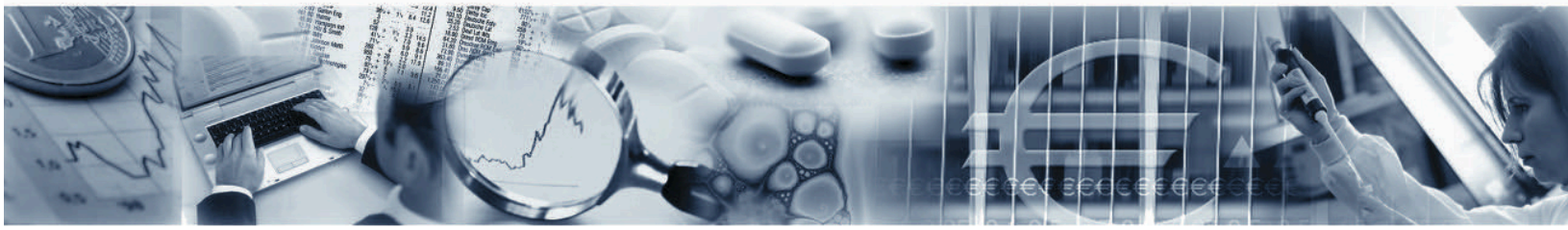

Research Note

Onconova Therapeutics Inc. (ONTX)

2017FY Figures

Chief Research Analyst

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Name:	**Onconova Therapeutics**
Country:	**USA**
Price:	**USD 1.06**
ISIN Code:	**US68232V3069**
Reuters Code:	**ONTX**
Market Cap (USD m):	**19.6**
EV (USD m):	**4.6**
Cash & cash eq. (USD m):	**15.0**
Shares outstanding (m):	**18.5**
Volume:	**457,000**
Free float:	**90%**
52-week Range:	**0.95-3.88**

USD m	2015A	2016A	2017A
Total Revenues	11.456	5.546	0.787
Net (Loss)/Profit	(23.979)	(19.667)	(24.092)
Net loss per share (pence)	(10.54)	(4.44)	(2.68)
R&D costs	25.895	20.071	19.119
Cash increase/(decrease)	(23.783)	1.601	(16.400)
Cash and marketable sec.	19.799	21.400	4.000

2017FY Figures: Making Important Steps with Rigosertib in MDS

Onconova published its 2017FY figures which were in line with our expectations. Net loss came in at USD 24.1 million compared to USD 19.7 million in 2016. Expenses for R&D amounted to USD 19.1 million (2016: USD 20.1 million). By the end of 2017, cash and cash equivalents totaled USD 4.0 million. In February, the company announced the closing of a USD 10 million underwritten public offering of 9,947,500 shares of common stock or common stock equivalents and warrants to purchase an aggregate of 994,750 shares of Onconova's Series A convertible preferred stock, including the exercise in full of the underwriter's option to purchase additional securities, at the public offering price of USD 1.01 per share and accompanying Preferred Stock Warrant. Onconova also issued to the underwriter a preferred stock warrant to purchase 49,737.5 shares of Series A convertible preferred stock. Based on the Company's cash burn for 2017 and its current projections, Onconova expects that cash and cash equivalents will be sufficient to fund ongoing trials and operations into 2018Q3.

Rigosertib is currently being evaluated in a Phase III INSPIRE clinical trial in patients who have failed or relapsed after receiving current therapeutic options, with top-line data expected in 2019. Rigosertib is also being evaluated in an expanded Phase II combination study with Azacitidine in MDS patients. Onconova recently signed a research collaboration agreement with the National Cancer Institute to study rigosertib in rare pediatric diseases. Rigosertib has been granted orphan drug designation for MDS in the United States and Europe. Onconova is partnered with SymBio Pharmaceuticals, Tokyo, for commercialization of rigosertib in Japan and Korea.

Promising Interim Analysis Phase III INSPIRE Pivotal Trial

Beginning of this year, Onconova decided to move forward with the Phase III INSPIRE pivotal trial following a very promising interim analysis. The DMC recommended continuation of the trial with a one-time expansion in enrollment, using a pre-planned sample size re-estimation, consistent with the Statistical Analysis Plan (SAP). The INSPIRE pivotal trial is studying intravenously-administered (IV) rigosertib in patients with higher-risk myelodysplastic syndromes (MDS) who have progressed

on, failed to respond to, or relapsed after prior hypomethylating agent (HMA) therapy. The Company remains blinded to the interim analysis results. The expanded INSPIRE study will continue to enroll eligible patients based on the current trial design of the overall ITT population and will increase enrollment by adding 135 patients to the original target to reach a total enrollment of 360 patients, with the aim of increasing the power of the trial. Currently, the INSPIRE study is active at approximately 175 trial sites in 22 countries across four continents, and has enrolled more than 170 patients. In Japan, patients have been enrolled to this study by SymBio Pharmaceuticals, our collaboration partner for Japan and Korea. Onconova believes that this trial is the most advanced study for a new therapeutic agent in this indication, and there are no FDA approved therapies specifically for MDS patients after failure of front-line HMAs. Top line results is to be performed after 288 events which can be achieved in 2019H1, concurrent with enrollment completion. The company expects that more than 70% of the patients in the trial are part of the very high risk subgroup.

License Agreement to Commericialize Rigosertib in Latin America

In March, Onconova also announced that it has entered into an exclusive license agreement with Swiss biotech company Pint Pharma GmbH to commercialize rigosertib in Latin America. In exchange for these rights, Pint will make investment totaling up to USD 2.5 million by purchasing shares at a premium to market. In addition, Pint Pharma will make additional regulatory, development and sales-based milestone payments to Onconova of up to USD 42.75 million and pay double digit tiered royalties on net sales in Latin America. Onconova will supply the finished product for sale in the licensed territories. Pint Pharma will also support Onconova's clinical trial initiatives in the territory.

Higher Valuation Overall, Lower Value per Share

Increase in Valuation We have increased our valuation on Onconova to USD 178 million from USD 139 million due to the fact that we have increased the LOA for Onconova's lead product rigosertib following the positive interim analysis and we lowered the discount rate from 14% to 12%. At this

moment we do not address value to other programs in Onconova's pipeline. This is a potential upside for the company. Due to the increased number of outstanding shares, the value per share will be USD 10 instead of USD 14.

Analyst: Marcel Wijma MSc
Marcel Wijma, Chief Research Officer and managing partner, has a longstanding history in financial biotech research. After selling Van Leeuwenhoeck Research (VLR) to SNS Securities in 2006, he established an award winning analyst team in biotech/life sciences at SNS Securities. In 2009, Marcel was awarded by Financial Times/Starmine as being one of the Top-3 biotech analysts in Europe. Later that year, Marcel purchased VLR from SNS Securities after which the company was reconstituted. At VLR, he leads the professional VLR research organisation, which is augmented by selected external financial researchers with a specialisation in Life Sciences. Mr. Wijma has a Masters degree in Financial Economics from Erasmus University in Rotterdam.