



CARBIOS: 2017 Annual results

- ✓ **Creation of a consortium with L'ORÉAL and contract signing with TechnipFMC for the biorecycling of PET**
 - ✓ **Success of the THANAPLAST™ project**
- ✓ **Cash position of €7.5 million as of December 31, 2017**

Clermont-Ferrand, France, March 28, 2018 (06:45 AM CEST) – CARBIOS (Euronext Growth Paris: ALCRB), pioneer company in the field of bioplasturgy, today announces its operating and financial results for the year 2017. The financial statements as of December 31, 2017 were approved by the Company's Board of Directors at their meeting of March 27, 2018.

CARBIOS CEO Jean-Claude LUMARET comments: *“Major milestones have been achieved in 2017, particularly with the success of the THANAPLAST™ project, which has enabled the emergence of new means of valorisation for the end of life of plastic materials. We also initiated the first engineering works with TechnipFMC for the construction of a pilot and then an industrial demonstrator dedicated to the biorecycling of PET and we've set up an unprecedented collaboration with L'ORÉAL for a sustainable management of the life-cycle of plastics. Our priorities for 2018 are clearly focused on the construction of our PET biorecycling pilot plant and the development of the consortium of brand-owners with the recruitment of new partners, leaders in their industries. Due to rigorous management and the success of our fundraising in 2017, we also maintain good financial visibility and controlled cash consumption, which allows us to address with confidence the rise of our activities.”*

- **2017 Income Statement:**

(in thousand euros)	December 31, 2016 (12 months)	December 31, 2017 (12 months)
Operating revenues	8,870	983
Operating expenses	5,319	5,635
Operating income	3,551	(4,652)
Financial income	75	24
Current income before tax	3,626	(4,628)
Extraordinary profit (loss)	(27)	(11)
Income tax (research tax credit)	(1,321)	(702)
Net income (loss)	4,920	(3,936)

Full-year 2017, the operating income stood at €983,000 versus €8,870,000 for the previous financial year, during which the Company received €8 million upfront payment after a licensing agreement

covering patent and know-how conceded to its subsidiary CARBIOLICE. As the Company's business is still focused on the development of its innovative processes, most of its operating income comes from subsidies and services.

During the 2017 period, CARBIOS generated €105,000 grant from Bpifrance (program ISI), corresponding to the completion of the fifth and final key stage of the THANAPLAST™ project led by the Company over the past years. The Company has also entered into a research service agreement with its subsidiary CARBIOLICE for a period of two years and a total amount of €1,248,000, of which €724,000 has been invoiced in 2017.

Due to sustained development policy supporting operational activities and the ongoing R&D, operating expenses stood at €5.635 million for 2017, of which 53% were dedicated to R&D, as opposed to €5.319 million in 2016.

The difference in the consumption rate of resources allocated to R&D is mainly due to the termination of contracts related to the THANAPLAST™ project and the willingness of the Company to focus its efforts to implement strategic partnerships to support the acceleration of its developments.

As a result, the operating loss in 2017 settles at €4.652 million and the net loss at €3.936 million, after considering the research tax credit of €702,000.

- **BALANCE SHEET:**

ASSETS (in thousand euros)	2016	2017
Intangible assets	371	565
Tangible assets	1,211	1,106
Financial assets	9,688	9,679
Fixed Assets	11,270	11,350
Inventory	15	14
Receivables	1,945	1,455
Cash and marketable securities	3,987	7,547
Prepaid expenses	215	155
Current Assets	6,162	9,171
TOTAL ASSETS	17,432	20,521

LIABILITIES (in thousand euros)	2016	2017
Share Capital	2,677	3,200
Additional paid-in-capital	13,736	18,588
Retained earnings	(8,240)	(3,319)
Investment subsidies	20	17
Current year profit (loss)	(4,920)	(3,936)
Shareholders' equity	13,113	14,550
Conditional advances	3,151	3,707
Loans	178	339
Trade payables and related accounts	494	1,432
Other liabilities	496	492
Payables	1,168	2,264
TOTAL LIABILITIES	17,432	20,521

The 52% increase in intangible assets is primarily due to the addition of 3 new patents applications to the intellectual property portfolio in 2017, to the territorial extension and review procedure monitoring of licences acquired or submitted previously and the acquisition of two enzymes from a German university research laboratory.

CARBIOS' equity totalled €14.550 million at year-end 2017 compared to €13.113 million at year-end 2016. This reflects the result of the capital increase dated July 2017 (€3.600 million) together with the exercise of warrants pursuant to the equity financing facility agreement signed with Kepler-Cheuvreux in March 2017 (€1.500 million) and the impact of the loss recorded in 2017.

In addition to the €466,000 subsidies and the €556,000 conditional advances granted according to the THANAPLAST™ project at the end of the exercise, the Company received a €215,000 redeemable loan from Bpifrance as a Grant for the Development of Innovation (ADI).

- **CASH FLOW:**

Cash flow (in thousand euros)	2016	2017
Cash at start of year	9,011	3,987
Net cash generated by operations	4,636	(2,221)
Net cash from investments	(9,829)	(312)
Net cash from financing operations	169	6,092
Change in cash	(5,024)	3,560
Cash at year-end	3,987	7,547

Benefiting from the payments made by Bpifrance following the completion of the fifth and final key stage of the THANAPLAST™ project and from €5.1 million raised during the exercise, CARBIOS closed out with a solid financial structure and a strong cash position of €7.547 million at year-end 2017 to pursue current developments for the next 12 months.

2017 HIGHLIGHTS:

During the 2017 exercise, CARBIOS made significant scientific progress enabling to initiate the transposition of its PET biorecycling process from the pre-pilot to the pilot scale. The highlights of 2017 were the following:

Research & Development

- In January 2017, CARBIOS announced that its R&D demonstrated the **depolymerization at 100% of household packaging in opaque PET** such as the new milk bottles. Since 2012, CARBIOS carried out extensive research on the development of an enzymatic recycling process for PET. This work successfully demonstrated the depolymerization at 100% of PET based commercial products (bottles, packaging, films...) into their original monomers: PTA (terephthalic acid) and MEG (mono ethylene glycol). This proprietary innovation is an answer to one of the strategic challenges faced by operators of the plastic waste value chain by offering a technological solution to the recycling of all PET products (transparent, multi-layer, opaque, complex). Moreover, it fits a general context where the increase in quantities of opaque PET packaging on the market is causing mayhem in recycling plants. An issue which should encourage the emergence of new solutions, such as developed by CARBIOS, for the treatment of this type of plastic waste, today mostly sent to landfill or incineration.
- In June 2017, CARBIOS took a new step forward with the **production of PET oligomers made from terephthalic acid of its biorecycling process of PET plastic bottles**. The synthesis of PET is carried out in two major steps. The first, considered to be the most critical, consists in the synthesis of PET oligomers from monomers of terephthalic acid and mono ethylene glycol. The second allows the synthesis of PET by polycondensation of the oligomers previously obtained.

By succeeding in this first step, CARBIOS demonstrates that it is now possible to use PET plastic waste instead of fossil resources for the synthesis of PET oligomers.

- In October 2017, CARBIOS moved a step forward by producing virgin PET with terephthalic acid coming from its biorecycling process of post-consumer PET plastic bottles. By succeeding with this milestone, CARBIOS demonstrated that it is now possible to use **PET plastic waste instead of fossil resources to produce virgin PET**.
- In January 2018, CARBIOS announced the successful completion of the fifth and final key stage of the **THANAPLAST™ collaborative research and development project**, as outlined in the consortium agreement between the CNRS (National Center for Scientific Research), Poitiers University, the INRA (National Institute for Agricultural Research), Deinove, Limagrain Céréales Ingrédients and the Barbier Group. This strategic project which started in 2012 for a five-year period came to an end in June 2017. CARBIOS received a €1.021 million grant from Bpifrance for having achieved the targets initially set under the THANAPLAST™ project for the bioprocesses developed at a pre-pilot stage, including biodegradation, bio-recycling and bioproduction of PLA.

CARBOLICE

- During 2017, CARBIOLICE, a subsidiary of CARBIOS held at 61,29%, continued the industrial and commercial development of its range of products (Biolice®) in compliance with the requirements of the French Energy Transition Law. In line with the expectations, the structuration of the teams and the confidence of its commercial partners have enabled the company to restore its operating margins. Through a service research agreement which started on February 15, 2017, CARBIOS also assists CARBIOLICE in the development of new formulations of biosourced and biodegradable pellets to address global markets for a variety of applications including bags, mulch films, industrial films and even mailing films. As of December 31, 2017, the operating income of this contract corresponds to €724,000. The close collaboration which has been set up with CARBIOS has already enabled CARBIOLICE to apply for the necessary authorizations, notably for food contact, of its future range of biodegradable and biosourced enzymated plastics. These developments are in line with the established timetable and the prospect of an upcoming commercial launch of CARBIOS' patented enzymatic biodegradation technology.

Partnerships and industrial developments

- In May 2017, CARBIOS has joined **PETCORE Europe**, the Brussels-based association representing the complete PET value chain in Europe, from brand owners to manufacturers, converters, collectors and recyclers. This membership enables CARBIOS to pursue the promotion of its sustainable PET biorecycling process alongside with key leaders involved in this industry.
- In June 2017, CARBIOS has signed a **contract with TechnipFMC**, world-leading Company in the fields of energy, chemistry and bio-sourced industries. This agreement will enable to transpose CARBIOS' PET biorecycling process from the laboratory to the pilot scale. It will further aim at supporting the development of the project and define the basis of the industrial process. Through this contract, CARBIOS will benefit from TechnipFMC industrial know-how in bioprocess engineering and from the expertise of its German affiliate Technip Zimmer, in PET polymerization technologies.
- In October 2017, **L'ORÉAL and CARBIOS entered into an agreement to jointly set up a five-year consortium** to bring the bio-recycling technology designed and developed by CARBIOS to

market on an industrial scale. The partnership is open to industries from other sectors seeking to develop new plastic bio-recycling solutions. L'ORÉAL and the other manufacturers in the consortium will benefit from the development of this CARBIOS innovation and will be first in line to receive the first commercially available volumes. L'ORÉAL will use this new technology during the design phase for new packaging, thereby promoting the circular economy.

- In December 2017, **CARBIOS joined the Sustainable Packaging Coalition (SPC)**. This international initiative brings together more than 200-member companies, government officials and academics to make packaging more sustainable.

Financing

- In July 2017, CARBIOS announced the **completion of a share placement of €4.2 million** with qualified French and International investors, by capital increase for €3.6 million and by placement of existing shares held by historical shareholders for €0.6 million. The €3.6 million proceeds of the capital increase will be used in particular to initiate the industrial pilot stage of the Company's PET biorecycling process, an innovation enabling to produce virgin PET from plastic waste.
- In November 2017, CARBIOS proceeded to the **free allocation of redeemable stock warrants** ("BSAR") for the benefit of its shareholders, at the rate of one (1) warrant per share held with an exercise price of €10.40, representing a premium of 10.40% compared to the closing price of November 20, 2017. The exercise of all 4,556,469 BSAR warrants issued and allocated (before the elimination of treasury shares) based on the Company's share capital would result in the creation of 433,949 new shares in the Company, representing an increase in share capital (including additional paid-in capital) of €4,513,069.60. In addition to improving the daily liquidity of the stock, this transaction will enable CARBIOS to benefit from the best possible conditions to strengthen its capital and thus support the acceleration of its developments.
- In December 2017, CARBIOS has accounted for nearly **€1.5 million in cumulative payments** from the *equity line financing* set with Kepler-Cheuvreux on March 28, 2017. This financing facility provides additional resources to the Company for the industrialization of its processes and offers increased visibility on its mid-term financing plan.

Board of Directors and Executive Committee

- **Ian HUDSON** and **Jacques BREUIL** have been appointed as new members of the Company's Board of Directors. Graduated from Oxford University, Ian Hudson held during a period of 17 years, several leading positions at DuPont and served as President Europe Middle East & Africa. Jacques Breuil joined the Barbier Group in 1987 where he served as General Secretary. He graduated from CNAM (Conservatoire National des Arts et Métiers) and from Sorbonne University with an *Executive MBA*. Their strong industrial and international experience is a major asset on which CARBIOS can rely to fully comply with the strategic stakes of the industrial deployment of its technologies.

Martin STEPHAN has been appointed Deputy Chief Executive Officer of the Company. He joined CARBIOS in February 2017 as Chief Operating Officer to supervise strategy, development and investor relations. Graduated from HEC in Paris (Ecole des Hautes Etudes Commerciales), Martin spent his entire career in the chemical industry, first in the chemical branch of Elf/Total and then with DuPont at financial positions as well as head of business units in France, Germany, Italy and Switzerland. His arrival in the management team reinforces the

means available to set industrial agreements at the highest level and accelerate the roll-out of CARBIOS technologies.

Reinforcement of Intellectual Property rights

- In 2017, CARBIOS' intellectual property portfolio gained **three new patent applications**. These new demands are covering a production process for biodegradable plastics, biodiversity associated to PLA biodegradation and a new strategic innovation project.

At year-end 2017, CARBIOS' portfolio included **25 patents families** (including two with world-exclusive licences), representing 87 granted patents and pending applications covering the three development areas of the Company (biodegradation, biorecycling, and bioproduction) as well as areas linked to biodiversity and innovation. CARBIOS is now able to ensure its current and future industrial partners a strategic and competitive advantage on expansive markets.

Awards

- In March 2017, CARBIOS received the Cleantech Award of the **best partnership “Innovative SME/ Large Group”** from the AFIC (French Association of Capital Investors) and EY. This distinction rewards the creation in 2016 of the joint-venture CARBIOLICE, with Limagrain Céréales Ingrédients and the SPI “Industrial Projects Companies” fund operated by Bpifrance.
- In November 2017, CARBIOS received **EuropaBio's 2017 Most Innovative European Biotech SME Award** in the Industrial Biotech category. This competition organized by the European Association of Bioindustries representing more than 1800 biotech SME's, highlights innovative biotech SME's in Europe and the crucial role they play in answering some of society's greatest challenges through biotechnology.

About CARBIOS:

CARBIOS is a green chemistry company whose innovations provide solutions to the environmental and sustainable development issues that manufacturers currently face. Since its founding in 2011, the company has developed two industrial-scale biological processes for the biological breakdown and recycling of polymers. These unique innovations help optimise the performance and life cycle of plastics and textiles by capitalizing on the properties of specially selected enzymes. CARBIOS's economic growth model is based on the industrial roll-out and sale of its products, enzymes, technologies and biological processes through direct licence agreements or joint ventures, to major players in the fields to whom they would most benefit. To that end, CARBIOS founded the joint venture CARBIOLICE in 2016, in partnership with Limagrain Céréales Ingrédients and the fund SPI, run by Bpifrance. This company, in which CARBIOS holds a controlling share, will market the first technology licensed by CARBIOS by producing enzyme pellets used in the production of biodegradable and bio-sourced plastics. Since its founding, CARBIOS has been backed by Truffle Capital, a European investment capital player. CARBIOS qualifies as an “Innovative Company” according to Bpifrance, which makes the company's shares eligible for inclusion in innovation-focused mutual funds (FCPIs). For more information, please visit: www.carbios.fr

CARBIOS is also eligible for inclusion in SME share savings accounts (PEA-PMES).

For information regarding the risk analysis to which CARBIOS is subject, please refer to the "Main risk factors" section of the 2017 Half-Year Report, available on the Company's website (www.carbios.fr).



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