

ANNUAL RESULTS 2012

- Noticeable decrease of net losses (1.98 million Euros vs. 3.28 million Euros in 2011) and greater control over cash burn
- Net cash is 6.5 million Euros at the end of December 2012, sufficient to cover the needs of the company up to the end of Q1 2014
- Validation of the 2nd key milestone of the DEINOL project
- Two new patent applications

OUTLOOK 2013

- Accelerate business development in 2nd generation biofuels and expand internationally
- Launch ambitious bio-based chemicals program and sign new partnerships

Paris, 21 March 2013 - DEINOVE (Alternext Paris: ALDEI), a cleantech company that designs, develops and markets a new generation of industrial processes based on the *Deinococcus* bacteria, today announced its financial results for 2012.

Net income for 2012 is limited to a loss of 2.0 million Euros. This result includes revenue of 0.7 million Euros, a total of 4.5 million Euros of operating expenses, a positive financial result of 0.4 million Euros, a positive exceptional result of 0.5 million Euros and an R&D tax credit of 0.9 million Euros.

With a net financial position of 6.5 million Euros, against 8.7 million Euros at the end of 2011, cash consumption amounted to 2.2 million Euros for the year, with only 0.4 million Euros in the 2nd semester.

The R&D activities of the Company mainly focused on advancing the DEINOL project with the aim of developing a breakthrough bioprocess for cellulosic ethanol production (2nd generation) using the *Deinococcus* bacteria. These efforts have been rewarded by the achievement of the 2nd key milestone in 2012, triggering the payment from OSEO-ISI of grants and repayable advances of 1.15 million Euros.

Following this achievement, DEINOVE has begun the pre-industrialization process. The company is reaping the rewards of the long term investment made in structuring a fully synthetic biology platform dedicated to deinatechnologies.

The *Deinococcus* library contains more than 6,000 strains of bacteria. This platform is now the tool box from which DEINOVE can expand and target multiple green chemistry markets worldwide, such as specialty chemicals, animal feed, cosmetics, perfumes and pharmacy.

"2012 was marked by several major technological advances," stated Emmanuel PETIOT, Chief Executive Officer of DEINOVE. "Furthermore, by combining our *Deinococcus* library of more than 6,000 strains with our technological platform, we are now in a position to develop our presence in green chemistry markets. The recent relationships we have initiated with industry leaders validate our approach and we are confident in our capacity to establish new partnerships over the coming months," concluded Emmanuel Petiot.

"This year's operational advances have been obtained while respecting the financial commitments we made," said Julien Coste, Director of Finance & Administration. "Our control of operating expenses and our cash resources provide a solid foundation for the future."

Selected Financial Information

SELECTED FINANCIAL INFORMATION <i>(in thousands of Euros)</i>	2012	2011
Total operating income	668	637
Total operating costs	4.518	4.628
o/w R&D costs	3.345	3.724
o/w G&A costs	1.172	904
Operating profit / loss	-3.850	-3.991
Financial result	424	45
Current pre-tax profit / loss	-3.426	-3.946
Non recurring items	543	-12
Income Tax (R&D Tax Credit)	-903	-682
Profit / loss for the year	-1.979	-3.277
Net financial position	6.506	8.745
o/w Financial investments ¹	5.106	8.678
o/w Term deposits (maturity <1 year)	524	0
o/w Cash instruments (maturity <3 months)	406	0
o/w Cash on hand	594	292
o/w (Financial debts)	-125	-225
Total assets	9.323	10.571
Total shareholders' equity	8.217	9.342
o/w which Equity	5.337	7.197
o/w conditional advances	2.880	2.145

¹ Excluding elements of the liquidity contract (cash and treasury shares) and deposits & guarantees.

Financial Results for 2012 Fiscal Year

Revenues for the year amounted to 668 thousands of Euros against 637 thousands of Euros in 2011. At the same time, operating expenses decreased slightly to 4,518 thousands of Euros (vs. 4,628 thousands of Euros in 2011), with R&D costs maintained at a high rate, namely 74% (vs. 80%). The change in operating loss is marginal, amounting to 141 thousands of Euros (3,850 thousands of Euros vs. 3,991 thousands of Euros).

The financial result was 424 thousands of Euros compared to 45 thousands of Euros in 2011. This significant increase was mainly (325 thousands of Euros out of a total difference of 380 thousands of Euros) for full reversal in late 2012, of a provision of 171 thousands of Euros, which had been endowed by 154 thousands of Euros at the end of 2011. The provision for depreciation of securities had previously been booked on the basis of market valuations of various obligations; any discount recognized at the end of the year should be considered as an endowment. A more favorable evolution of the financial markets in 2012 led to the reevaluation of these securities and thus the recovery of the corresponding provision. In 2012, DEINOVE also received interest on its cash investments in the amount of 172 thousands of Euros, and recorded a net gain of 82 thousands of Euros in transactions of its own shares under the liquidity contract. The extraordinary result of 543 thousands of Euros for its part originates exclusively from the spin-off of the Deinobiotics project, and corresponds to the gross valuation of contributions in kind made by DEINOVE in this transaction.

Finally, the R&D Tax Credit (CIR) for the period was estimated at 951 thousands of Euros, i.e. a net of 903 thousands of Euros, after taking into account the difference of -48 thousands of Euros between the final 2011 Tax Credit received in December 2012, 634 thousands of Euros, and the provisional amount at the end of 2011, 682 thousands of Euros.

The year 2012 thus resulted in a loss of 1,979 thousands of Euros compared to a loss of 3,277 thousands of Euros for 2011. Revenues and operating costs showing a marginal positive variation of 0.1 million Euros, the net positive 1.3 million Euros variance primarily stems from both financial and exceptional results, for 0.9 million Euros, and from the CIR, for 0.2 million Euros.

Financial Situation

At the end of 2012, the net financial position of the Company amounted to 6,506 thousands of Euros, compared to 8,745 thousands of Euros at the end of 2011. This is a decrease of 2.2 million Euros of the net financial position: cash outflows related to 4.5 million Euros of operating expenses and capital expenditures were partially offset by various payments, occurring mainly during the 2nd semester: 1.2 million Euros of OSEO aids (grants and repayable advances), 0.6 million Euros of CIR, 0.2 million Euros of revenues (for access to the strain library, under collaboration agreements), and 0.1 million Euros subsequent to the subscription or exercise of options (BSA, BSPCE).

Highlights

During 2012, DEINOVE continued to focus its Research and Development activities in two major areas:

- The selection and optimization of genetic strains for the Deinol project, so as to achieve and exceed the 2nd key milestone (alcohol content > 3%). This objective has now been achieved and the next one is an alcohol content of 8% by volume (3rd key milestone) in large capacity fermenters. The results of this 3rd key milestone, expected in 2013, are crucial in determining the industrial pilot phase to follow;
- The improvement of the genetic engineering and fermentation platform specifically designed for thermophilic *Deinococcus*. With this proprietary tool, DEINOVE is able to insert, replace or increase the activity of certain genes in a targeted and effective manner.

The combination of these two key activities allowed DEINOVE to meet the requirements of the 2nd key milestone (EC2), as defined in the consortium agreement, and entitled it to the 3rd tranche of the OSEO-ISI (Industrial Strategic Innovation) funding, for the DEINOL project, of 1.15 million Euros. The total amount paid to date by OSEO to DEINOVE and its partners is 4.6 million Euros, out of a global budget of 8.9 million Euros allocated by OSEO to this project.

During the year DEINOVE gained in efficiency through automated equipment that allowed it to rationalize its important collection of bacteria. In 2013, this screening work should become more reliable and rapid, further enhancing the value of DEINOVE's *Deinococcus* library.

The Company strengthened its intellectual property over the year, securing both its discoveries and technological know-how. Today, the DEINOVE portfolio consists of a family of 14 patents, with more than 60 international extensions, and one granted patent that covers both DEINOVE's technological approach and the different potential applications for the company's bacteria.

In 2012, the company focused its resources mainly on attaining the 2nd key milestone of the DEINOL project and as such, gave lower priority to the company's other programs, DEINOCHEM (green chemistry) and DEINOBIOTICS (antibiotics). However, strategic decisions have been taken, aimed at providing the means for their development, which have led to the spin-off of the Deinobiotics activity (see below) and the identification of new potential applications for DEINOCHEM. Business development efforts have been intensified for DEINOCHEM, with the objective of soon entering partnerships with blue-chip industrial groups.

DEINOBIOTICS Becomes a Fully Operational Subsidiary

As detailed in today's separate press release, DEINOVE'S antibiotics activities have been transferred to DEINOBIOTICS SAS, an autonomous subsidiary that is 49% owned by DEINOVE and 51% by the GREEN CHEMISTRY INCUBATOR HOLDING, which has invested 0.5 million Euros in the new company. Headed by a dedicated team of experts from the pharmaceutical industry, specialized in the field of antibiotics, DEINOBIOTICS now has the means to finance its operations until a first drug candidate has been identified and value created for DEINOVE.

THANAPLAST™ Collaborative Program led by CARBIOS

DEINOVE announced in late 2012 its participation in the collaborative project THANAPLAST™, of which the company CARBIOS is the leader. In addition to CARBIOS and DEINOVE, this project combines the CNRS, INRA, University of Poitiers and two industry majors: BARBIER and LIMAGRAIN Groups (through its subsidiary ULICE). For five years, the project partners will share their expertise and know-how to develop new solutions in the field of plastics. DEINOVE has entered the capital of CARBIOS and has a 2.81% shareholding.

New CEO at DEINOVE

Finally, in January 2013, Emmanuel PETIOT was appointed Chief Executive Officer of DEINOVE. Emmanuel PETIOT was previously Sales Director of Novozymes North America, Inc. He has a strong industrial and commercial background acquired from senior positions held at several multinational groups in the fields of chemistry, biofuels, enzymes and microorganisms. Emmanuel PETIOT is determined to materialize the international ambitions of the company and validate its technological leadership through negotiating new partnerships with industrials operating in different markets targeted by DEINOVE.

About DEINOVE

DEINOVE (Alternext Paris: ALDEI) is a cleantech company that designs and develops new standards of production based on bacteria of untapped potential: the *Deinococci*.

Taking advantage of their unique genetic properties and unusual robustness, DEINOVE optimizes natural fermentation and metabolic capabilities of these bacterial "micro-factories" to produce rare compounds or products that are technologically difficult to produce: 2nd generation biofuels (DEINOL) and chemical intermediates (DEINOCHEM), but also new antibiotics (DEINOBIOTICS project now led by the subsidiary DEINOBIOTICS SAS) or enzymes for the remediation of plastics (THANAPLAST™ project led by CARBIOS)...

At the end of the year 2012, the Company obtained a first validation of the approach through DEINOL, a program supported by OSEO-ISI amounting to 8.9 million Euros, conducted in partnership with the sugar group TEREOS, French leader and the 2nd European producer of bioethanol. A DEINOVE bacterium turned wheat-based biomass into ethanol, without additives (enzymes, yeast, antibiotics or antiseptics), a world first. Based on these results, DEINOVE and TEREOS have engaged in the pre-industrial development of this process.

Listed on Alternext since April 2010, DEINOVE was founded by Dr. Philippe POULETTY, General Partner of TRUFFLE CAPITAL, and Pr Miroslav RADMAN, of the Faculty of Medicine of the University René Descartes. It has a staff of about 30 people and conducts R&D programs in partnership with the CNRS (Marseille and Montpellier), INSA (Toulouse) and VTT (Finland). Headquarters and laboratories are located at DEINOVE Paris and the Technoparc Cap Alpha in Montpellier.

More information at www.deinove.com

Disclaimer: This press release and the information contained herein do not constitute an offer to sell or subscribe to, or a solicitation of an offer to buy or subscribe to shares in DEINOVE ("the Company") in any country. This press release contains forward-looking statements that relate to the Company's objectives. Such forward-looking statements are based solely on the current expectations and assumptions of the Company's management and involve risk and uncertainties. Potential risks and uncertainties include, without limitation, whether the Company will be successful in implementing its strategies, whether there will be continued growth in the relevant market and demand for the Company's products, new products or technological developments introduced by competitors, and risks associated with managing growth. Unfavourable developments in connection with these and other risks and uncertainties described, in particular, in Chapter 4 of the Company's prospectus prepared in connection with its IPO and on which the French Autorité des Marchés Financiers ("AMF") granted its visa no. 10-014 on March 25 2010, could cause the Company to fail to achieve the objectives expressed by the forward-looking statements above.

Updates are available on the company's website at www.deinove.com

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