



– Press Release –

First-half 2015 Operating and Financial Results

- New milestone reached for the biodegradation of PLA
 - Establishment of a pre-industrial laboratory
 - Solid cash position of €9.6 million

Clermont-Ferrand, France, September 30th, 2015 – CARBIOS (NYSE Alternext Paris: ALCRB), an innovative green chemistry company specializing in breakthrough technologies dedicated to the recovery of plastic waste and the production of bio-polymers, today announced its operating and financial results for the first-half of 2015. The financial statements at June 30th, 2015 were approved by the company’s board of advisors at their meeting of September 29th, 2015.

Jean-Claude Lumaret, CEO of Carbios, said: “We set a firm objective for CARBIOS, to be reached in 2017 to implement our bioprocesses at the industrial level. In keeping with this objective, CARBIOS made a number of structurally significant investments and acquisitions during the first half of this year. We invested in a sustainable manner for the deployment of our fermentation and enzymology development and plastic production platforms in order to accelerate the industrial scale-up of our bioprocesses. We also strengthened our development in PLA by fully de-polymerizing that particular polymer with our proprietary enzyme-based bioprocess, thus marking decisive progress toward the production of materials that will meet expanding regulatory and societal biodegradation requirements.” Mr. Lumaret continued, “The coming months will be decisive for the optimal execution of our strategic roadmap. We are confident in our ability to deliver results within the established development timeframe for our bioprocesses, and to maintain our objective of generating revenue in accordance with our business model, as communicated publicly at our IPO. We are equally confident in our ability to drive progress in our scientific agenda so as to generate economic value as a green chemistry company.”

Highlights of the first half of 2015

During the first half of 2015, CARBIOS made significant progress on its scientific agenda and strengthened its operating structure. The highlights of the first half of 2015 were the following:

- CARBIOS strengthened its Board of Directors with the arrival of Jean Falgoux, the former President of Ajinomoto Eurolysine, and also the former Vice President of Ajinomoto Europe. Mr. Falgoux’s robust experience in issues of governance and his profound expertise in the industrial domain, particularly in the area of fermentation, should be of great benefit to CARBIOS.

- Professor Alain Marty was named to the post of Chief Science Officer. Dr. Marty is an internationally renowned expert in the area of enzymatic processes. His appointment significantly strengthens CARBIOS' management structure. His primary objective is to direct and coordinate CARBIOS' internal scientific teams, and the scientific teams of CARBIOS' partners in the Thanaplast™ collaborative project. In this role, he will also promote further multi-institution scientific collaborations and emphasize CARBIOS' leadership in innovative and concrete solutions for the end-of-life of plastics.
- During the first half of 2015, CARBIOS pursued the implementation of its pre-industrial development platform, located at its headquarters in Auvergne, France. The development platform for biological processes became operational during 2014, while the platform for the development of plastic production, in the form of a pilot plant, began operating in July 2015. These installations enable the company to confirm the results of the earlier research phases, and to manage the pre-pilot scale development of the bioprocesses in order to demonstrate their industrial application.
- The first half of 2015 saw the ongoing activities of the THANAPLAST™ collaborative research and development project, as outlined in the consortium agreement between the CNRS (French National Center for Scientific Research), the INRA (National Institute for Agricultural Research), Limagrain, one of the largest seed producers in the world, and Barbier, one of the largest plastic producers in Europe. This strategic project will end in 2017.
- In May 2015, CARBIOS announced the signing of a strategic partnership with Toulouse White Biotechnology Center of Excellence (TWB, a branch of the INRA) which is a joint public and private sector pre-industrial demonstrator, and which is designated by the Carnot 3BCAR Institute, a technology transfer organization in the area of renewable carbon and green chemistry. This partnership, with a value of roughly €600,000, is within the scope of the THANAPLAST™ project. The work will be carried out in close collaboration with the CRITT Bio-Industries (Regional Center for Innovation and Technology Transfer) which is part of the INSA (National Institute of Applied Sciences) as part of a competitive research contract. The research teams from CARBIOS and the CRITT/TWB will work jointly at the CRITT's Toulouse campus for the optimization of the enzymatic processes. This collaboration will enable the production (at a pilot scale) and purification of the enzymes, and will also insure the purification of the monomers generated via de-polymerization (bio-recycling process) so that they may be used in the regeneration of the initial polymer. The results obtained to date as well as the cross-sharing of the teams' respective expertise will enable CARBIOS to accelerate the pre-industrial development of its bioprocesses. At the end of this pilot phase, CARBIOS will be in a position to confirm the effectiveness of its bioprocesses at an industrial demonstration scale.
- In June 2015, CARBIOS produced at a pre-pilot stage a second biodegradable plastic material, made from polylactic acid (PLA), rendered biodegradable by the action of the enzyme embedded in the material. This new material was produced one year after the production of a first material in polycaprolactone (PCL). The specific enzyme used for the biodegradation of PLA, which is proprietary to CARBIOS, is a result of the biodiversity screening carried out within the scope of the THANAPLAST™ project. This enzyme, which is now a cornerstone of CARBIOS' bioprocesses applied to PLA for biodegradation and bio-recycling, is currently

produced in reactors with a capacity of 300 liters, within the scope of the CRITT/CARBIOS collaborative agreement. These first productions have allowed CARBIOS and its teams to confirm the principles to be applied in future industrial processes for the production of this enzyme. Additionally, these first batches have allowed for the production of a biodegradable compound made from PLA, and obtained by including the enzymes during extrusion. By rendering this second polymer – PLA – biodegradable, CARBIOS confirms the performance of its technology and expands the applicative areas of PLA. (See the main risk factors in the half-year report)

Profit and Loss Statement – First-half 2015

(in €'000s)	30 June 2014 (6 months)	30 June 2015 (6 months)
Revenue	299	452
Operating expenses	1,929	2,392
<i>Of which research & development expenses</i>	<i>1,310</i>	<i>1,555</i>
<i>Of which administrative and general expenses</i>	<i>619</i>	<i>837</i>
Operating income/loss	-1,630	-1,941
Net financial expense/income	25	37
Pre-tax profit	-1,605	-1,904
Extraordinary income/expense	6	-21
Income tax (Research Tax Credit)	-582	-619
Net Profit/Loss	-1,016	-1,307

At June 30th 2015, year-to-date revenue was €452,000 compared to €299,000 for the same period in 2014. This revenue is generated primarily by grants awarded by Bpifrance (a French government development bank) after the accomplishment of each key milestone of the THANAPLAST™ collaborative project. In keeping with its timeframe, CARBIOS finalized the third key stage of the project and thus confirmed the success and potential of the bioprocesses developed by the company.

During the first half of 2015, CARBIOS' expended €2.392 million for operating activities, of which 65% are attributable to the company's research and development. The €1.555 million spent on research and development during the period (versus €1.31 million spent during the first half of 2014) were used for the advancement of the THANAPLAST™ project, in line with the timeframe determined with Bpifrance within the scope of the OSEO-ISI project, and in keeping with the development platforms implemented in-house by CARBIOS since mid-2014.

After accounting for the tax revenue of €619,000 tied to the Research Tax Credit, the net loss for the first half of 2015 was -€1.307 million, compared to -€1.016 million during the first half of 2014.

The company had a headcount of 14 employees at June 30th, 2015, of which more than half are research staff members.

Use of cash was €1.5 million during the first half of 2015

CARBIOS had a solid cash position of €9.6 million at June 30th, 2015, compared to €11.1 million at year-end 2014. The net use of cash during the six-month period was €1.5 million (compared to €2.0 million during the first half of 2014), equivalent to roughly €250,000 per month. During the first half of 2015, cash was used primarily for the acquisition of equipment and installations related to the plastic production pilot plant, which represents roughly €500,000 of the total.

All information concerning the risks to which Carbios is exposed is available in the “Principal Risk Factors” section of the Half-Year 2015 Report, available on the company’s website (www.carbios.fr) under the “Investors” tab.

About Carbios

Carbios is a young, innovative green chemistry company, whose mission is to find biological solutions to the environmental and sustainable development issues faced by industrial businesses today. Carbios acquired the rights to research that was conducted over a number of years by various public and private sector laboratories. By leveraging the unique properties of biological catalysts (enzymes), it has used this research as the foundation for developing innovative industrial bioprocesses that optimize the technical, economic and environmental performance of polymers (thermoplastic materials and synthetic or food-based fibers). The company has focused its efforts on a strategic application sector: plastics. Carbios’ growth strategy is based on a clear business model of industrial value creation that targets attractive markets, develops innovative and competitive bioprocesses and licenses them to major industrial stakeholders for commercialization. Carbios benefits from the financial support of the leading European venture capital firm Truffle Capital. Carbios was founded in 2011 and has been managed, since its inception, by the *Holder Incubatrice Chimie Verte* fund. Carbios was granted the label “Young Innovative Company” by Bpifrance (former OSEO) and is eligible for investments by private equity mutual funds (FCPIs).

For more information, please visit: www.carbios.fr

Date of the next press release: annual review of the liquidity contract, January 7th, 2016 post-market close

CARBIOS is eligible for the PEA-PME regime



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