



– Press Release –

First-half 2016 Operating and Financial Results

- Creation of the joint venture CARBIOLICE with Limagrain Céréales Ingrédients and Bpifrance
 - Grant of key patents in Europe and the US
- Appointment of Jean Falgoux as Chairman of the Board of Directors
- Solid cash position of €7.2 million covering the R&D program needs for 2017 in accordance with the initial objectives

Clermont-Ferrand, France, September 30, 2016 – CARBIOS (NYSE Alternext Paris: ALCRB), an innovative green chemistry company specialized in enzymatic bioprocesses applied to plastic and textile polymers, today announces its operating and financial results for the first half of 2016. The financial statements at June 30th, 2016 were approved by the company's Board of Directors at their meeting of September 27th, 2016.

Jean-Claude Lumaret, CEO of CARBIOS, said: *"CARBIOS has achieved a major step with the creation of CARBIOLICE. This joint venture, created with Limagrain Céréales Ingrédients and Bpifrance, enables us to prepare the conditions of a sustainable growth that will drive value creation for our shareholders. We are very proud of this operation and I would like to thank all our staff for their work and their commitment in the execution of our road map. This first semester demonstrated CARBIOS' ability to harness the potential of its innovations, as we continued to strengthen our research and development efforts on the basis of a rigorous and disciplined management of expenses."*

Highlights of the first half of 2016

During the first half of 2016, CARBIOS strengthened its operating structure and made significant scientific progress enabling to initiate the industrialization of its first technologies. The highlights of the first half of 2016 were the following:

- In June 2016, CARBIOS, Limagrain Céréales Ingrédients and the SPI "Industrial Projects Company" investment fund run by Bpifrance (a French government development bank) cooperated to create the joint venture CARBIOLICE. This company will operate CARBIOS' patented enzymatic biodegradation technology by producing enzymated pellets to be used for the production of a new generation of bio-sourced and biodegradable plastics. CARBIOLICE will target the markets of flexible films (mulch films, bags and sacks, industrial films...) and rigid plastics (in the field of agriculture and for disposable tableware). These biodegradable plastics

will meet the increasingly stringent requirements defined by France's Energy Transition and Green Growth Law.

The contributions from industrial assets and licences result in a project total of €29.5 million, with the cash component to be released in three phases over four years. The SPI fund will invest €11 million over this period to ultimately reach a 37% shareholding in CARBIOLICE. These investments will help ensure activity growth by progressively acquiring additional industrial capacity. They will also help to support the industrial and commercial development of the new plastic materials derived from CARBIOS technology.

CARBIOLICE will, in the long term, create 50 direct jobs and support one of the first green chemistry technologies currently under development and deployed on an industrial scale in France.

- In May 2016, CARBIOS announced that it has been granted two key US patents and has exercised the worldwide licensing options on these patent families in view of the forthcoming industrialization of its biodegradation process. The first of these licences concerns the proprietary process of enzyme inclusion in plastics for which patents have been granted in France and in the USA. The second covers a PLA degrading strain for which requests have also been granted in France, Europe, the USA, Mexico, China and Japan. With these licences, CARBIOS secures its proprietary technologies for the production of a new generation of biodegradable plastics with a controlled lifespan.

These exclusive licences, acquired by CARBIOS in 2012 from the CNRS (French National Center for Scientific Research), the University of Poitiers and VALAGRO Carbone Renouvelable ahead of the THANAPLAST™ collaborative research and development project, provide CARBIOS with the ability to grant sub-licences to industrials on its biodegradation process.

- Jean Falgoux, member of the Board since June 2015, succeeds Alain Chevallier as Chairman of the Board of Directors. Jean Falgoux is the former President of Ajinomoto Eurolysine and former Vice President of Ajinomoto Europe. His great experience in the industry and his strategic vision are strengths that will support the industrialization of CARBIOS' processes. Alain Chevallier will continue to bring all his contribution to carry CARBIOS' projects forward as a member of the Board of Directors.
- The first half of 2016 saw the ongoing activities of the THANAPLAST™ collaborative research and development project, as outlined in the consortium agreement between the CNRS/Université de Poitiers, the INRA (National Institute for Agricultural Research)/TWB (Toulouse White Biotechnology), Deinove, Limagrain, one of the largest seed producers in the world, and the group Barbier, one of the largest plastic producers in Europe. This strategic project will end in June 2017.

Profit and Loss Statement – First-half 2016

(in thousand euros)	June 30, 2015 (6 months)	June 30, 2016 (6 months)
Revenue	452	556
Operating expenses	2,392	2,987
<i>Of which research & development expenses</i>	1,555	2,047
<i>Of which administrative and general expenses</i>	837	940
Operating income/loss	(1,941)	(2,431)
Net financial income/expenses	37	41
Pre-tax profit	(1,904)	(2,390)
Extraordinary income/expense	(21)	(6)
Income tax (Research Tax Credit)	(619)	(860)
Net Profit/Loss	(1,307)	(1,536)

At June 30th, 2016, year-to-date operating income stood at €556,000 versus €452,000 for the first half of 2015. Most of this income comes from public subsidies awarded by Bpifrance after the accomplishment of each key milestone of the THANAPLAST™ collaborative project. In keeping with its timeframe, CARBIOS finalized the fourth key stage of the project and thus confirmed the success and potential of the bioprocesses developed by the company.

During the first half of 2016, CARBIOS' operating expenses stood at €2.987 million, of which 69% were dedicated to R&D. The €2.047 million spent on R&D during the period (versus €1.555 million for the first half of 2015) were used for the THANAPLAST™ project's progress. External R&D expenses increased by 24% compared to 2015, mainly due to ongoing partnership agreements and intensified outsourced analytic support. In addition, the payroll increased (21%) following the recruitment of 5 employees since June 2015.

As a result, the net loss for the first half of 2016 settles at €1.536 million, (versus €1.307 million for the first half of 2015) after taking into account the research tax credit of €860,000.

Use of cash was €1.8 million during the first half of 2016

CARBIOS shows a solid cash position of €7.2 million at June 30th, 2016, compared to €9 million at year-end 2015. The net use of cash during the six-month period was €1.8 million (compared to €1.5 million during the first half of 2015), equivalent to roughly €300,000 per month. This cash position at June 30th, 2016 should enable Carbios to cover its R&D program needs for the year 2017.

All information concerning the risks to which CARBIOS is exposed is available in the "Principal Risk Factors" section of the Half-Year 2016 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 *Holding 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

CARBIOS is eligible for the PEA-PME regime



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