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2020 Half-year results:

Stronger financial position and research programs moving forward despite the international context

- *Clinical program for the antibiotic candidate DNV3837 continues, with the support of investigators in the United States*
- *AGIR program (Antibiotics against Resistant Infectious Germs): reaching second key milestone generated the payment of €1.5M by Bpifrance*
- *Launch of two novel next-generation active substances, including the first extract developed with Hallstar and derived from the fermentation of a Deinove microorganism*
- *Consolidated net income: -€4.6M compared to -€5.4M in H1 2019*
- *Group cash position:*
 - *Balance of +€3.2M at June 30, 2020 compared to +€1.1M at December 31, 2019*
 - *€2M to be received in October: loans granted by Bpifrance (R&D innovation loan) and Société Générale (State guaranteed loan)*

DEINOVE (Euronext Growth Paris: ALDEI), a French biotech company, pioneer in the exploration and exploitation of bacterial biodiversity to address the urgent, global challenge of antibiotic resistance and the need for next-generation active ingredients serving Health, **announces that its Board of Directors has approved the financial statements for the first half of 2020.**

Charles Woler, Chairman and Chief Executive Officer of DEINOVE, stated: *"In the uncertain health and economic context that characterizes 2020, DEINOVE was able to stay the course. Our financial position has improved, and our operating loss has been reduced.*

At the same time, we continued our efforts to advance the programs, including the DNV3837 clinical trial, which continued recruiting patients with the support of the investigating physicians, despite the health situation in the United States. Our upstream research programs (AGIR) have also advanced, with completion of the second key milestone, and we continue our efforts to provide the industry with new active substances.

Now led by Alexis RIDEAU, our team is resolutely pursuing its activities with three clear objectives: strengthen the company's presence in the pharmaceutical sector, generate revenues through strategic partnerships in the biotechnology sector, excel in project management in order to control all of our expenses and maintain financial flexibility."

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SYNTHETIC CONSOLIDATED FINANCIAL DATA

The DEINOVE Group's consolidated financial statements at June 30, 2020 were subject to a limited review by the Group's statutory auditors, the firm PwC (PricewaterhouseCoopers).

PROFIT AND LOSS ACCOUNT

(in thousands of euros)	30.06.2020	30.06.2019
Operating revenues	596	405
Of which operating grants	389	397
Operating costs	5 480	6 587
Of which Research & Development costs	4 460	5 412
Of which Administrative and General costs	1 020	1 175
OPERATING PROFIT / LOSS	- 4 884	- 6 181
PROFIT / LOSS	- 6	- 14
PROFIT / LOSS FROM NON-RECURRING ACTIVITIES	- 34	- 49
Income tax and deferred taxes	- 544	- 1 140
Goodwill amortization	256	256
Results from equity affiliates (MEQ)	-	-
CONSOLIDATED GROUP PROFIT / LOSS	- 4 634	- 5 359

(in thousands of euros)	30.06.2020	31.12.2019
Term deposit	-	-
Provision for impairment of marketable securities	-	-
Cash on hand	3 193	1 095
ICNE and bank overdrafts	-	-
CASH & CASH EQUIVALENTS	3 193	1 095

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OPERATIONAL PROGRESS DURING THE PERIOD AND POST-CLOSING

NEXT-GENERATION ANTIMICROBIALS

DNV3837: Initiation of Phase II clinical trial in Clostridioides difficile infections

The Phase II trial testing the antibiotic candidate DNV3837 in *Clostridioides difficile*¹ gastrointestinal infections (CDIs), enrolled its first patient in January².

This trial aims to evaluate the efficacy of DNV3837 in a pathological context, in patients with moderate to severe CDI, as well as to consolidate safety and pharmacokinetic data. The trial is multicentric and concentrated in the United States where prevalence is higher and regulatory authorities are looking for new therapeutic options.

Post-closing³, DEINOVE confirmed the continuation of this trial despite the tense health context in the United States, related to the Covid-19 pandemic. Several of the investigative centers have maintained their clinical research activities and continue to screen and include patients. The DEINOVE scientific team and the CRO Medpace are following the situation closely.

AGIR program: DEINOVE validates the second key milestone and receives €1.5M from Bpifrance⁴

The challenge for AGIR is to accelerate exploration of the antibiotic activities of multiple strains under various conditions in order to rapidly detect new structures.

The first stage of the program had led to the setting up of a robotic platform for extracting and screening strains. The second stage allowed the screening of an increasing number of strains, the validation of the automated tools developed by DEINOVE and the detection of some thirty "hits". The characterization of active extracts makes it possible to identify potential new, previously unknown, bioactive molecules.

According to the terms of the collaborative research program selected in 2017 by the Investments for the Future program, the results obtained enabled DEINOVE to validate the EC2 of the AGIR program and to receive €1.5M.

NEXT-GENERATION ACTIVE INGREDIENTS

New industrial production of Phytoene to supply the market⁵

In early 2020 DEINOVE launched the production of a new batch of phytoene-based active ingredient to meet the needs of its distributors. The product has been sampled by nearly 100 brands, which are carrying out various projects for the development of cosmetic products incorporating this active ingredient.

¹ *Clostridioides difficile* is a WHO priority pathogen and one of the first causes of hospital-acquired infections worldwide, according to the US Center for Disease Control and Prevention (CDC)

² [Press release issued January 27, 2020](#)

³ [Press release issued July 15, 2020](#)

⁴ [Press release issued March 11, 2020](#)

⁵ [Press release issued January 22, 2020](#)

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Launch of a new active ingredient based on Neurosporene, an exclusive carotenoid⁶

Neurosporene is a novel carotenoid on the market with exceptional antioxidant properties. It has the particularity of absorbing blue light, responsible for early aging of the skin, including the formation of brown spots. Efficacy studies, particularly clinical studies, have demonstrated its beneficial effect on the health and beauty of the skin.

The introduction of this active ingredient to the market was initiated in April 2020.

Commercial launch of the new active ingredient co-developed with Hallstar France⁷

BIOME Oléoactif® is an active ingredient produced from a rare extremophilic bacterium that DEINOVE has managed to cultivate, and whose potential is reinforced by the original oleo-eco-extraction technique patented by Hallstar France (formerly Oléos). Thanks to its unique composition of innovative active molecules, it helps strengthen the skin's barrier function.

The official launch of this active ingredient took place in April 2020.

The planned partnership with Sharon Laboratories is finally abandoned

In February 2020 DEINOVE announced the signing of a Memorandum of Understanding (MoU) with the Israeli group Sharon Laboratories⁸ for the development and marketing of an innovative range of bio-based cosmetic ingredients. This agreement was to be finalized before the end of March 2020. The rapid development of the Covid-19 pandemic and the deterioration of economic conditions doomed this project⁹, given the significant uncertainties in the short term. DEINOVE retained the \$200K collected on the signature of the MoU.

FINANCIAL RESULTS FOR THE FIRST HALF OF 2020

The consolidated financial statements of the DEINOVE Group for the first half of 2020 include the accounts of the Company, as well as the accounts of the wholly-owned subsidiary MORPHOCHEM.

OPERATING REVENUE

The Group recorded €596K in operating revenue over H1, mainly comprising the payment by Bpifrance of the grant corresponding to the completion of the second key milestone of the AGIR program for an amount of €381K, and the amount received from Sharon Laboratories on the signature of the MoU (€181K), amount that was retained despite the abandonment of the partnership caused by the Covid-19 pandemic and the deterioration of economic conditions.

For the first half of 2019, operating income amounted to €405K, mainly including the part of the grant corresponding to the first milestone of the AGIR program (€397K).

During the first half of 2020, the Group's operating expenses reached €5.5M, of which 81% was spent on R&D activities.

⁶ [Press release issued April 23, 2020](#)

⁷ [Press release issued March 18, 2020](#)

⁸ [Press release issued February 6, 2020](#)

⁹ [Press release issued March 30, 2020](#)

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When comparing H1 2019 and H1 2020, operating expenses are down 17% (-€1.1M). Subcontracting and external study expenses, which mainly include CRO services related to the DNV3837 clinical study, decreased by 28%, mainly due to the internalization of certain operations. The Rents, Maintenance and Servicing costing item decreased by 31%, as a result of the second quarter rent waiver as part of the Covid-19 support measures. Miscellaneous Expenses (+38% over the period), include €36K of OCA-related costs. Fees increased by +10% due to costs incurred with Sharon Laboratories (€76K) and pre-financing costs of the R&D Tax Credit (€23K). The Missions and Travel item is down -66%.

Staff expenses decreased by -16%, with 2 FTE less and use of partial activity for the teams based in Lille. Depreciation, Amortization and Provisions (-7%), include a provision for risk on the amount of the R&D Tax Credit 2019 (€28K) and 2020 (€9K). The 2019 R&D Tax Credit has since been formally validated for its full amount by the tax authorities.

NET INCOME

The consolidated net loss for the period amounts to €4.6M. It includes a negative financial result of -€6K mainly comprising a gain on securities transactions related to the liquidity contract (+€5K) and financial expenses related to leasing, pre-financing of the R&D Tax Credit and foreign exchange losses (-€ 11K in total).

Income tax includes almost exclusively the R&D Tax Credit. The Group's receivable for the first half year was estimated at €544K (compared to €1.140K in H1 2019).

The Exceptional Result at June 30, 2020 is mainly composed of a provision of €38K related to certain expenses charged to the 2019 and 2020 R&D Tax Credit (including €28K for 2019). The eligibility of these expenses on the 2019 R&D Tax Credit has since been validated by the Direction Départementale des Finances Publiques (Public Finance Departmental Director) by a letter dated 04/09/2020.

FINANCIAL SITUATION

Financial requirements for the first half of the year mainly concerned operating expenses, for €4.9M (excluding depreciation and amortization), to which were added investments in laboratory equipment (including lease payments) for €0.1M.

Over the same period, the Group received €1.5M in public aid under the AGIR program and €2.1M under the 2019 R&D Tax Credit (via pre-financing by Société Générale Factoring). DEINOVE received the sum of €2.5M (net) under the second and third tranches of the OCA subscribed by the ESGO Fund (L1 Capital). At June 30, 2010, the Group's net financial position amounted to +€3.2M.

Subsequent to closing, the Group was notified of the obtention of €1.0M of R&D Innovation Loan from Bpifrance and €1.0M of State Guaranteed Loan granted by Société Générale, as part of the support measures related to the Covid-19 pandemic. This amount will reinforce the cash position in October.

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IMPACTS OF THE COVID-19 PANDEMIC

The global pandemic of Covid-19 which has developed since the beginning of the year has had the following impacts for DEINOVE:

- R&D operations continued during and after the period of containment, thanks to the commitment of the teams, working from home and in the Company's laboratories, while complying with health constraints.
- Logistical difficulties induced by the period of containment may have caused a slight delay in some programs. However, operations have gradually resumed since then, and no program has been called into question.
- The planned partnership project with Sharon Laboratories was abandoned in view of the many operational and economic uncertainties weighing on the entire industrial sector at the time the final contract could have been signed (March 2020).
- The Phase II clinical trial testing DNV3837 in *C. difficile* infections (CDI) has been impacted by the extent of the pandemic in the United States and the strong pressure on hospital services. However, several of the investigative centers have kept recruitment open in light of the high medical need in patients with severe CDI and continue to screen and include patients.
- Post-closing, DEINOVE has secured the approval for benefiting from the financial mechanisms put in place by the French government to support companies. The Company will receive shortly €2M, including €1M of State guaranteed loan and €1M of R&D Innovation Loan.

CORPORATE INFORMATION

BOARD OF DIRECTORS

The Ordinary and Extraordinary Shareholders' Meeting of June 16, 2020 renewed, for a period of three years, the mandate of Anne ABRIAT, Charles WOLER and Hervé BRAILLY, which had expired. It also ratified the appointment of Emmanuel PETIOT as Administrator, made on a provisional basis by the Board of Directors at its meeting of December 3, 2019.

EXECUTIVE COMMITTEE

Dr Charles Woler, Chairman of the Board of Directors of DEINOVE, was appointed interim Chief Executive Officer, as of January 1, 2020, following the resignation of Emmanuel PETIOT in December 2019. The Board of Directors began the process of recruiting a new Chief Executive Officer.

With effect from May 1, the Board of Directors appointed Alexis RIDEAU as Deputy Chief Executive Officer¹⁰. Prior to joining DEINOVE, Alexis RIDEAU was in charge of developing industrial relations and coordinating the strategic partnership team at BIOASTER (Lyon/Paris), a Technology Research Institute in applied microbiology, which specializes in the design and use of technology innovations in the field of microbiology to accelerate the development of medical and nutritional industrial solutions for animal and human health.

Mario ALCARAZ joined DEINOVE in July 2020 as Chief Financial and Administrative Officer, also in charge of investor relations and financial communication, replacing Julien COSTE. An experienced

¹⁰ [Press release issued May 4, 2020](#)

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financial director, mastering at the same time the financial, legal, accounting and strategic aspects of the function, he has worked in the sectors of mass distribution (Auchan), energy transition (ENGIE Cofely), industry (Coldway Technologies) and aeronautics (Toulouse-Blagnac Airport). This last experience as Head of Management Control will be a key asset in ensuring DEINOVE's economic performance.

SHARE CAPITAL BREAKDOWN

As at June 30, 2020, the Company's share capital consisted of 21,644,898 ordinary shares with a nominal value of €0.40 of which 26,078 shares (that is approximately 0.12% of the share capital) were held by the Company within the framework of the liquidity contract entrusted to Kepler Cheuvreux.

Ownership structure as at June 30, 2020 – non-diluted basis

Shareholders	Number of shares	% of holding	Voting rights	%
Funds managed by Truffle Capital	1 385 637	6,40%	2 549 592	10,96%
Funds managed by TVM Capital	1 557 414	7,20%	1 557 414	6,70%
Scientific founders	20 000	0,09%	40 000	0,17%
Management and Administrators	73 140	0,34%	107 251	0,46%
Free float	18 606 707	85,07%	19 005 589	81,71%
TOTAL	21 644 898	100,00%	23 259 846	100,00%

CHANGES IN SHARE CAPITAL

During the first half of 2020, the Board of Directors acknowledged the issue of 500,001 new shares following the exercise of BAA-BIOVERTIS and the issue of 3,114,939 new shares following the conversion of OCAs pursuant to the agreement between the Company and the European Select Growth Opportunities Fund.

A total of 3,614,940 new shares were issued during the first half of 2020, representing a capital increase of €1,445,976. As of June 30, 2020, the Company's share capital consisted of 21,644,898 shares with a par value of €0.40 each.

The 2020 half-year financial report will be available at:

<http://www.deinove.com/fr/espace-investisseurs/centre-documentation/rapports-financiers>

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ABOUT DEINOVE

DEINOVE is a French biotech company, a pioneer in the exploitation of the unknown or little-known part of biodiversity. By using rare or “non-cultivable” bacteria and by working on unexplored molecular pathways, the Company discovers, develops and produces antimicrobials to meet the urgent, global challenge of antibiotic resistance, and the need for next-generation active ingredients to serve Health.

In nearly 15 years, the Company has built a unique collection of over 10,000 bacterial strains and has developed a fully integrated technological platform that brings together the best of biological culture, synthetic biology and micro-biotechnology.

Today, DEINOVE has several development programs underway, including the antibiotic candidate DNV3837, in a Phase II clinical trial in severe gastrointestinal infections with *Clostridioides difficile*, a real therapeutic challenge. Through its other program AGIR (Antibiotics against Resistant Infectious Germs), supported by Bpifrance, it is also continuing its exploration of biodiversity to supply its portfolio with new molecules. It relies on its own biodiversity and on the one entrusted to it by other specialists in the field.

DEINOVE has also developed and brought to market four particularly innovative active ingredients: a first which is phytoene-based and a neurosporene concentrate produced by *Deinococcus geothermalis*, as well as two cell extracts developed in collaboration.

DEINOVE, located in the Euromédecine science park in Montpellier, employs 56 people, mainly researchers, engineers and technicians, and has filed over 350 patent applications internationally. It is listed on Euronext Growth® (ALDEI – code ISIN FR0010879056).

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