company is subject to regulatory requirements with regard to obtaining regulatory approval and drug pricing, and it cannot guarantee that regulatory requirements will not lead to a change in the periods required or the terms and conditions of product registration, that there will be no change in the price of its drugs, and that there will not be any change in the policies for care and reimbursement of health products.

Insurance and risk coverage

The Company considers that it has insurance coverage suited to its business activities, and in particular the coverage required by law for clinical trials in France and the rest of the world. The Company does not foresee any specific difficulties in continuing to maintain adequate levels of insurance in the future.

The reader is invited to consult the Company's annual reference document for a detailed description of the risks and uncertainties the Company faces.

Main ongoing litigation: SpePharm/SpeBio litigation

On 27 February 2009, Onxeo terminated the partnership with SpePharm and took over the marketing rights of Loramyc® in Europe from the SpeBio joint venture. Onxeo applied to the International Court of Arbitration of the International Chamber of Commerce (ICC) against the companies SpePharm and SpeBio to obtain compensation for damages caused by contractual violations committed by these companies under the partnership entered into for the commercial launch of Loramyc®.

In a partial arbitration award regarding jurisdiction, the Arbitration Tribunal recognized its jurisdiction on the framework contract and against SpePharm only. Onxeo then claimed SpeBio's contractual liability before the Commercial Court. Onxeo then applied to the Commercial Court for the compulsory intervention of SpePharm covered by tort law and by judgement of 3 May 2016, the Commercial Court of Paris granted Onxeo's request by adjudicating the compulsory intervention of SpePharm and consolidation of the Onxeo vs SpeBio and Onxeo vs SpePharm proceedings. SpeBio and SpePharm have, as a counter-claim, filed claims for damages.

On 17 October 2017, the Commercial Court of Paris handed down a decision ordering Onxeo to pay SpeBio the sum of 8.6 million euros for costs incurred before the termination, plus interest at the legal rate as of 30 June 2014 with compound interest (as well as 250,000 euros under Section 700 of the Code of Civil Procedure) and SpePharm the sum of 50,000 euros in damages (and 15,000 euros under Section 700 of Code of Civil Procedure). The Court also ordered provisional enforcement of the judgement. SpeBio is 50% jointly owned by Onxeo and SpePharm.

On 20 October 2017, Onxeo appealed this decision and filed its conclusions on 9 January 2018 with the Court of Appeals of Paris, to ensure that the appeal process is processed as soon as possible in the interest of its shareholders. The Company intends to do everything possible to prove its case before the Court of Appeals and the decision should be made by the end of the fourth quarter of 2018.

5. FORESEEABLE DEVELOPMENTS AND FUTURE PROSPECTS

The company anticipates the following main growth catalysts:

- AsiDNA™: publication in international scientific journals of the results of the ongoing translational studies part of the current preclinical development program aiming to determine the potential of AsiDNA™ in combination with other anti-cancer agents; first preliminary results of the phase I clinical study (DRIIV) of AsiDNA™ in monotherapy planned before the end of 2018; initiation early 2019 of the clinical study

program of AsiDNA™ in combination with other anticancer agents, notably PARP inhibitors, to demonstrate the synergy of the combinations in man.

- platON™: a new molecule sourced from platON™ could enter preclinical evaluation at the end of 2018.
- belinostat: new development options in combination with an upcoming candidate from platON™ ; preclinical combination studies could start from H2 2019.

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

5.1. MAIN INVESTMENTS FOR THE FUTURE AND FUTURE FUNDING POLICY

The Company's main investments will focus on research and development.

With a cash position of €11 million at 30 June 2018, the Company has sufficient visibility to carry out its projects, notably the expansion of the clinical development of AsiDNA™, until Q1 2020. Further, the Company reserves the possibility to consolidate its financial resources through new, non-dilutive financing or in the form of fund-raising, in parallel to continued search for new licence agreements.

5.2. POST PERIOD SIGNIFICANT EVENTS

On 12 July 2018, the Company announced the positive results of new pre-clinical trials on AsiDNA™, its "first-in-class" tumor DNA break repair inhibitor, combined with PARP (Poly ADP-Ribose Polymerase) inhibitors. The results of this extensive program highlight the ability of AsiDNA™ to prevent the appearance of resistance, and even to reverse the resistance acquired by the tumor cell after treatment with a PARP inhibitor. Furthermore, they show that the combination has a highly synergistic anti-tumor activity in in vivo models of solid tumors resistant to PARP inhibitors (homologue recombination conserved). Associated with the preliminary data on the activity and the tolerance of AsiDNA™ in the DRIIV-1 clinical trial, expected in the fourth quarter of 2018, these results justify a clinical development evaluating AsiDNA™ in combination with PARP inhibitors, which should start by the end of 2018.

The trial on the combination of AsiDNA™ with PARP inhibitors is particularly relevant for the Company as their action mechanisms are highly complementary and they target indications where unmet medical needs are still important. Sales of PARP inhibitors are already significant in the indication of the treatment of ovarian cancer and should increase considerably in the short term, thanks to numerous other indications being developed in oncology. This combination could represent a major clinical and economic opportunity.

5.3. CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS DURING THE PERIOD AND POST CLOSING EVENTS

23 January	Onxeo provides update on litigation with SpeBio/SpePharm
25 January	Onxeo receives EPO Intent-to-Grant Notice for key AsiDNA™ patent
14 March	Onxeo provides financial update
15 March	Onxeo to present results of two studies highlighting potential of AsiDNA™ as anti-cancer treatment at 2018 AACR Annual Meeting
29 March	Onxeo reports Full-Year 2017 Financial Results and Provides Business Update
9 April	Onxeo to present corporate overview at the H.C. Wainwright Annual Global Life Sciences Conference
24 April	Onxeo announces initiation of DRIIV Phase I clinical trial of AsiDNA™ for treatment of advanced solid tumor
16 May	Ordinary general meeting of May 16, 2018 and second notice to convene on 19 June 2018 for an extraordinary general meeting
23 May	Onxeo to present at BIO International Convention in Boston

7 June	Onxeo secures $7.5 million of non-dilutive capital from SWK Holdings Corporation through sale of rights related to future Beleodaq® royalties
15 June	Onxeo implements an equity line financing including an incentive program with Nice & Green SA
12 July	New Preclinical Results on Onxeo's AsiDNA™, First-in-Class DNA Repair Inhibitor, Point to Strong Synergy and Reversion of Tumor Resistance when combined to PARP inhibitors
27 July	Onxeo Reports Half-Year 2018 Financial Results and Provides Business Outlook

The full text of the press releases concerning these events can be found on the Company's website (www.onxeo.com).

6. KEY TRANSACTIONS WITH RELATED PARTIES

Transactions entered into with other companies related to the Group as defined in paragraph 9 of standard IAS 24, relating exclusively to the companies included in the scope of consolidation, do not have any significant effect on the accounts ending 30 June 2018.

7. HALF YEARLY CONSOLIDATED ACCOUNTS AS AT 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS in K€	30/06/2018	31/12/2017	Note
Non-current assets			
Intangible assets	38,734	47,535	4
Tangible assets	275	344	
Financial assets	244	232	
Total non-current assets	**39,253**	**48,111**	
Current assets			
Stock and work-in-progress	33	30	
Trade receivables	1,483	552	5.1
Other receivables	6,519	15,103	5.2
Cash	11,014	14,277	6
Total current assets	**19,049**	**29,962**	
TOTAL ASSETS	**58,302**	**78,073**	

LIABILITIES AND SHAREHOLDERS' EQUITY K€	30/06/2018	31/12/2017	Note
Shareholders' equity			
Share capital	12,684	12,674	7.1
Less: treasury shares	-96	-89	
Premium	39,892	269,060	
Reserves	-1,395	-172,700	
Earnings	- 8,836	-59,071	
Total shareholders' equity	**42,248**	**49,873**	
Non-current liabilities			
Deferred tax liabilities	2,366	4,094	8.1
Provisions	546	550	8.2
Other financial liabilities	7,067	4,714	8.3
Total non-current liabilities	**9,979**	**9,358**	
Current liabilities			
Short-term financial debt	101	130	
Trade payables and related accounts	4,330	5,956	9.1
Other liabilities	1,644	12,755	9.2
Total current liabilities	**6,075**	**18,842**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**58,302**	**78,073**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In K€	30/06/2018	30/06/2017	Note
Recurrent sales from licensing agreement	1,040	1,893	
Non-current sales from licensing agreement	1,062	1,474	
Total sales	**2,102**	**3,367**	11.1
Purchases	-211	-415	
Personnel costs	-2,682	-,3,716	11.2
External expenses	-4,228	-,9,672	11.3
Duties and taxes	-196	-179	
Depreciation and amortization, net	-311	-900	
Allowances to provisions, net	163	969	
Other operating income		3	
Other operating expenses	-114	-765	
Operating expenses	**-7,578**	**-14,674**	
Current operating income	**-5,476**	**-11,307**	
Share of income under the equity method		-17	11.4
Other operational income	4,036		11.5
Other operational expenses	-8,663		11.5
Operating income after share of income under the equity method	**-10,103**	**-11,324**	
Income from cash and cash equivalents		530	
Other financial income	87	16	
Financial expenses	-532	-884	
Financial income	**-444**	**-338**	12
Pre-tax income	**-10,547**	**-11,663**	
Income tax	1,711	35	13
-of which deferred tax	*1,728*	*0*	13
Net profit/loss	**-8,836**	**-11,627**	
Earnings per share	-0,17	-0,23	14
Diluted earnings per share	-0,17	-0,23	

OTHER ELEMENTS OF THE STATEMENT OF COMPREHENSIVE INCOME

In K€	30/06/2018	30/06/2017	Note
Income for the period	**-8,836**	**-11,627**	
Other comprehensive income			
Translation adjustments	2,201	955	
Losses and gains on derecognition of assets available for sale			
Cash flow hedges			
Tax related to elements of the comprehensive income			
Other items recycled as income	**2 201**	**955**	
Actuarial gains and losses	0	-21	
Other non-recyclable items classified as income	**0**	**-21**	
Other elements of the comprehensive income for the period net of taxes	2,201	934	
Total comprehensive income for the period	**-6,635**	**-10,693**	
Total comprehensive income attributable to : - Owners of the parent company - Minority interests	-6,635	-10,593	

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

				Variations reserves and income					
In K€	**Capital**	**Treasury shares**	**Issue Premiums**	**Convertible reserves**	**Share-based payments**	**Gains and losses recorded in shareholders'' equity**	**Consolidated reserves and income**	**Total Variations**	**TOTAL**
Shareholders' equity as at 01/01/2017	**11,761**	**-97**	**255,960**	**-770**	**2,648**	**-102**	**-175,312**	**-173,535**	**94,089**
Total comprehensive income for the period				-2,528		-7	-59,071	-61,606	-61,606
Capital increase	913		13,100					0	14,013
Treasury shares		8					-68	-68	-60
Other changes							2,458	2,458	2,458
Share-based payments					980			980	980
Dividends									
Shareholders' equity as at 31/12/2017	**12,674**	**-89**	**269,060**	**-3,298**	**3,629**	**-108**	**-231,992**	**-231,992**	**49,874**
Total comprehensive income for the period				2,201			-8,836	-6,635	-6,635
Capital increase	10		38						48
Treasury shares		-7							-7
Other changes [1]			-229,205				227,863[2]	227,863	-1,343
Share-based payments					311			311	311
Dividends									
Shareholders' equity as at 30/06/2018	**12,684**	**-96**	**39,892**	**-1,098**	**3,940**	**-108**	**-12,965**	**-10,232**	**42,248**

[1] *This items includes an amount of € 229,205 thousand corresponding to the compensation between negative retained earnings and issue premium, following decision of June 19, 2018 extraordinary shareholders' meeting*

[2] *This amount includes a €939 thousand positive impact resulting from IFRS 15 implementation as of January 1, 2018*

CONSOLIDATED NET CASH FLOW STATEMENT

In K€	30/06/2018	31/12/2017	30/06/2017
Consolidated net loss	**-8,836**	**-59,071**	**-11,627**
+/- Depreciation, impairment and provisions, net (excluding provisions against working capital)	8,888	40,253	949
-/+ Unrealized gains and losses associated with changes in fair value	432		
+/- Non-cash income and expenses on stock options and similar items	311	980	249
-/+ Other calculated income and expenses	-67	-137	-92
-/+ Capital gains and losses on disposal			
-/+ Dilution gains and losses			
+/- Share of earning associates	0	0	17
- Dividends (non-consolidated equity)			
Gross operating cash flow after net cost of debt and tax	**728**	**-17,973**	**-10,504**
+ Cost of financial debt, net	12	492	338
+/- Tax liabilities (including deferred tax)	-1,728	-7,801	35
Gross operating cash flow before net cost of debt and tax	**-988**	**-25,282**	**-10,130**
- Taxes paid			
+/- Changes in operating WCR (including debt related to employee benefits)	-8,631	-2,999	-5,547
NET CASH FLOW FROM OPERATING ACTIVITES	**-9,620**	**-28,281**	**-15,677**
- Expenditures on acquisition of tangible and intangible assets	-17	-65	-25
+ Proceeds of disposals of tangible and intangible assets			2
- Expenditures on acquisition of financial assets (non-consolidated equity)	12	-2	-2
+ Proceeds of disposals of financial assets (non-consolidated equity)			2
+/- Impact of perimeter variations			
+ Dividends received (non-consolidated equity, associated companies)			
+/- Changes in agreed upon loans and advances			
+ Investment grants received			
+/- Other cash flow from investment activities			
NET CASH FLOW FROM OPERATING ACTIVITIES	**-5**	**-67**	**-23**
Cash flow from merger			
+ Amounts received from shareholders at capital increases			
. From parent company shareholders	48	14,012	14,702
. From minority interest of merged entity			
+ Amounts received from stock options			
-/+ Buy-back and resale of treasury shares	-1	-68	-1
- Dividends paid during period			
. To shareholders of parent company			
. To minority interests of merged entity			
+ Proceeds of new loans	6,375		
- Reimbursement of loans (including finance leases)	-77	-154	-320
- Net interests paid (including finance leases)			
+/- Other flows related to financing activities	-12	-354	-229
NET CASH FLOW FROM FINANCING ACTIVITIES	**6,333**	**13,437**	**14,155**
+/- Impact of fluctuations in foreign exchange rates	29	**-55**	**-44**
CHANGES IN CAHS AND CASH EQUIVALENTS	**-3,263**	**-14,966**	**-1,590**
CASH AND CASH EQUIVALENTS at start of period	**14,277**	**27,654**	**29,243**
CASH AND CASH EQUIVALENTS at end of period	**11,014**	**14,277**	**27,654**

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

Onxeo is a clinical-stage biotechnology company specializing in the development of innovative drugs in oncology, in particular against rare or resistant cancers, 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, 2018 were approved by the Board of Directors on July 27, 2018. They were prepared in accordance with International Financial Reporting Standards (IFRS) as they apply in the European Union for interim financial statements (IAS 34) authorizing the filing of selected notes. The consolidated financial statements are presented in condensed form and should be read together with the December 31, 2017 Group financial statements included in the reference document filed with the AMF on April 25, 2018.

The accounting principles and methods applied to the consolidated financial statements at June 30, 2018 are identical to those used in the consolidated financial statements at December 31, 2017, 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, 2018 (and which had not been applied early by the Group), namely:

Norm	Title
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
Clarifications to IFRS 15	
Amendments to IAS 40	Transfers of investment property

The impact of these new standards, amendments or interpretations is not significant in the financial statements at June 30, 2018, except for IFRS 15 as described in notes 9.2 and 11.1.

Moreover, the Group has chosen not to apply by anticipation the new standards, standard amendments and interpretations, whose mandatory application is subsequent to June 30, 2018, 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 at 31 December 2017, the Executive Committee of the Group has used estimates to prepare the financial statements for the calculation of the following items:

- the market value of the R&D programs acquired as part of business combinations (mergers and acquisitions) – see Note 4,
- share-based payments - see Note 7.2,
- retirement benefit obligations and provisions - see Note 8.2,
- the recognition within revenue of amounts received under licensing agreements – see Note 11.1.
- trade payables provisioned at closing, relating to ongoing clinical trials,
- second quarter 2018 royalties from partner Spectrum Pharmaceuticals calculated on the basis of actual quantities sold valued with historical unit prices.

The financial statements have been prepared on the assumption of business as an ongoing concern. This assumption has been made by the Board of Directors in consideration of the following: the Company has consolidated net cash and cash equivalents available of € 11 million as at 30 June 2018 allowing business to continue until 2020 based on its current financing plan.

NOTE 2: SCOPE OF CONSOLIDATION

The Group includes the Company Onxeo SA which centralizes the majority of its business in Paris and Copenhagen, and its subsidiaries are listed below:

- Onxeo US
- Topotarget UK
- BioAlliance Pharma Switzerland
- Topotarget Switzerland
- SpeBio

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

NOTE 3: SEGMENT REPORTING (IFRS 8)

The Group constitutes a single business segment. In accordance with the IFRS standard 8.32 and 33, information regarding the breakdown of sales by geographical zone and product category is provided in Note 11.1. 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.

The Group's main customers representing more than 10% of consolidated revenues are Spectrum Pharmaceuticals and Biogen.

NOTE 4: INTANGIBLE ASSETS

In K €	31/12/2017	Increase	Decrease	30/06/2018
R&D assets				
Beleodaq®	68,700			68,700
AsiDNA™	2,472			2,472
Goodwill	20,059			20,059
Other intangible assets	719			719
Total Gross value	**91,950**			**91,950**
Amortization R&D assets Beleodaq®	- 5,600	- 240		-5,840
Other amortizations	-704	-12		-715
Total Amortization	**-6,304**	**-252**		**-6,556**
Depreciation R&D assets Beleodaq®	-38,111	-8,549		-46,660
Total Depreciation	**-38,111**	**-8,549**		**-46,660**
TOTAL	**47,535**	**-8,801**		**38,734**

4.1. R&D Assets

Research and development costs incurred in the first half of 2018 were expensed in the amount of €4.4 million, including €1.5 million for personnel expenses, and €2.9 million 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.

R&D assets were amortized by a total amount of €240 thousand over the period. This amortization 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 are amortized over the duration of the product's anticipated commercialization for this purpose (17 years, until 2031).

4.2. Search for indication of impairment loss and impairment test

R & D assets acquired as part of the merger with Topotarget and the acquisition of DNA Therapeutics, namely respectively Beleodaq in its current indication PTCL (peripheral T-cell lymphoma) as well as in its potential future indications and AsiDNA, as well as goodwill, are tested for impairment at least once a year in accordance with IAS 36.

As of June 30, 2018, indications of loss of value of Beleodaq-related R&D assets were identified in relation to the parameters used for the impairment test implemented as of December 31, 2017. These were mostly due to the planned changes in belinostat development plan in new indications other than PTCL. Indeed, in view of the important results obtained in preclinical with the combination between AsiDNA and PARP inhibitors, the Company considers it more relevant to combine belinostat with one of the new compounds being developed from the PlatON platform. This new development option involving an early product causes a time lag and therefore a decrease in the value in use of the asset concerned.

The impairment test was implemented according to the same methodology as at December 31, 2017. The acquired Beleodaq-related R&D assets, of a net amount of €24.8 million as of June 30, 2018, have been impaired to the extent of €8.6 million.

4.3 Sensitivity analysis

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 June 30, 2018	16.2
Variation of net sales (PTCL)	
-5%	*15.6*
-10%	*15.3*
Variation of probability of success (PTCL 1st line)	
-5%	*15.6*
-10%	*15.1*
Variation of discount rate	
+0.3%	*15.7*
+0.5%	*15.2*

NOTE 5: OTHER ASSETS

5.1. Trade receivables

In K€	30/06/2018	< 1 year	> 1 year	31/12/2017
Trade receivables, net	1,483	1,483		522

Trade receivables mainly consist of receivables from partners Spectrum Pharmaceuticals and Biogen.

5.2. Other receivables

In K€	30/06/2018	< 1 year	> 1 year	31/12/2017
Personnel	0	0	0	0
Research tax credit	4,872	4,872	0	3,699
Other tax receivables	759	759	0	1,323
Other receivables	449	449	0	9,600
Prepaid expenses	439	439	0	481
Net amount of other receivables	**6,519**	**6,519**	**0**	**15,103**

The item "Research tax credit" corresponds to the receivable established on December 31, 2017 by Onxeo SA, amounting to €3.7 million, not yet collected, and the accrued tax credit for the first half of 2018, for €1.2 million. 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 2018 reduced expense items according to their nature, as follows:

In K€	30/06/2018	31/12/2017
Reduction in personnel costs	260	657
Reduction in external expenses	886	2,964
Reduction in depreciation and amortizations	27	78
Total research tax credit	**1,173**	**3,699**

Other tax receivables mainly relate to deductible VAT as well as VAT credit, the reimbursement of which was filed for by the Company.

NOTE 6: CASH AND CASH EQUIVALENTS

In K€	Net as at 30/06/2018	Net as at 31/12/2017	Changes in cash and cash equivalents
Cash	11,014	14,277	-3,263
Total net cash	**11,014**	**14,277**	**-3,263**

Total net cash as of 30 June 2018 amounts to €11.0 million, providing visibility until Q1 2020 based on current financing plan.

The change in net cash stems from the Company's operational expenses, namely research and development, amounting to a reduction of €10.0 million, which was compensated by the bond financing from SWK Holdings in June 2018, for a gross amount of $7.5 million, in consideration for royalty rights on future sales of Beleodaq®.

Liquid assets concern accounts in EUR and USD held in leading banks, mainly in France and Denmark.

NOTE 7: SHAREHOLDERS' EQUITY

7.1. Share capital

7.1.1. Change in structure of share capital

		Nominal	Nb of shares	€
Shares fully paid-up at 31/12/2017		0.25	50,695,653	12,673,913.25
Capital increase	(1)	0.25	40,000	47,584.00
Shares fully paid-up at 30/06/2018		**0.25**	**50,735,653**	**12,721,497.25**

(1) Capital increase through the exercise of share subscription warrants under the equity financing line set up with Nice & Green. 40,000 new shares with a par value of € 0.25 each were issued on June 22, 2018 at a unit price of € 1.1896, corresponding to an increase of share capital of €10 thousand with an issue premium of €38 thousand.

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 €96 thousand. Losses on share buybacks as of June 30, 2018 amounting to €1 thousand were deducted from income pursuant to the standard

7.2. Share-based payments

All disclosures concerning the stock-options, free shares and share subscription warrants granted by the Group are set out in below.

The first half expense related to share-based payments amounts to €311 thousand, compared to €249 thousand in the first half of 2017.

On 27 July 2018, the Board of Directors verified automatic revocation due to the departure of employees, of stock-options (SO) and free shares (AGA), namely 30,010 SO SAL 2010, 82,684 SO SAL 2011, 98,892 SO SAL 2012, 67,151 SO SAL 2013, 21,588 SO SAL 2014, 86,750 SO SAL 2015, 69,875 SO SAL 2016, 90,100 SO SAL 2017 and 55,450 AGA SAL 2017. The impact of these revocations is a reduction in the total expense of 128 thousand euros.

7.2.1. Summary of warrants as of 30 June 2018 (BSA)

Type	Authorization date	Number of BSA authorized	Allocation date	BSA allocated	Beneficiaries	BSA in circulation at 30/06/2018 adjusted (1)	BSA capable of exercise at 30/06/2018 adjusted (1)	Purchase price per share in euros adjusted (1)	Expiry date
BSA 2012	31/05/2012 Resolution 15	100,000	13/09/2012	85,000	Non-salaried, non-executive, Board members	41,857	41,857	3.75	13/09/2018
BSA 2013	26/06/2013 Resolution 17	100,000	19/09/2013	85,000	Non-salaried, non-executive, Board members	88,490	88,490	3.85	19/09/2023
BSA 2014	30/06/2014 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	19,000	6.26	04/03/2025
BSA 2015	20/05/2015 Resolution 18	405,000	27/10/2015	80,000	Non-salaried, non-executive, Board members	65,000	65,000	3.61	27/10/2025
BSA 2015-2			23/01/2016	90,000	Non-salaried, non-executive, Board members	90,000	90,000	3.33	23/01/2026
BSA 2016	06/04/2016 Resolution 23	405,520	28/07/2016	260,000	Non-salaried, non-executive, Board members	160,000	160,000	3.16	28/07/2026
BSA 2016-2			25/10/2016	30,000	Key Company consultants	30,000	30,000	2.61	25/10/2026
BSA 2016-3			21/12/2016	70,000	Non-salaried, non-executive, Board members	52,500	52,500	2.43	21/12/2026
BSA 2017	24/05/2017 Resolution 29	470,440	28/07/2017	340,000	Non-salaried, non-executive, Board members	300,000	150,000	4.00	28/07/2027
BSA N&G 2018	24/05/2017 Resolution 22	4,704,340	15/06/2018	4,700,000	Nice & Green S.A.	4,660,000	4,660,000	Variable	
TOTAL						**5,592,733**	**5,442,733**		

(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).

7.2.2. Summary of share subscription options at 30 June 2018 (SO)

Name of the Plan	Authorisation date	Number of options authorised	Allocation date	Number of options allocated	Beneficiaries	Outstanding options at 30/06/2018 adjusted (1)	Options exercisable at 30/06/2018 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	23,578	23,578	5.28	25/08/2020
Employee SO 2010 (2)			16/12/2010	16,000	Employees	4,319	4,319	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**		**38,688**	**38,688**		
Employee SO 2011 (1)	29/06/2011 Resolutions 16 and 17	300,000	21/09/2011	218,500	Employees	42,396	42,396	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**		**262,178**	**262,178**		
Employee SO 2012	31/05/2012 Resolutions 13 and 14	333,000	13/09/2012	268,000	Employees	94,712	94,712	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**		**198,309**	**198,309**		
Employee SO 2013	26/06/2013 Resolution 15	283,000	19/09/2013	195,500	Employees	73,402	73,402	3.85	19/09/2023
TOTAL SO 2013		**283,000**		**195,500**		**73,402**	**73,402**		
Employee SO 2014	30/06/2014 Resolution 17	314,800	22/09/2014	138,700	Employees	78,885	59,477	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**		**113,372**	**89,247**		
Employee SO 2015	20/05/2015 Resolution 16	405,000	27/10/2015	290,000	Employees	110,750	56,000	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**		**170,750**	**86,000**		
Employee SO 2016	04/06/2016 Resolution 22	405,520	28/07/2016	333,500	Employees	162,125	65,900	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**		**218,125**	**79,900**		
Employee SO 2017	24/05/2017 Resolution 26	470,440	28/07/2017	347,800	Employees	257,700	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**		**327,700**	**0**		
TOTAL SO						**1 402,524**	**827,724**		

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)

7.2.3 Summary of rights to free shares at 30 June 2018

Name of Plan	Authorization date	Number of free shares authorized	Allocation date	Number of shares subscribed	Beneficiaries	Rights to free shares in circulation at 30/06/2018 adjusted (1)
AGA RVI Employees 2017	24/05/2017 Resolution 28	470,440	15/06/2017	55,447	Employees	55,447
AGA RVI Executives 2017				14,822	Executives	14,822
AGA Employees 2017	24/05/2017 Resolution 27	470,440	28/07/2017	183,000	Employees	127,550
AGA Executives 2017				35,000	Executives	35,000
TOTAL AGA 2017		**470,440**		**288,269**		**232,819**
TOTAL AGA				**288,269**		**232,819**

NOTE 8: NON-CURRENT LIABILITIES

8.1. Deferred tax liabilities

This item of €2,366 thousand is related to 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 €8.6 million, which has reduced the tax value of the R&D assets in Denmark.

8.2. Provisions

In K€	31/12/2017	Allowances	Reversals		30/06/2018
			Used	Unused	
Retirement benefit obligations	468		-47	-20	401
Provision for losses and contingencies	82	63			145
Total non-current provision for losses and contingencies	**550**	**63**	**-47**	**-20**	**546**

8.2.1. Retirement benefit obligations (IAS 19 revised)

As pension liabilities for Onxeo's Danish employees are outsourced, the provision in the accounts on June 30, 2017 concerns only French employees of the Group

The provision for retirement benefit obligations amounts to €401 thousand compared with €468 thousand on December 31, 2017. The impact on June 30, 2018 numbers was a reduction in earnings of €20 thousand, which came from changes in the workforce and €47 thousand that relate to retirement of an employee.

The actuarial assumptions are as follows:

	30/06/2018	31/12/2017
Collective bargaining agreement	Pharmaceutical industry	Pharmaceutical 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	30/06/2018	31/12/2017
Mortality table	INSEE 2017	INSEE 2015
Discount rate	1,55% (AA rate Reuters)	1.55% (AA rate Reuters)
Rate of salary increase	2%	2%
Employee turnover rate	- 0 % from 16 to 24 years - 3,05 % from 25 to 34 years - 6,71 % from 35 to 44 years - 3,66 % from 45 to 54 years - 0.00 % above 55 years	- 0% from 16 to 24 years - 3.61 % from 25 to 34 years - 6.02 % from 35 to 44 years - 12.41 % from 45 to 54 years - 0.00 % above 55 years
Social charges	46% for Onxeo FR	46% for Onxeo FR

8.2.2. Provisions for litigation

Provisions for losses and contingencies in an amount of €145 thousand corresponded to litigations in respect of former employees.

8.3. Other non-current liabilities

Other non-current liabilities comprise the €6.4 million bond financing from SWK holdings as well as reimbursable advances from Bpifrance for the financing of the Company's R&D programs, as shown in the table below.

In K€	30/06/2018	< 1 year	From 1 to 5 years	More than 5 years
AsiDNA™	600	192	408	0
TOTAL	**600**	**192**	**408**	**0**

NOTE 9: CURRENT LIABILITIES

9.1. Trade Payables

In K€	30/06/2018	31/12/2017
Trade payable and associated accounts	4,330	5,956

9.2. Other liabilities

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

In K€	30/06/2018	31/12/2017
Social security and similar liabilities	460	2,029
Tax liabilities	366	234
Other liabilities	573	10,492
Total	**1,400**	**12,755**

The variation of 'social security and similar liabilities' comes from the reduction in the workforce.

The variation of 'other liabilities' is mainly due to the payment early 2018 of the €9,152 thousand that the Commercial Court ordered the Company to pay in its dispute with SpeBio and SpePharm. It also relates to the implementation of the new IFRS 15 standard that led to reclassify an amount of €939 thousand to reserves account corresponding to deferred revenue from the license agreement signed with Pint Pharma in 2016. Other liabilities also include the impact of the marked-to-market revaluation of the share subscription warrants issued as part of the equity line with Nice & Green for an amount of €432 thousand.

NOTE 10: FINANCIAL INSTRUMENTS

In K €	Category in accordance with IAS 39	Net at 31/12/2017	Net at 30/06/2018	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 & related accounts	P&C	552	1,483	1,483	0	0	1,483
Other receivables	P&C	15,134	6,552	6,552	0	0	6,552
Security deposits	P&C	172	0	0	0	0	0
Other assets available for sale	ADV	50	42	0	0	42	0
Cash and equivalents	AJVPR	14,277	11,014	11,014	0	0	11,014
Total Assets		**30,185**	**19,091**	**19,049**	**0**	**42**	**19,049**
Debenture loans	DACA	0	6,466	6,466	0	0	6,466
Loan debts / credit inst.	DACA	130	101	101	0	0	101
Derivatives at Fair Value	PJVPR	0	432	0	0	432	432
Bpifrance advances	DACA	4,714	601	601	0	0	601
Trade payables	DACA	5,956	4,330	4,330	0	0	4,330
Other debts/ other liabilities	DACA	8,041	1,132	1,132	0	0	1,132
Total Liabilities		**18,842**	**13,062**	**12,630**	**0**	**432**	**13,062**

Breakdown of fair values financial assets and liabilities:

The table below shows the 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.

In K €	Level 1	Level 2	Level 3
Derivatives at fair value by income	0	0	0
Derivatives at fair value by equity	0	0	0
Financial assets available for sale	0	0	0
Money market securities available for sale	0	0	0
Total Financial Assets	**0**	**0**	**0**
Derivatives at fair value by income	432	0	0
Derivatives at fair value by equity	0	0	0
Total Financial Liabilities	**432**	**0**	**0**

NOTE 11: OPERATING INCOME AND EXPENSES

11.1. Revenue

In K€	30/06/2018	30/06/2017
Recurrent revenue from licensing agreements	1,040	1,893
Non-recurrent revenue from licensing agreements	1,062	1,474
Total sales	**2,102**	**3,367**

Recurring revenue comes from product sales from the European named patient program (NPP) and sales-based royalties related to the license agreements with Spectrum Pharmaceuticals. The decrease compared to 2017 mainly comes from the sale of the Loramyc® and Sitavig® products to Vectans Pharma at the end of July 2017.

Non-recurring revenue 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. Following implementation of IFRS 15 as of January 1, an amount of €939 thousand has been reclassified to reserves accounts thus reducing the deferred revenue. The impact on the first semester 2018 is a reduction of non-recurring revenue by €462 thousand.

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 K€	30/06/2018	30/06/2017
Orphan Products in Oncology	2,087	1,522
Other Products	15	1,845
Total	**2,102**	**3,367**
Europe	312	437
Rest of the world	1,790	2,932
Total	**2,102**	**3,367**

11.2. Personnel costs

Personnel costs are broken down as follows:

In K€	30/06/2018	30/06/2017
Salaries	1,930	2,909
Social charges	701	1,134
Employee benefits (IFRS 2)	311	249
Deduction of research tax credit	(260)	(576)
Deduction of operating grants	0	0
Total	**2,682**	**3,716**

The change in salaries and expenses compared with 2017 is related to the reduction of the workforce.

Total headcount was 37 *(employees and corporate officer)* as at 30 June 2018 versus 57 end of June 2017.

11.3. External expenses

External expenses include mainly the following items:

In K€	30/06/2018	30/06/2017
R&D expenses	2,793	8,552
Deduction of operating grants	0	0
Deduction of research tax credit	(866)	-1,446
General and administrative expenses	2,301	2,565
Total	**4,228**	**9,672**

The decrease in R&D expenses is mainly due to the conclusion of R&D programs for Livatag®.

11.4. Share of income under the equity method

Following payment by Onxeo of the €9.2million decided by the Commercial Court of Paris in the litigation against SpeBio and SpePharm, SpeBio recorded a profit and its net income as of June 30, 2018 amounts to €9.1 million. Due to the fact that Onxeo appealed this decision and pending the outcome of the procedure, it has been decided not to include in the consolidated accounts the 50% portion of this net income owed to the Group.

11.5. Other operational income and expense

A €8.6 million expense has been recorded as 'other operational expense' as a result of the impairment of Beleodaq® R&D assets, mainly due to new development options of the compound in combination with other anti-cancer agents.

In addition, a public grant for the Livatag® program from Bpifrancehas been written off due to the fact that the objective of commercial success had not been met. Bpifrancehas confirmed in January 2018 that Onxeo will not have to reimburse this public grant. The liability has been reversed and has been accounted for as 'other operational income' for an amount of €4.0 million.

NOTE 12: FINANCIAL INCOME

Financial income was negative at €444 thousand at 30 June 2018, compared to –€338 thousand at 30 June 2017.

This loss is a net between exchange rate differences on cash accounts (bank and intercompany accounts) for €192 thousand and interest charges accrued with respect to the royalty monetization long term debt for €91 thousand as well as a €432 thousand marked-to-market revaluation of the share subscription warrants issued as part of the equity line with Nice & Green.

NOTE 13: INCOME TAX

The tax income of €1,711 thousand recognized during the year corresponds, for €1,728 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 4. 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.

NOTE 14: EARNINGS PER SHARE

In K €	30/06/2018	30/06/2017
Net income/(loss) attributable to ordinary shareholders	-8,836	-11,627
Number of ordinary shares	50,735,653	50,572,815
Number of treasury shares	88,576	32,907
Earnings per share	**(0,17)**	**(0.23)**

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.

NOTE 15: RELATED PARTIES

Transactions with other companies related to the Group within the meaning of paragraph 9 of the IAS 24 standard have had no significant effect in the June 30, 2018 accounts.

NOTE 16: POST PERIOD CLOSE EVENTS

There was no event subsequent to June 30, 2018 likely to have an impact on the financial statements.

8. 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 in section 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.

Paris, on 27 July 2018

Ms. Judith Greciet

Chief Executive Officer

9. STATUTORY AUDITORS' REPORT ON THE 2018 HALF YEARLY FINANCIAL INFORMATION

GRANT THORNTON
Membre français de Grant Thornton International
29, rue du Pont
92200 Neuilly-sur-Seine
S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
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 1 January to 30 June 2018

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, 2017,
- 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.

Without qualifying our conclusion, we draw your attention to Notes 11.1 "revenue" and 9.2 "other liabilities" to the condensed half-yearly consolidated financial statements, which outline the impacts of the first application of IFRS15 "Revenue from Contracts with Customers".

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.

Neuilly sur Seine and Paris-La Défense, on August 1st, 2018

The Statutory Auditors

(French originals signed by)

GRANT THORNTON	ERNST & YOUNG Audit
Membre français de Grant Thornton International	
Samuel Clochard	Franck Sebag