



2020 INTERIM FINANCIAL REPORT

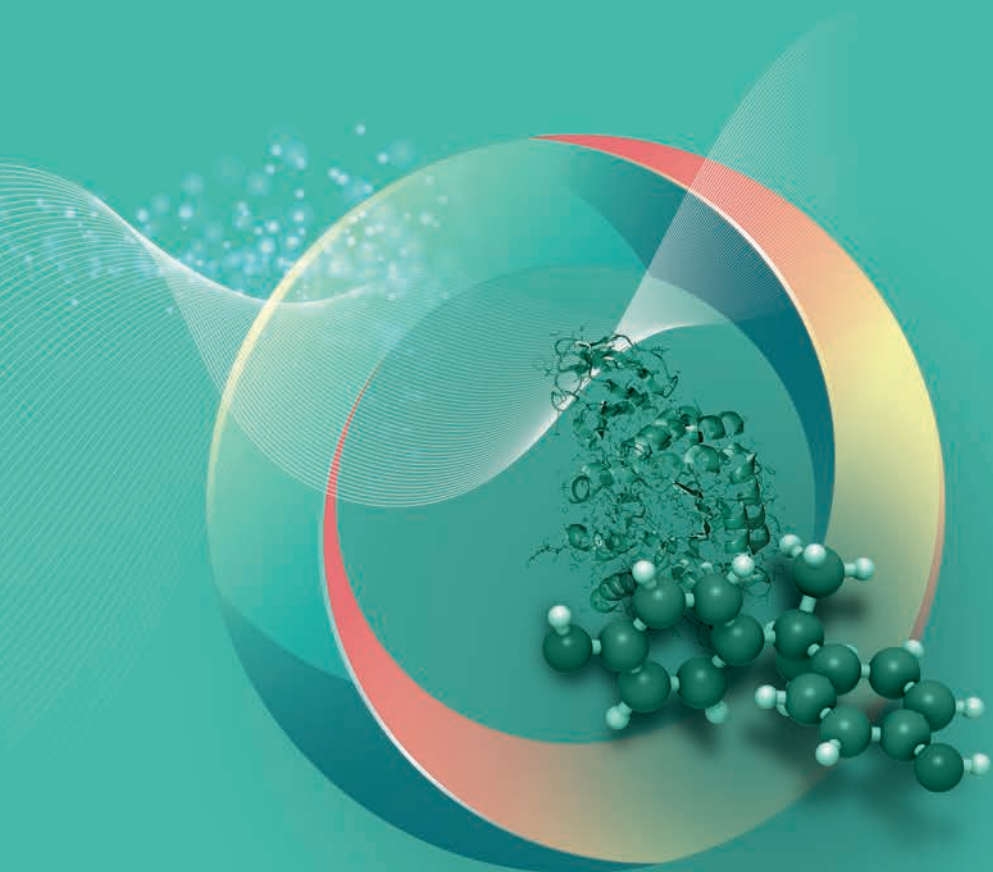


CARBÍOS
Reinvent Polymers Lifecycle



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1. MANAGEMENT AND GOVERNING BODIES



BOARD OF DIRECTORS

Chairman: Ian Hudson

Directors: Jean-Claude Lumaret
Truffle Capital, represented by Philippe Pouletty
Jean Falgoux
Jacqueline Lecourtier
Pascal Juéry
Jacques Breuil
Godefroy Motte
Alain Chevallier

**Non-voting
directors¹:** Matthieu van der Elst

EXECUTIVE MANAGEMENT

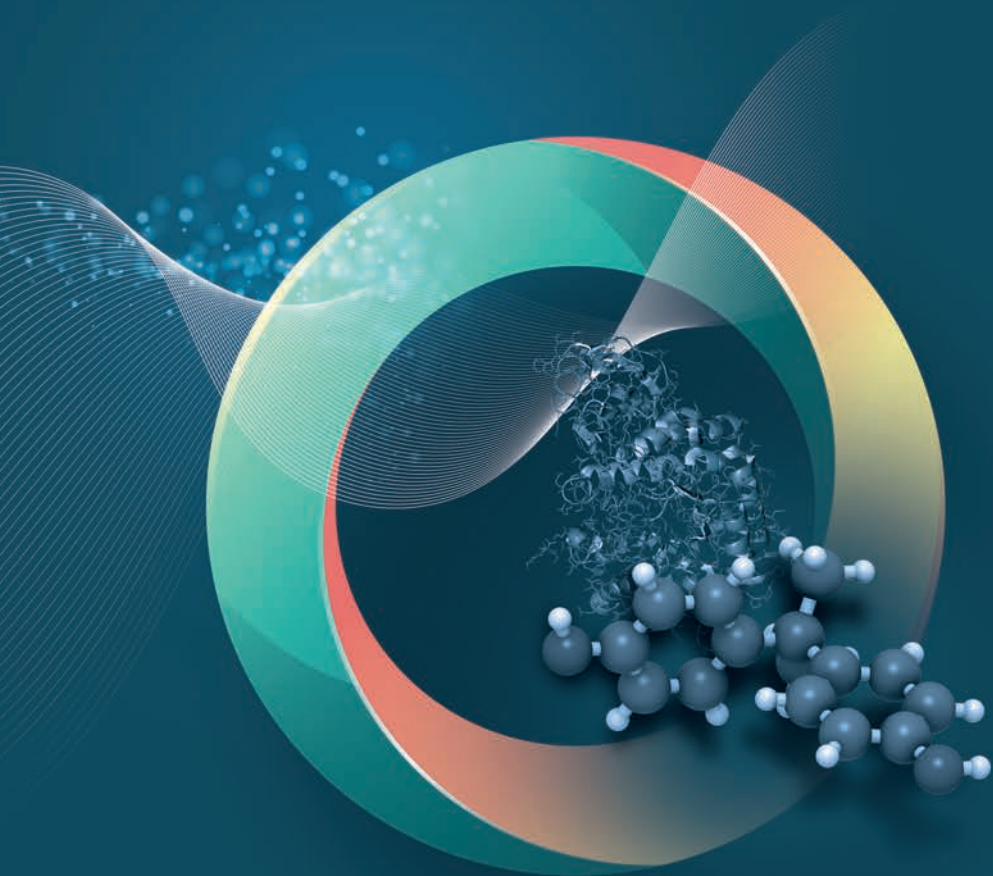
Chief Executive Officer: Jean-Claude Lumaret

Deputy Chief Executive Officer: Martin Stephan

Chief Financial Officer: Kader Hidra

Chief Scientific Officer: Alain Marty

¹ In addition to the appointment of Matthieu van der Elst as non-voting director, at its meeting of July 21, 2020, the Board of Directors approved the principle of appointing a representative of BOLD as non-voting director at the next Shareholders' Meeting, and the invitation of that person to all meetings of the Board of Directors until his or her appointment as non-voting director.



2. INTERIM MANAGEMENT REPORT

MARKET CONTEXT AND OPPORTUNITIES

AN ENVIRONMENTAL CHALLENGE: CONTROLLING THE END-OF-LIFE OF PLASTICS

Global production of polymers (resins and fibers) reached 359 million metric tons² in 2018 and demand continues to grow. Plastics are present in most of the objects in our daily lives, and the way in which we use these materials has major environmental impacts and poses a growing threat to our ecosystems.

Over 125 million metric tons³ of plastic waste are generated each year, including some 9 million metric tons that ultimately end up in the natural environment⁴, particularly in our seas and oceans. In light of the environmental consequences of the difficulty that companies have with controlling the end-of-life of plastic materials through conventional processes, turning plastic and textile waste into resources is essential and is currently one of the major focuses of the circular economy.

To meet these objectives, the world's leading agri-food and distribution companies, including PepsiCo, Nestlé, Dannon, Unilever, Walmart and others, have publicly committed to using more recycled plastics in their packaging by 2025 or 2030. These strong commitments from manufacturers, supported by consumer demand, NGOs and a changing regulatory environment, represent an unprecedented opportunity for the deployment of a true circular economy model.

Given the inherent limitations of conventional thermomechanical recycling processes, it will only be possible to achieve these targets by developing new solutions that respect the environment and preserve the quality of the recycled raw materials in order to enable their use in all initial applications.

Through its innovative approach, CARBIOS provides a technological solution, making it possible for the first time to consider plastic and textile waste as the renewable raw material of the chemistry of the future.

THE WORLD HAS DECLARED ITS INTENTIONS IN TERMS OF RECYCLING

In numerous countries, the implementation of new regulatory provisions is intensifying. Europe has led the way with commitments on sustainable development as part of the adoption of the European Commission's "Circular Economy" legislative package establishing common objectives for waste management among

Member states. In 2019, the European Commission's "Single Use Plastics"⁵ Directive reinforced this legislative package with the aim of reducing the environmental impact of single use plastics, notably by increasing the collection rates to be achieved and by imposing the incorporation of recycled materials in PET bottles within the European Union.

Since January 1, 2018, China has also banned the importation of certain plastic waste from third countries⁶. This ban, which has reduced global exports of plastic waste, is forcing waste-exporting countries to implement alternative solutions for the treatment of previously exported waste. In addition to these import restrictions, in its 13th five-year plan, China plans to initiate a transition towards a circular economy model for the collection and recycling of plastic waste.

This approach is significant given that the Chinese market represents 23% of the global consumption of PET.

The USA, unlike Europe and China, has not yet implemented legislative measures to improve the collection and recycling of plastic waste. Currently, numerous US states aim simply to find a way to eliminate the waste that was previously partly exported to China. This situation is expected to continue since the remaining countries that still accept plastic waste from abroad are in the process of closing their doors, including Vietnam⁷ and Thailand⁸ which have announced forthcoming measures in this vein. American drink manufacturers (such as PepsiCo⁹) have also made ambitious commitments that can only be achieved by improving collection and recycling, particularly of PET plastic waste¹⁰. Accordingly, the plastics industry is already putting pressure on the federal authorities so that \$500 million in public financing is allocated to modernizing recycling infrastructures¹¹ over the next five years.

This global trend marks an intensification in the fight against environmental pollution with the aim of initiating a transition to more sustainable solutions with neutral environmental impact. In addition, they represent powerful backing for innovation in the fields of recycling and biodegradation, the core of the bioprocesses developed by CARBIOS.

² Source: PlasticsEurope Market Research Group in 2019.

³ Source: PlasticsEurope in 2015, Environmental Protection Agency in 2013, Plastic Waste Management Institute Japan in 2012, Central Pollution Control Board in 2013, Mc Kinsey & Ocean Conservancy in 2015, Expedition 7th Continent association in 2015, Jenna Jambeck in 2015 and Ademe in 2012.

⁴ Source: Expedition 7th Continent association in 2015, Jenna Jambeck in 2015 and Ademe in 2012.

⁵ Source: <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32018L0852&from=FRA>.

⁶ Source: China Daily, July 21, 2017 issue - http://www.chinadaily.com.cn/cndy/2017-07/21/content_30197305.htm.

⁷ Source: <https://resource-recycling.com/recycling/2019/04/02/officials-say-vietnam-to-end-plastic-imports-in-2025/>.

⁸ Source: <https://thethaiger.com/hot-news/plastics/thailand-to-ban-import-of-plastic-waste>.

⁹ Source: <https://www.pepsico.com/news/press-release/pepsico-accelerates-plastic-waste-reduction-efforts09132019>.

¹⁰ Source: <https://www.plasticsnews.com/news/napcor-us-lacks-recycled-pet-meet-consumer-brands-pledges>.

¹¹ Source: <https://www.plasticsnews.com/article/20190307/NEWS/190305416/industry-coalition-eyes-500m-federal-push-for-domestic-recycling>.



CARBIOS OVERVIEW

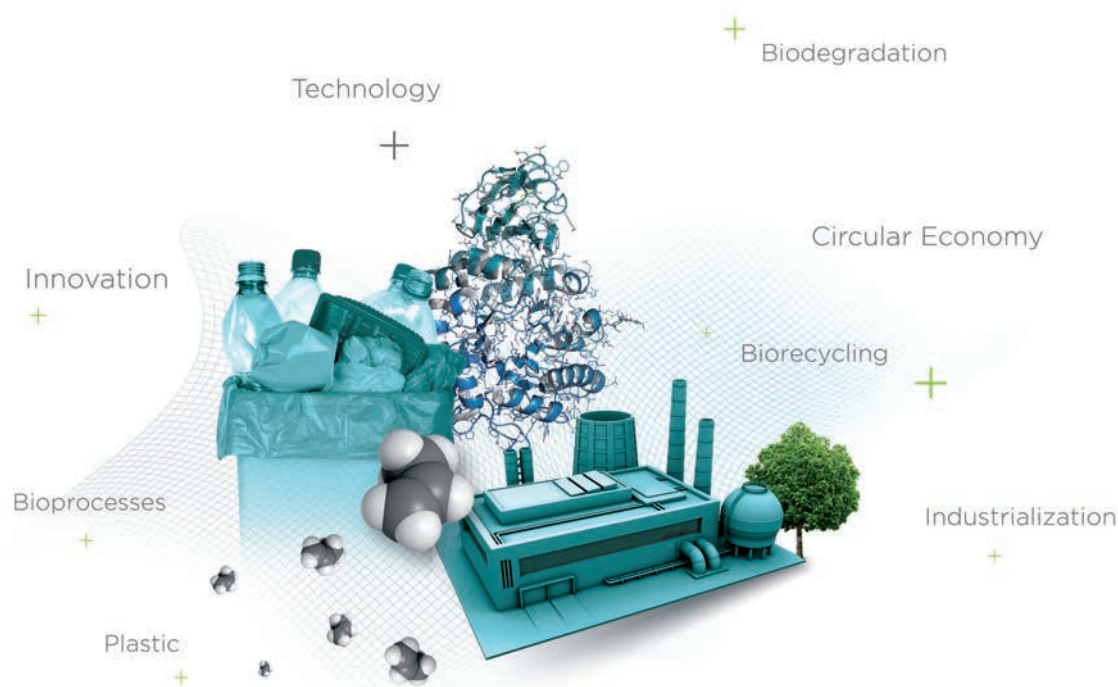
ENZYMES: REVOLUTIONIZING THE WORLD OF THERMOPLASTICS

CARBIOS designs and develops industrial bioprocesses to improve the environmental and economic performance of the lifecycle of polymers.

These innovative technologies rely on the use of enzymes produced by natural micro-organisms selected for their ability to degrade the polymers that make up plastic and textile materials. The exceptional properties of the enzymes used in CARBIOS processes open new ecological and competitive paths for virtuous lifecycle management of plastic and textile materials in several areas, namely:

ENZYMATIC RECYCLING: A biological process for recycling plastic and textile waste by returning it to its original monomers. The monomers obtained are identical to the virgin monomers and are repolymerized to produce new plastics of the same quality; and

BIODEGRADATION: Inclusion of enzymes in a plastic material, of fossil origin or bio-sourced, to make it biodegradable. This is the creation of a new generation of biodegradable plastics for which the lifespan is adapted to their use.



THE ADVANTAGE OF BIOPROCESSES DEVELOPED BY CARBIOS

When applied to industrial processes, enzymes make it possible to achieve extremely complex reactions that are hardly possible with classical chemistry. Using the potential of enzymes allows manufacturers to accelerate production processes under conditions that are less demanding and costly than chemical processes in terms of energy and to use a level of selectivity that limits undesirable byproducts. Enzymes are currently used in numerous applications (detergents, biofuels, food processing, textiles, paper), but using them for the recycling and biodegradation of polymers that make up plastic materials (resins and fibers) had never been considered. In opening this new industrial path, CARBIOS benefits from the maturity attained in many other sectors to drive its developments and ensure the industrialization of its bioprocesses.

The introduction by CARBIOS of enzymes in the value chains of the plastics industry, and in particular for the recovery of end-of-life plastics, is a world first recently hailed by the publication of an article in the prestigious journal *Nature*¹². Today, the industrial potential and the relevance of the technological solutions developed by CARBIOS are confirmed by many world-renowned partners, such as Novozymes, L'Oréal, PepsiCo, Nestlé Waters and Suntory Beverage & Food Europe.

Enzymes are the new high-performance catalysts for the chemical industry

Bioassimilation of the products of degradation by microorganisms present in nature



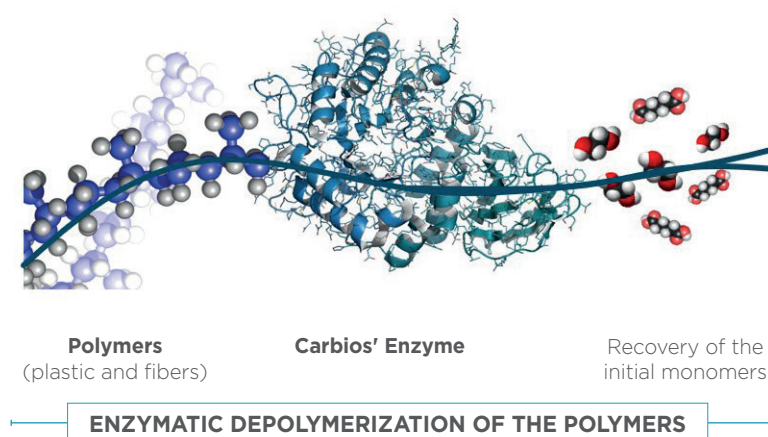
BIODEGRADATION

POTENTIAL RECOVERIES



ENZYMATIC RECYCLING

Repolymerization of monomers into polymers



STRATEGY AND BUSINESS MODEL

The introduction of enzymes in the value chain of the plastics industry is a world first by CARBIOS, whose technological advances in this field have brought about know-how found nowhere else in the world. In light of the results already achieved through its work, CARBIOS intends today to become a world leader in the plastic and recycling markets by providing reliable and innovative solutions while meeting the challenges of our time and creating long-term value for its shareholders.

CARBIO'S economic development model is based on the industrialization and sale of its products and/or enzymes, technologies and bioprocesses through the granting of operating licenses for its know-how and its intellectual property, directly or via joint-ventures, to major manufacturing companies in the sectors impacted by the Company's innovations. The licenses granted will generate revenues in the form of upfront payments, license fees or dividends.

¹² Please refer to the press release of April 8, 2020: <https://carbiosa.fr/en/carbios-announces-the-publication-of-an-article-on-its-enzymatic-recycling-technology-in-the-prestigious-scientific-journal-nature/>.



HIGHLIGHTS OF THE FIRST HALF OF 2020 AND EVENTS AFTER THE REPORTING PERIOD

CHANGE IN STRUCTURE

Change in the Board of Directors

At the Combined Shareholders' Meeting of June 18, 2020, Matthieu van der Elst was appointed non-voting director of the Company for a term of one year expiring at the end of the Annual Ordinary Shareholders' Meeting to be held in 2021, called to approve the financial statements for the fiscal year ending December 31, 2020.

Changes in the organization of the Company

On June 17, 2020, Martin Stephan was appointed Deputy Chief Executive Officer of the Company, effective July 1, 2020.

On September 1, 2020, Kader Hidra joined the Company as Chief Financial Officer and member of the Executive Committee¹³.

As of June 30, 2020, CARBIOS had 30 employees, divided mainly into three divisions, under the responsibility of the members of the Company's Executive Committee:

- The Intellectual Property and Legal and Administrative Affairs Department, under the direction of the Chief Executive Officer;
- The Business and Finance Department, under the direction of the Deputy Chief Executive Officer; and
- The Scientific Department, under the direction of the Chief Scientific Officer.

In addition, to date, more than 10 researchers are working at academic partners to support the industrial deployment of CARBIOS technologies.

CARBIOLICE, a subsidiary of CARBIOS, has also expanded its headcount since its creation in September 2016, from six to around 30 employees as of June 30, 2020.

STATUS OF PROJECTS

The first half of 2020 was marked by several strategic advances and international recognition of the work carried out by CARBIOS, which was hailed in April 2020 by the publication of an article in the prestigious scientific journal *Nature*, entitled ***"An engineered PET-depolymerase to break down and recycle plastic bottles"***.

Against the backdrop of the global health crisis linked to the Covid-19 pandemic, the Company managed to conduct its operational activities in accordance with the initial operating plan, while ensuring the protection of its employees. In January 2020, CARBIOS announced a strategic alliance with the Institut National des Sciences Appliquées (INSA) of Toulouse through its Toulouse Biotechnology Institute (TBI) laboratory and the creation of a cooperative laboratory named ***"PoPLab"*** (Plastic Polymers and Biotechnology). A new joint development agreement with Novozymes, the world leader in enzyme production, was also signed in January 2020 for the production of PET degradation enzymes. In March, CARBIOS announced the signing of the European Plastics Pact, a public-private initiative for the circular economy of plastics. In April, the Company and TechnipFMC confirmed the extension of their partnership for the construction of its PET recycling industrial demonstration plant.

These advances, coupled with (i) the June 2020 start-up of the construction of an industrial demonstration plant dedicated to the enzymatic recycling of PET plastics and fibers and (ii) in July 2020, the highly successful €27 million capital increase with qualified investors, reinforce the value of the Company's assets and will enable the future industrial and commercial deployment of the biodegradation and recycling technologies designed and developed by CARBIOS.

¹³ Please refer to the press release of September 7, 2020: <https://carbios.fr/en/carbios-appoints-kader-hidra-as-chief-financial-officer/>.

Summary of the stage of development of CARBIO's technologies

Summary table of CARBIO processes, their applications and their stage of development

Processes	Enzymatic recycling		Biodegradation
Polymers	PET (plastics)	PET (textiles)	PLA
Applications	Packaging (bottles, trays, films)	Clothing, linens and furnishings (duvets, pillows, etc.)	Packaging, agricultural films, bags, industrial films, disposable tableware
Development stage	Pilot	Pilot	Industrial
Estimated date of first income for the industrial operation of processes developed by Carbios	Made in 2019		Made in 2016
Estimated date of marketing Carbios processes to final customers	2021 ⁽¹⁾		2020
Industrial development partners	L'Oréal, Nestlé Waters, PepsiCo, Suntory Beverage & Food Europe, Novozymes and TechnipFMC	Novozymes and TechnipFMC	Carbiolice, Novozymes and the Group Barbier

⁽¹⁾ The first volumes will be produced in 2021 at an industrial demonstration plant, before large-scale marketing via the concession of a first license in 2023, allowing the start of construction of a first industrial unit.

Processes related to polymers other than those mentioned above (such as polyamides, polyolefins, or other polyesters, etc.) may be developed as part of the Company's ongoing Research and Development work.



Main results obtained during the first half of 2020 and post-closing:

PUBLICATION IN THE SCIENTIFIC JOURNAL “NATURE”:

In April 2020¹⁴, CARBIOS announced the **publication of an article in the prestigious scientific journal “Nature” entitled “An engineered PET-depolymerase to break down and recycle plastic bottles”**. This article was co-signed by scientists from CARBIOS and the Toulouse Biotechnology Institute (TBI). The article describes the development of a novel enzyme which can biologically depolymerize all polyethylene terephthalate (PET) plastic waste followed by recycling into new bottles. After several years of research, CARBIOS and TBI have succeeded in improving the depolymerization performance of PET waste: the enzyme depolymerizes 90% of post-

consumption PET in only 10 hours. By combining engineering and molecular design, the thermostability and activity of the PET-depolymerase have been improved to allow it to very effectively conduct the depolymerization of PET into terephthalic acid and mono-ethylene glycol, achieving a productivity of 16.7 g/L/h of terephthalic acid from a suspension of 200 g/kg of PET waste.



This publication can be read on the Nature website: <https://www.nature.com/articles/s41586-020-2149-4>



¹⁴ Please refer to the press release of April 8, 2020: <https://carbiosa.fr/en/carbios-announces-the-publication-of-an-article-on-its-enzymatic-recycling-technology-in-the-prestigious-scientific-journal-nature/>.

COLLABORATIONS AND PARTNERSHIPS:

On January 17, 2020¹⁵, the Company announced a new strategic alliance with INSA Toulouse through its TBI laboratory to set-up an internationally recognized enzymatic engineering research center working on plastic recycling and biosynthesis. This laboratory, named “PoPLaB” (Plastic Polymers and Biotechnologies) was inaugurated in Toulouse on January 28, 2020.

The Company also has its own research laboratory at its Saint-Beauzire site and a technical center in Riom, France dedicated to piloting its PET enzymatic recycling technology.

On January 30, 2020¹⁶, CARBIOS announced the signing of an exclusive co-development agreement with Novozymes, the world leader in enzyme production. This collaboration guarantees the production of CARBIOS’ proprietary enzyme for PET degradation during the demonstration and industrial deployment phases. For the Company, this agreement represents a key stage in demonstrating the environmental benefit of its technology and guaranteeing a sustainable infinite recycling solution for PET-based products, such as drinks bottles, containers, plastic packaging and textiles, for its future customers. It also reinforces the credibility of the business model envisaged by the Company for the large-scale roll-out of its proprietary PET plastic and fiber recycling technology.

PET RECYCLING: Construction of an industrial demonstration plant

In June 2020¹⁷, the Company announced the start of construction of its industrial demonstration plant for the enzymatic recycling of PET plastic waste. CARBIOS is supported and advised by TechnipFMC for the engineering and construction oversight of this demonstration plant. Its commissioning is scheduled for the second quarter of 2021, and will enable the complete engineering documentation to be drawn up for the process (from waste to monomers) for the construction and implementation, by a licensee, of the first industrial unit (estimated capacity between 50 and 100 kt per year).

CARBIO LICE:

On June 24, 2020¹⁸, CARBIOLICE and the Barbier Group, the French leader in the manufacture of films for agriculture, announced a collaboration to develop biodegradable mulching films that incorporate EVANESTO® technology. This project aims to develop a new generation of mulching films with EVANESTO®, combining a higher PLA content and biodegradation at ambient temperature. As a result, over 1,000 m² of films were extruded last May by CARBIOLICE and the Barbier Group for tests currently being conducted under real growing conditions in several experimental horticultural stations.

FUNDING:

On July 23, 2020¹⁹, CARBIOS announced the success of a capital increase through an offering to French and international investors by way of an accelerated book-building process. The Company issued 1,028,572 new ordinary shares with a nominal value of €0.70 per share, at a price of €26.25 per share, issue premium included, for a total amount of €27,000,015, which represents 14.79% of the Company’s share capital prior to the transaction on an undiluted basis, i.e. a dilution of 12.89%. Strategic shareholders L’Oréal, through its private equity fund BOLD (Business Opportunities for L’Oréal Development), and Michelin Ventures subscribed to the capital increase, in accordance with the undertakings they had made, for a total amount of €3.9 million, which represents 148,571 new shares or 14.44% of the total number of new shares issued as part of this capital increase. This support is a strong sign of the legitimacy acquired by the Company and its management team.

The funds raised will be used to finance:

- The second phase of construction of the industrial demonstration plant for the enzymatic recycling of PET based plastic waste, which is scheduled to be commissioned in 2021;
- The Company’s operating expenses, including those related to the industrial demonstration plant until the end of 2022; and
- Participation in a capital increase of CARBIOLICE, a joint venture created by CARBIOS, Limagrain Ingrédients and the “Sociétés de Projets Industriels” fund operated by Bpifrance, to support the commercial launch of the EVANESTO® technology expected in the second half of 2020.

After the balance sheet date, the Company also obtained a French Government-guaranteed bank loan of €1 million, repayable in full within one year, with the possibility of extending the repayment date through an additional amortization period of up to five years.

¹⁵ Please refer to the press release of January 17, 2020: <https://carbios.fr/en/carbios-announces-strategic-alliance-with-the-national-institute-of-applied-sciences-of-toulouse-insa/>.

¹⁶ Please refer to the press release of January 30, 2020: <https://carbios.fr/en/carbios-enters-joint-development-agreement-with-novozymes-to-produce-its-proprietary-enzyme-for-complete-recycling-of-pet-plastics-and-fibers/>.

¹⁷ Please refer to the press release of June 29, 2020: <https://carbios.fr/en/carbios-begins-construction-on-industrial-demonstration-plant-in-final-step-to-commercializing-its-pet-recycling-technology/>.

¹⁸ Please refer to the CARBIOLICE press release of June 24, 2020: <https://www.carbiolice.com/actualites/#relation-presse>.

¹⁹ Please refer to the press release of July 23, 2020: <https://carbios.fr/en/carbios-annonce-le-vif-succes-de-son-augmentation-de-capital-par-voie-de-placement-aupres-dinvestisseurs-qualifies-pour-un-montant-de-27-me/>.



CONTEXT OF PROJECTS UNDER DEVELOPMENT

CARBIOS is the first and only company in the world to have developed biological processes for the end-of-life of plastic polymers and textiles with the potential to move the entire industry towards a true circular economy. The Company is now in the industrialization phase for two innovative and sustainable technologies.

Enzymatic recycling of PET plastic and textile waste

The enzymatic PET recycling process uses an enzyme capable of specifically depolymerizing the PET contained in the various plastics or textiles to be recycled. At the end of this stage, the monomers that result from the depolymerization will be purified in order to be repolymerized into PET of equivalent quality to virgin PET. Unlike conventional thermomechanical processes, this innovation opens up the possibility of creating a true circular economy design, thus enabling infinite recycling and the production of 100% recycled and 100% recyclable PET products without loss of quality.

In line with its objectives, CARBIOS is now pursuing the industrial piloting phase of this technology through the CE-PET project supported by the ADEME (French Environment and Energy Management Agency). This piloting aims to ensure the development of the PET enzymatic recycling process on a pilot scale, adapt and optimize the process for the recycling of PET textile waste and ensure the competitiveness of the process.

The joint development agreement signed in January 2020 between CARBIOS and Novozymes represents a key milestone for the Company, enabling it to take a further step toward industrial and commercial reality. This collaboration guarantees the production of CARBIOS' proprietary enzyme for PET degradation during the demonstration and industrial deployment phases.

In April 2020²⁰, CARBIOS and TechnipFMC announced a strengthening of their collaboration for the engineering and construction of the CARBIOS industrial demonstration plant, which marks an important step in the industrialization of this technology with a view to its commercialization.

In late June 2020²¹, CARBIOS confirmed the start of construction of the demonstration plant, whose purpose is to generate sufficient technical data to define the key parameters of each step of the process at a scale sufficient to plan the operation of future industrial units. It is expected to be commissioned in the second quarter of 2021.

The production of PLA biodegradable enzymatic plastics

The innovation of the biodegradation process developed by CARBIOS for PLA-based plastics (biosourced plastics) consists of introducing enzymes inside plastic materials to make them biodegradable. These enzymes thus make it possible for PLA plastics to be 100% biodegradable under universal composting conditions (industrial, domestic or methanization).

This technology is currently in the industrial deployment phase within CARBIOLICE, a joint venture created in 2016 from the partnership between CARBIOS, Limagrain Ingrédients and the investment fund Sociétés de projets industriels (SPI) operated by Bpifrance. CARBIOS has granted CARBIOLICE a license for the use of its technology.

This breakthrough innovation will be implemented in the form of an enzymatic additive known as EVANESTO®, which is easily incorporated into conventional plastic and packaging manufacturing processes.

The commercial launch scheduled for the second half of 2020 will address the market for single-use or short-life plastics (such as plastic bags, food packaging, yogurt pots, trays, caps and other plastic films such as mulching films for agriculture) and those for which biodegradation provides an ecological and responsible response, in line with the requirements of the Energy Transition Law for Green Growth.

The production and marketing of EVANESTO® are secured by a joint development agreement signed in January 2019 by CARBIOS and CARBIOLICE with Novozymes²², the world leader in the production of enzymes, in which Novozymes agrees to become, in the long term, the exclusive supplier of CARBIOLICE, and to produce on an industrial scale the proprietary enzyme developed by CARBIOS for the biodegradation of PLA.

In parallel, CARBIOS' research is working to identify new applications for enzymated PLA, in order to broaden the scope of application of its technology.

²⁰ Please refer to the April 15, 2020 press release: <https://carbiosa.fr/en/carbios-and-technipfmc-to-build-demonstration-plant-for-depolymerization-of-waste-pet-plastics-to-monomers/>.

²¹ Please refer to the press release of June 29, 2020: <https://carbiosa.fr/en/carbios-begins-construction-on-industrial-demonstration-plant-in-final-step-to-commercializing-its-pet-recycling-technology/>.

²² Please refer to the January 29, 2019 press release: <https://carbiosa.fr/en/carbios-and-carbiolice-enter-into-a-joint-development-agreement-with-novozymes-for-long-term-supply-of-enzymes-at-industrial-scale/>.

Other areas of development

As part of its research and development work, CARBIOS aims to extend its recycling and biodegradation processes to other polymers and other applications of interest to industry.

The work completed in this field thus far has focused on the following three areas: the enzymatic recycling of PLA, the biodegradation of PLA textiles and 3D-printed parts and the bioproduction of biosourced polymers including PLA.

Other focuses of innovation have already been identified to adapt processes developed by CARBIOS to waste containing polymers other than PLA and PET, such as polyamides (PA6, PA6.6, etc.), polyolefins (polyethylene PE, polypropylene PP, etc.), elastomers (natural rubber, etc.) for which CARBIOS could work to identify new enzyme/polymer couples.

INDUSTRIAL PROPERTY

To guarantee the exploitation of the results of its Research and Development, CARBIOS has, since its creation, pursued an active policy of securing and strengthening its innovations through protection of its results starting from the upstream phase and consolidated by improvements made during development. It may be supplemented by the acquisition of know-how and rights from third parties necessary for the industrial implementation of the innovation developed.

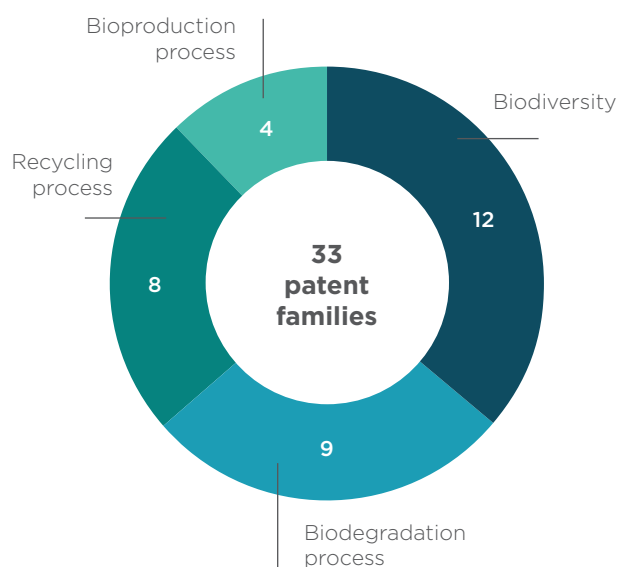
During the first half of 2020, CARBIOS focused on continuing the procedures pertaining to outstanding applications (expansion abroad, responses to official letters) with the aim of having its titles granted in wider geographical areas.

In particular, CARBIOS consolidated its Intellectual Property portfolio with the issuance of two major patents in the United States that protect the Company's best performing enzymes for the recycling of PET-based post-consumer plastics (US 10,584,320 B2; US 10,590,401 B2), and a patent in China [CN104937015B] that protects its proprietary recycling process (which complements the previously announced patent grants in the United States²³, Europe and Japan²⁴).

As of June 30, 2020, the Company's patent portfolio consisted of 33 families of patents (of which 28 were wholly owned by the Company, four jointly owned with exclusive exploitation rights for CARBIOS and one under an exclusive worldwide license from the CNRS and the University of Poitiers), representing 148 patents titles filed in the main regions of the world, of which 26 have already been granted. Fifteen families relate to its PET recycling technology, with applications filed in Europe, the United States, Canada, Mexico, China, India, Thailand, Indonesia, South Korea and Japan.

These families of patents cover the Company's various areas of development (biodiversity, enzymatic recycling process, biodegradable plastic production process and bioproduction).

Distribution of Intellectual Property as of June 30, 2020:



CARBIOS has thus ensured that it can guarantee a strategic competitive advantage over sizeable markets to its current and future industrial partners.

²³ Please refer to the March 28, 2019 press release: <https://carbiosa.fr/en/carbiosa-announces-grant-of-u-s-patent-for-its-pet-recycling-technology/>.

²⁴ Please refer to the October 8, 2019 press release: <https://carbiosa.fr/en/carbiosa-new-patents-granted-in-europe-and-japan/>.



LEGAL ITEMS

From a legal standpoint, the first half of 2020 was marked by the following events:

- At its meeting on March 12, 2020, the Board of Directors, acting pursuant to the delegation of authority conferred by the Combined Shareholders' Meeting of June 19, 2019 (Sixteenth Resolution), decided to issue and award 185,000 BSPCE ("BCE-2020-1, BCE-2020-2 and BCE-2020-3") that grant the right to subscribe for 185,000 ordinary shares with a nominal value of €0.70 at a unit price equal to the volume-weighted average share price of the last 20 trading days preceding the Warrant award date, i.e., a price equal to €7.75934;
- At its meeting on May 6, 2020, the Board of Directors approved the update to the internal rules of the Company's Board of Directors;
- At its meeting of June 17, 2020, the Board of Directors noted the exercise of 18,991 BCE-2016-1 and 30,000 BCE-2013-1, increasing the Company's share capital from €4,833,226.30 to €4,867,520;
- At that meeting on June 17, 2020, the Board of Directors decided to appoint, on the proposal of the Chief Executive Officer, Martin Stephan as Deputy Chief Executive Officer of the Company for a period of four years;
- The Combined Shareholders' Meeting of June 18, 2020 decided to:
 - appoint Matthieu van der Elst as a non-voting director of the Company for a term of one year expiring at the end of the Annual Ordinary Shareholders' Meeting to be held in 2021, called to approve the financial statements for the fiscal year ending December 31, 2020;
 - issue, on one or more occasions, a maximum of 300,000 share subscription warrants (BSAs) giving the right to the subscription of 300,000 new ordinary shares of the Company, this issuance being reserved for a certain category of defined persons (directors - consultants - management team of the Company);
 - issue, on one or more occasions, a maximum number of 300,000 founder share subscription warrants (BSPCEs) granting rights to the subscription of 300,000 new ordinary Company shares, this issuance being reserved for the benefit of a specific category of persons (employees and management team of the Company subject to the Company employee tax regime and members of the Board of Directors).

The total number of founder share subscription warrants (BSPCEs) and share subscription warrants (BSAs) to be issued by the Board of Directors under the terms of this delegation shall not exceed an overall ceiling of 300,000 warrants.

FINANCIAL ITEMS

As indicated in Note 8 to the financial statements, the share capital has increased since January 1, 2020, from €4,833,226.30 to €4,867,520.00. As of June 30, 2020, it consisted of 6,953,600 ordinary shares with a nominal value of €0.70.

Under the terms of the liquidity contract CARBIOS signed with the brokerage firm Gilbert Dupont on December 2, 2016, with effect from December 19, 2016, the following resources comprised the liquidity account as of June 30, 2020:

- Number of shares: 2,048 CARBIOS securities (representing €31,402.22 in inventory value);
- Cash balance of the liquidity account: €151,529.26.

It is noted that as of December 31, 2019, the following resources comprised the liquidity account:

- Number of shares: 5,830 CARBIOS securities;
- Cash balance of the liquidity account: €73,043.43.

FINANCIAL POSITION AND RESULTS: COMMENTS ON THE FIGURES

The following tables present the key items of the half-year results prepared in accordance with French accounting standards for the first halves of the 2019 and 2020 fiscal years, as well as certain financial items from the statement of financial position as of June 30, 2020, compared to the balance as of December 31, 2019.

PRESENTATION OF RESULTS AS OF JUNE 30, 2020

Operating revenues

Operating revenue totaled €849 thousand and consisted in particular of:

- €226 thousand (with €259 thousand deposited and €33 thousand in deferred income) from the grant related to the CE-PET project;
- €306 thousand from R&D services and various rebillings to the subsidiary CARBIOLICE.

OPERATING EXPENSES

Operating expenses (in thousands of euros)	06/30/2019	06/30/2020
External studies, subcontracting and scientific consultations	169	315
Consumables	27	36
Supplies	27	35
Rentals, maintenance and upkeep expenses	135	232
Expenses and fees related to industrial property	16	17
Fees	457	593
Business travel	105	57
Miscellaneous expenses	59	125
Total other expenses and external expenses	995	1,410
Taxes and similar payments	17	22
Salaries and wages	977	1,279
Social security contributions	461	575
Depreciation of fixed assets	160	207
Other expenses	107	74
TOTAL OPERATING EXPENSES	2,717	3,567

During the first half of 2020, CARBIOS spent €3,567 thousand on operating activities.

External R&D expenses were up sharply compared to 2019, due mainly to an acceleration of expenses incurred in connection with the CE-PET project.

The increase in "Salaries and wages" and "Social security contributions" is explained by the growing number of employees within the Company.

Finally, the significant increase in rental and maintenance expenses is related to the increases in the workforce that led to the creation of the Riom (pilot) and La Pardieu (administrative) sites in 2019.



FINANCIAL INCOME

Financial revenues (in thousands of euros)	06/30/2019	06/30/2020
Financial income	19	11
Financial expenses	- 27	- 61
FINANCIAL INCOME	- 8	- 50

Financial income as of June 30, 2020, consisted of:

- financial income corresponding to CARBIOS cash investment income (€10,000);
- financial expenses consisting mainly of interest on the Bpifrance innovation loan (€58,000).

NET INCOME

Net income (in thousands of euros)	06/30/2019	06/30/2020
Current income before taxes	-2,023	-2,768
Extraordinary gain or loss	2	39
Income tax (research tax credit)	310	469
PROFIT OR LOSS	-1,711	-2,260

On June 30, 2020, CARBIOS acquired a Research Tax Credit of €469 thousand, calculated on the basis of the eligible Research and Development expenses undertaken by the Company during the first half of 2020.

PRESENTATION OF THE STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

(in thousands of euros)	12/31/19	06/30/20	Note		12/31/19	06/30/20	Note
FIXED ASSETS			4	EQUITY			8
<i>Intangible assets</i>	858	1,011	4	Share	4,833	4,868	
Concessions, patents, licenses, software	858	1,011		Issue, merger and contribution premiums	31,275	31,795	
<i>Property, plant and equipment</i>	2,267	3,457	4	Retained earnings	-10,366	-14,115	
Office and IT hardware	145	151		Investment subsidies	13	12	
Laboratory equipment and material	1,985	3,175		Profit and loss for the period	-3,749	-2,260	
Fixtures and fittings	137	131		TOTAL EQUITY	22,005	20,300	
<i>Advances on assets under construction</i>	148	240					
<i>Financial assets</i>	12,027	12,084					
Equity interests	11,700	11,700	4				
Deposits and guarantees	200	201		OTHER EQUITY CAPITAL			
Liquidity contract	73	152	4	Conditional advances	4,250	4,173	9
Treasury shares	54	31	4				
TOTAL FIXED ASSETS	15,300	16,792					
CURRENT ASSETS				DEBT			11
Receivables	28	232	5				
State receivables	1,019	834	5	Loans	3,818	4,729	9
Subsidies receivable	17	0	5 & 9	Trade and other payables	1,387	1,360	11
Laboratory raw material inventories	21	25	5	Tax and social liabilities	749	912	11
Other receivables	2	84	5	Other liabilities	2	50	
Cash, cash equivalents and marketable securities	15,915	13,903	6 & 7	Deferred income	176	494	
Prepaid expenses	75	132	5				
TOTAL CURRENT ASSETS	17,075	15,209		TOTAL CURRENT LIABILITIES AND EQUITY	6,131	7,545	
Expense to be spread over the loan	11	17					
OVERALL TOTAL	32,386	32,017		OVERALL TOTAL	32,386	32,017	



MAIN RISK FACTORS

To the best of our knowledge, the main risk factors to which CARBIOS is exposed are of the same nature as those presented in Section 1.12 of the 2019 Universal Registration Document filed on April 29, 2020 under number D.20-0412 with the Autorité des Marchés Financiers (AMF) and available on the CARBIOS website, which do not present any significant change over the first half of 2020, including with respect to the Covid-19 pandemic, for which the risks are regularly reassessed and updated below.

In this unprecedented environment, CARBIOS has not been structurally impacted by the health crisis, and the Company has demonstrated a high level of resilience due to its strategy and the potential of its technological innovations. The great success of the July 2020 capital increase for a total amount of €27 million is proof of this and provides the Company with increased visibility with regard to its ability to continue developing its activities. Furthermore, the Audit Committee performs a detailed annual review of the risk factors, which will, where applicable, be updated in each edition or update of the Company's Universal Registration Document.

RISKS ASSOCIATED WITH THE IMPACT OF THE COVID-19 PANDEMIC

Identification of the risk

The global Covid-19 pandemic, which has spread throughout the world and continues to affect many geographical areas, could, if it were to last, significantly disrupt the Company's business by causing operational difficulties related in particular to:

- the health and safety of its employees;
- the limitation of the production and distribution capacities of the Company's partner companies;
- the closure of the sites of key partners, both public and private;
- population lockdown measures; and more generally
- any other restrictions that may be adopted in response to the pandemic.

While the impacts of this health crisis are currently difficult to assess, they may hinder the Company's ability to conduct its activities and lead to delays in the industrial and commercial deployment of its technologies. In addition, the magnitude of the global health and macroeconomic impact of this pandemic could exacerbate the other risk factors identified in the "Risk Factors" section of the CARBIOS 2019 Universal Registration Document, namely, (i) risks associated with technology development, (ii) financial risks, (iii) risks associated with dependence on key partners, (iv) risks of dependence on key personnel, (v) risks associated with intellectual property, (vi) regulatory risks, (vii) risks associated with raw materials; (viii) risks associated with the emergence of competing technologies.

Risk management

Since the start of the Covid-19 pandemic, CARBIOS has been taking the required measures to protect its employees and ensure the continuity of its business.

As of the date of this document:

The Company has set up a crisis management system to ensure the continuity of its employees' operations at its various sites and protect their health and safety in the course of their daily work and business travel.

The Company meets these objectives through strict compliance with government guidelines and through the use of teleworking, where possible and necessary.

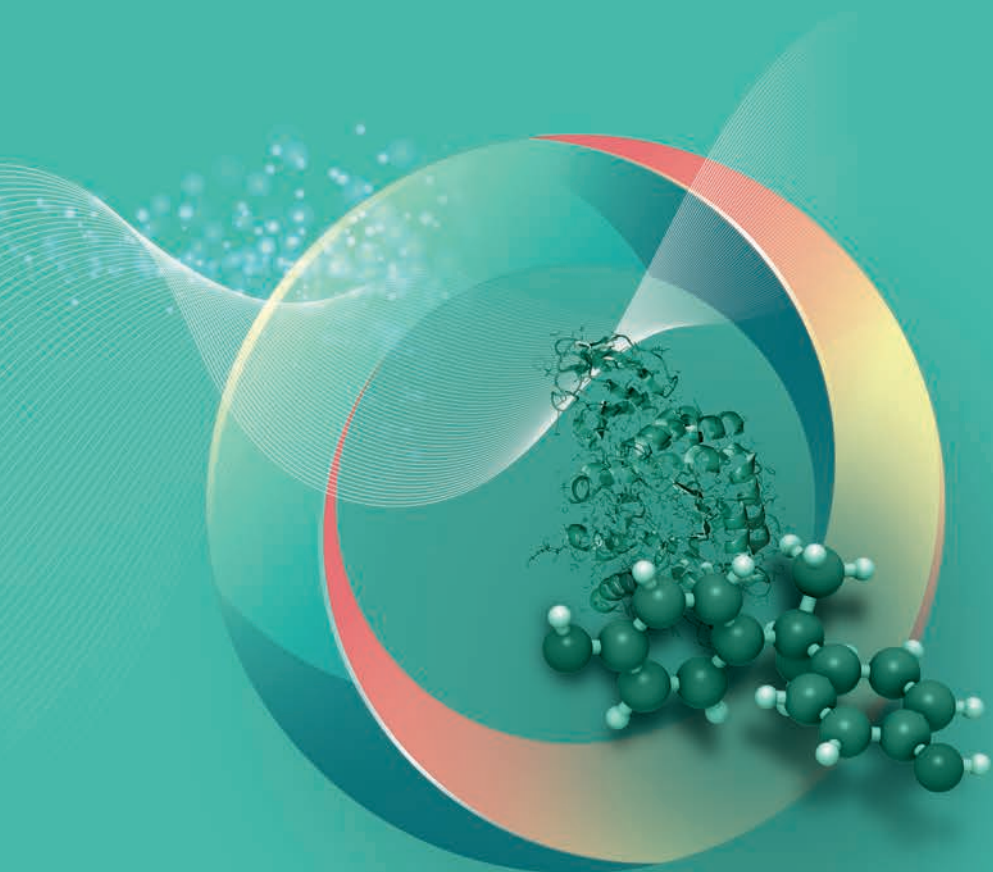
Finally, the Company's Executive Management is also keeping a permanent watch on the development of this global health crisis in order to assess all related risks and put in place all appropriate measures to reduce the potential negative impacts that could be generated for the Company and its employees.

Nevertheless, as of the date of this document, the Company is unable to assess the possible impacts of this crisis on the timetable for building its industrial demonstration plant for the recycling of PET and on the timetable for the marketing the EVANESTO® technology by its subsidiary CARBIOLICE.

AGREEMENTS WITH RELATED PARTIES

Transactions between related parties are of the same nature as those presented in Section 2.2 "Operations with affiliates" of the 2019 Universal Registration Document, filed on April 29, 2020 under number D.20-0412 with the Autorité des Marchés Financiers (AMF) and available on the Company's website.

During the first half of 2020, no new agreements that fall within the scope of application of Article L.225-38 of the French Commercial Code were entered into.



3.

INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2020

STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	Note	12/31/19	06/30/20
FIXED ASSETS			
Intangible assets	4	858	1,011
Concessions, patents, licenses, software		858	1,011
Property, plant and equipment	4	2,267	3,457
Office and IT hardware		145	151
Laboratory equipment and material		1,985	3,175
Fixtures and fittings		137	131
Advances on assets under construction		148	240
Financial assets		12,027	12,084
Equity interests	4	11,700	11,700
Deposits and guarantees		200	201
Liquidity contract	4	73	152
Treasury shares	4	54	31
TOTAL FIXED ASSETS		15,300	16,792
CURRENT ASSETS			
Receivables	5	28	232
State receivables	5	1,019	834
Subsidies receivable	5 & 9	17	0
Laboratory raw material inventories	5	21	25
Other receivables	5	2	83
Cash, cash equivalents and marketable securities	6 & 7	15,915	13,903
Prepaid expenses	5	75	132
TOTAL CURRENT ASSETS		17,075	15,209
Expense to be spread over the loan		11	17
OVERALL TOTAL		32,386	32,017



EQUITY AND LIABILITIES

(in thousands of euros)	Note	12/30/19	06/30/20
EQUITY	8		
Share		4,833	4,868
Issue, merger and contribution premiums		31,275	31,795
Retained earnings		-10,366	-14,115
Investment subsidies		13	12
Profit and loss for the period		-3,749	-2,260
TOTAL EQUITY		22,005	20,300
OTHER EQUITY CAPITAL			
Conditional advances	9	4,250	4,173
CURRENT LIABILITIES			
Loans	9	3,818	4,729
Trade and other payables	11	1,387	1,360
Tax and social liabilities	11	749	912
Other liabilities		2	50
Deferred income		176	494
TOTAL CURRENT LIABILITIES AND EQUITY		6,131	7,545
OVERALL TOTAL		32,386	32,017

INCOME STATEMENT

(in thousands of euros)	Note	06/30/19	06/30/20
Operating revenues	10 & 13	702	849
Operating expenses			
Inventory change		-3	-4
Purchases of raw materials and other supplies		30	40
Other purchases and external expenses		968	1,374
Taxes and similar payments		17	22
Salaries and wages		977	1,279
Social security contributions		461	575
Allowances for amortization, depreciation, provisions	4	160	207
Other expenses		107	74
Total operating expenses		2,717	3,567
OPERATING INCOME		-2,015	-2,718
Financial income		19	11
Financial expenses		-27	-61
FINANCIAL INCOME	6	-8	-50
CURRENT INCOME BEFORE TAXES		-2,023	-2,768
Extraordinary income		3	95
Extraordinary expenses		-1	-56
EXTRAORDINARY GAIN OR LOSS		2	39
Income tax (research tax credit)	12	310	469
PROFIT OR LOSS		-1,711	-2,260



STATEMENT OF CHANGES IN EQUITY

(in euros)	Share capital	Issue premiums	Subscription capital	Invest. subs. (net)	Profit or loss for the period	Retained earnings	Total due to shareholder
Equity as of 12/31/2019	4,833,226	31,250,572	23,942	12,750	-3,749,342	-10,365,921	22,005,227
Allocation of earnings N-1					3,749,342	-3,749,342	
Capital increase/reduction							
Subscription of BSA/BCE	34,294	520,948					555,242
Quasi-equity							
Profit (loss) 06/30/2020				-1,125	-2,259,716		-2,260,841
Equity as of 06/30/2020	4,867,520	31,771,520	23,942	11,625	-2,259,716	-14,115,264	20,299,627

STATEMENT OF NET CASH FLOWS

(in thousands of euros)	12/31/19	06/30/20
Cash flows related to operations (A)		
Profit and loss for the period	-3,749	-2,260
Depreciation and amortization (including investment subsidies)	322	218
Changes in working capital requirements for operations	391	321
Net cash absorbed by operations	-3,036	-1,721
Cash flows related to investments (B)		
Acquisitions of fixed assets	-2,299	-1,690
Acquisitions of financial assets	-1,203	-56
Disposals of fixed assets	343	38
Changes in fixed asset liabilities	753	113
Net cash absorbed by investments	-2,406	-1,595
Cash flow related to financing activities (C)		
Capital increases (from share and BSA issues)	13,719	555
Changes in claims on capital called but unpaid	0	-76
Inflows from loans	2,043	0
Loans payments	-91	0
Expenses to be spread over the loan	-5	-8
Accrued interest	0	57
Inflows from repayable advances	543	776
Net cash from financing activities	16,209	1,304
Changes in cash and cash equivalents (A+B+C)	10,766	-2,012
Cash and cash equivalents at the beginning of the period	5,149	15,915
Cash and cash equivalents at end of period	15,915	13,903

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – The Company

CARBIOS (“the Company”) is an innovative green chemistry company that develops cutting-edge technologies for the recovery of plastic and textile waste.

The Company was created in April 2011 as a Société par Actions Simplifiée (simplified joint stock company) and became a Société Anonyme (public limited company) on February 20, 2013.

The Company's shares have been listed on the Euronext Growth Paris market since December 19, 2013. Euronext Growth is an organized multilateral trading system that does not require the application of IFRS. The accounting principles applied are therefore the accounting principles generally accepted in France.

Note 2 – Highlights of the first six months of the fiscal year

There were no notable highlights in the first half of 2020.

Legal highlights of the first half of 2020:

Please refer to the legal items in Section 2.3.6 “Legal items” of this 2020 interim report.

Going concern

The going concern assumption is used to the extent that the financial resources of the Company enable it to continue its Research and Development work and the construction of its industrial demonstration plant for the enzymatic recycling of PET plastics and fibers. However, the continuation of developments in progress until the marketing of its technologies through partnerships or licensing or the application of CARBIOS processes to other markets may require new sources of funding from institutional or industrial partners.

Note 3 – Accounting principles and methods

The accounting principles and methods used for the preparation of the annual financial statements comply with French standards, in accordance with the following assumptions:

- The going concern principle (*see Note 2 – Highlights of the first six months of the fiscal year*);
- Permanence of accounting methods;
- Principle of prudence and historical cost;
- Independence of fiscal years.

The accounting for the half-year ended on June 30, 2020, relates to a six-month period (from January 1, 2020 to June 30, 2020). The financial data are therefore compared to those from the half-year accounting period ended on June 30, 2019, as well as those from the annual accounting period ended December 31, 2019.



Note 4 - Property, plant and equipment, intangible and financial assets

The movements with an impact on fixed assets were the following:

Fixed assets (in euros)	At the beginning of the period	Increase	Decrease	At the end of the period
Intangible assets				
Software, website	25,641			25,641
Patents	1,117,441	243,561	37,867	1,323,135
Patents licensed	151,103	20,982		172,085
Property, plant and equipment				
Office and IT hardware	219,233	24,976		244,209
Fixtures and fittings	168,191	1,855		170,046
Furniture	82,626	5,815		88,441
Laboratory fittings and equipment	1,557,655	33,842		1,591,497
Financial assets				
Equity interests	11,700,000			11,700,000
Deposits and guarantees	199,923	669		200,592
Liquidity contract	73,043	78,486		151,529
Treasury shares	53,949		22,547	31,402
Other fixed assets				
Assets under construction	1,181,931	1,250,397	21,733	2,410,595
Advances on assets	147,567	135,137	42,620	240,084
TOTAL	16,678,302	1,795,720	124,767	18,349,255

Depreciation, amortization and provisions (in euros)	Duration	At the beginning of the period	Increase	Decrease	At the end of the period
Intangible assets					
Software, website	1 year	24,123	1,112		25,235
Patents	10 years	399,812	78,633	26,056	452,390
Patents licensed	10 years	34,192	10,835		45,027
Property, plant and equipment					
Office and IT hardware	3 years	137,726	17,024		154,750
Fixtures and fittings	7 to 10 years	30,825	8,447		39,272
Furniture	5 years	19,092	7,273		26,365
Laboratory fittings and equipment	5 to 10 years	732,775	81,927		814,701
Treasury shares					
TOTAL		1,378,546	205,250	26,056	1,557,740

During the first half of 2020, no provisions for impairment were recorded.

• *Intangible assets*

Intangible assets are valued at their acquisition cost and are amortized on a straight-line basis over the duration of their utilization by the Company. The amortization period for the patents held by the Company is estimated at 10 years, corresponding to the period stipulated for consumption and the economic benefits expected from the industrial property portfolio of the Company.

The licensed patents are capitalized over a 10-year period. The acquisition costs of these patents corresponds to the fixed and variable license fees in the signed exclusive licensing agreement.

The expenses for filing patents or industrial property rights acquired during the fiscal year have been capitalized and are amortized from the beginning of their utilization. Additional expenses and later extensions on capitalized patents are amortized (as well as licensed patents) over the remaining period for the application to which they are connected.

The type of expenses for research undertaken by the Company during the fiscal year results in their being recorded entirely as operating expenses.

• *Property, plant and equipment*

Property, plant and equipment are valued at their acquisition cost or their production cost by the Company, taking into account the expenses required for the preparation of these goods for use and after deduction of commercial discounts, rebates and reductions of payments received.

Assets are subjected to the established depreciation plans depending on the actual period of utilization of the asset.

Depreciation periods are between 3 and 10 years depending on the type and lifespan of the assets in question.

• *Equity interests*

CARBIOS acquired the share capital of CARBIOLICE (Société par Actions Simplifiée) when it was created on June 10, 2016 and later subscribed to several capital increases of its subsidiary during following fiscal years. As of June 30, 2020, CARBIOS owned 11.7 million CARBIOLICE shares out of the 22.2 million shares making up its share capital, representing a stake of 52.7% (see Note 14). Equity interests are assessed at their acquisition value. If this value exceeds the value in use, impairment is recognized for the difference. The value in use is calculated by referring to the impairment test performed based on the discounted cash flow method. The impairment tests performed at the end of fiscal year 2019 did not show any unrealized loss on the CARBIOLICE equity stake.

• *Liquidity contract and treasury shares*

The transactions connected to the liquidity contract that the Company signed with a financial intermediary are recognized in compliance with Opinion CU CNC No. 98-D and with CNCC Bulletin No. 137 - March 2005, namely:

- Treasury shares held are recognized under "Other Non-Current Financial Assets". An impairment is recorded by reference to the average listed share price of the last month of the fiscal year if it is lower than the purchase price. To determine the income from disposal, the "First in First out" method is used;
As of June 30, 2020, the Company held 2,048 CARBIOS shares representing €31 thousand in assets. Since the net asset value was higher than the carrying amount as of June 30, 2020, no provision was recognized.
- The cash paid to the intermediary and not yet used is recognized under "Liquidity contract" and represents €152 thousand.



Note 5 – Receivables and prepaid expenses

• **Statement of receivables**

Statement of receivables (in euros)	Gross amount	At one year	At more than one year
CURRENT ASSETS & PREPAYMENTS			
Income tax (1)	469,348	469,348	
Value added tax	364,835	364,835	
Customers	231,689	231,689	
Inventories	24,909	24,909	
Other receivables	83,525	83,525	
Subsidies receivable	0	0	
Prepaid expenses (2)	131,710	131,710	
TOTAL	1,306,016	1,306,016	

(1) The income tax receivable corresponds to the Research Tax Credit recognized for the first half of 2020 for €469 thousand. In the absence of taxable income and because of classification as a Community SME, this receivable is repayable the year following its recognition. As at December 31, 2019, €800 thousand had been recorded for the 2019 Research Tax Credit. It was repaid on April 16, 2020.

(2) Prepaid expenses are ordinary operating expenses related to prior fiscal years.

• **Inventories**

Since the fiscal year ended December 31, 2014, the Company has recorded an inventory of the supplies not consumed as of the end of the fiscal year. Given that this inventory consists of consumables with a low per-unit value, no impairment has been recorded. As of June 30, 2020, the inventory totaled €25 thousand compared to €21 thousand as of December 31, 2019.

Note 6 – Cash instruments

With the aim of optimizing returns on its available cash, the Company opened time deposit accounts for an overall amount of €10 million, allowing it to benefit from attractive returns as well as guaranteed capital that is available at any time. The interest resulting from these financial investments generated income of €10 thousand.

Note 7 – Available cash

This item includes cash deposited in demand accounts, as well as the accrued interest to be paid and cash balances. As at June 30, 2020, the Company had €3,877 thousand in demand accounts and €6 thousand in accrued interest on time deposit accounts.

Note 8 – Equity**Composition of share capital****> Share capital**

◦ *Capital transactions performed prior to the period and recorded during the period*

None

◦ *Capital transactions performed during the period*

At its meeting on June 17, 2020, the Board of Directors noted:

- the creation of 18,991 new shares from the exercise of 18,991 BCE-2016-1, subscribed at a price of €11.506589, (€0.70 in nominal value and €10.806589 in issue premiums); and
- the creation of 30,000 new shares from the exercise of 30,000 BCE-2013-1, subscribed for €11.224 (€0.70 in nominal value and €10.524 in issue premiums).

As a result, as of June 30, 2020, the share capital amounting to €4,867,520.00 consisted of 6,953,600 ordinary shares, with a par value of €0.70 each, entirely subscribed and fully paid up.

Movements of securities	12/30/2019	06/30/2020
Share	€4,833,226.30	€4,867,520.00
Number of shares	6,904,609	6,953,600
Nominal value	€0.70	€0.70

After June 30, 2020, in a decision dated July 27, 2020, the Chief Executive Officer noted the final completion of a share capital increase through the issuance of new shares, with cancellation of shareholders' preferential subscription rights, via a private placement, within the limit of 20% of the share capital per year, for a nominal amount of €720,000.40 (the creation of 1,028,572 new ordinary shares with a nominal value of €0.70).

As of the date of this document, the share capital of the Company stood at €5,587,520.40, divided into 7,982,172 ordinary shares with a par value of €0.70 each, entirely subscribed and fully paid up.

> The issue premiums

In accordance with the decision made by the sole partner followed by the collective decision of the shareholders and finally, by the Board of Directors based on the delegation of the Shareholders' Meeting, the issue premiums paid as part of the capital increases were recorded under liabilities on the balance sheet in a special "Issue premium" account to which the former and new shareholders' rights shall be applicable.

As of June 30, 2020, the issue premiums paid after deduction of capital increase expenses totaled €31,771,519.50, as detailed in the table below:

Capital increase	Recorded	Shares issued	Nominal value per share	Issue premium per share	Issue premium
Capital at the time of incorporation	Bylaws	500,000	€1	- €	- €
Capital increase	01/17/2012	300,000	€1	- €	- €
Capital increase	05/10/2012	700,000	€1	- €	- €
Capital increase	07/09/2012	577,780	€1	€1.25	€722,225
Capital increase	09/28/2012	75,555	€1	€1.25	€94,444
Capital increase	12/04/2012	533,332	€1	€1.25	€666,665
Capital increase	12/18/2013	116,647	€0.70	€6.32	€736,628
Capital increase	12/18/2013	934,959	€0.70	€13.33	€12,463,003
Capital increase	01/13/2014	11,400	€0.70	€13.33	€151,962
Capital increase	03/04/2015	3,500	€0.70	€1.55	€5,425
Capital increase	03/04/2015	5,000	€0.70	€0.30	€1,500
Capital increase	03/22/2016	30,000	€0.70	€0.30	€9,000
Capital increase	03/22/2016	10,000	€0.70	€1.55	€15,500
Capital increase	03/21/2017	29,000	€0.70	€1.55	€44,950



Capital increase	03/21/2017	7,614	€0.70	€0.30	€2,284.20
Capital increase	07/21/2017	466,182	€0.70	€7.05	€3,286,583.10
Capital increase	09/19/2017	20,000	€0.70	€5.30	€106,000
Capital increase	09/19/2017	15,000	€0.70	€5.50	€82,500
Capital increase	09/19/2017	15,000	€0.70	€5.90	€88,500
Capital increase	09/19/2017	10,000	€0.70	€5.79	€57,900
Capital increase	09/19/2017	30,000	€0.70	€6.45	€193,500
Capital increase	09/19/2017	15,000	€0.70	€6.55	€98,250
Capital increase	09/19/2017	35,000	€0.70	€7.70	€269,500
Capital increase	09/19/2017	49,494	€0.70	€1.55	€76,715.70
Capital increase	09/19/2017	2,506	€0.70	€0.30	€751.80
Capital increase	11/20/2017	20,000	€0.70	€8.30	€166,000
Capital increase	11/20/2017	30,000	€0.70	€8.40	€252,000
Capital increase	11/20/2017	10,000	€0.70	€8.55	€85,500
Capital increase	11/20/2017	3,500	€0.70	€1.55	€5,425
Capital increase	12/12/2017	10,838	€0.70	€1.55	€16,798.90
Capital increase	03/27/2018	5,688	€0.70	€9.70	€55,173.60
Capital increase	05/03/2018	116	€0.70	€9.70	€1,125.20
Capital increase	06/27/2018	168	€0.70	€9.70	€1,629.60
Capital increase	09/20/2018	588	€0.70	€9.70	€5,703.60
Capital increase	09/20/2018	40,000	€0.70	€7.60	€304,000
Capital increase	12/06/2018	3,356	€0.70	€9.70	€32,553.20
Capital increase	12/06/2018	20,000	€0.70	€4.40	€88,000
Capital increase	12/06/2018	20,000	€0.70	€4.85	€97,000
Capital increase	06/28/2019	2,245,886	€0.70	€5.75	€12,913,844.50
Capital increase	06/17/2020	18,991	€0.70	€10.81	€205,227.93
Capital increase	06/17/2020	30,000	€0.70	€10.52	€315,720.00
Sub-TOTAL		6,953,600			€33,721,813.33
Direct costs charged					€1,966,503.51
Exercise of BSA/BCE with consideration and expired warrants ⁽¹⁾					€16,209.68
TOTAL					€31,771,519.50

(1) Exercise of the:

- 20,494 BSAs acquired for €0.22 each, i.e. €4,508.68;
- 2,506 BSAs acquired for €0.10 each, i.e. €250.60;
- Acquisition of the BSA plan by Kepler Cheuvreux: €500.

These amounts, together with the additional €2,790.40 paid at the subscription of 12,800 BSA warrants acquired for €0.22 (which have now expired) and the additional €8,160.00 paid upon subscription of 9,600 vested BSA warrants for €0.85 (which have now expired), initially recorded under "warrants", were included in the issue premium during the capital increase.

As a reminder, the direct costs associated with the listing of the Company on the Euronext Growth Paris market that took place in 2013 amounted to €1,196,108. The costs related to fundraising carried out in 2019 amounted to €770,395.

The "Issue premiums" item recorded under liabilities on the statement of financial position also includes the sums received at the time of the subscription of the Share Subscription Warrants (See Note 8 – Dilutive financial instruments, below), i.e. €23,942.44 as of June 30, 2020.

> Earnings per share

As of June 30, 2020, net earnings per share was -€0.32.

Distribution of share capital

As of June 30, 2020, the 6,953,600 shares with a par value of €0.70 that make up the capital are distributed as follows:

Shareholders	Number of shares	Percentage holding	Number of voting rights	Percentage of voting rights
Holding Incubatrice Série 1⁽¹⁾	72,026	1.04%	72,026	1.03%
Funds managed by Truffle Capital	1,126,229	16.20%	1,126,229	16.15%
Management and directors	9,607	0.14%	11,314	0.16%
Copernicus Wealth Management SA⁽²⁾	620,154	8.92%	620,154	8.89%
BOLD Business Opportunities for l'Oréal Development	387,596	5.57%	387,596	5.56%
Michelin Ventures	310,077	4.46%	310,077	4.45%
Treasury shares	2,048	0.03%	N/A	N/A
Free float	4,425,863	63.65%	4,443,349	63.76%
TOTAL	6,953,600	100%	6,973,745	100%

(1) Formerly called Holding Incubatrice Chimie Verte

(2) Shares held by funds and/or individuals with Copernicus Wealth Management SA as their management company

By collective decision on February 20, 2013, it was decided to allocate a double voting right to all fully paid up shares documented to have been held in registered form in the name of the same shareholder for at least two years.

As a reminder, the distribution of capital as of December 31, 2019, on an undiluted basis, was as follows:

Shareholders	Number of shares	Percentage holding	Number of voting rights	Percentage of voting rights
Holding Incubatrice Chimie Verte	407,330	5.90%	511,926	7.28%
Funds managed by Truffle Capital	1,263,759	18.30%	1,263,759	17.98%
Management and directors	11,807	0.17%	13,514	0.19%
Copernicus AM	620,154	8.98%	620,154	8.82%
BOLD Business Opportunities for l'Oréal Development	387,596	5.61%	387,596	5.51%
Michelin Ventures	310,077	4.50%	310,077	4.41%
Treasury shares	5,830	0.08%	N/A	N/A
Free float	3,898,056	56.46%	3,922,882	55.80%
TOTAL	6,904,609	100%	7,029,908	100%



Dilutive financial instruments

> Share subscription warrants (BSAs)

The table below shows the status of the BSAs issued since the creation of the Company that were still outstanding as of June 30, 2020, as well as additional information regarding their status as of that date.

	BSA 2011-1		BSA 2012-1	BSA 2012-2
Date of the Shareholders' Meeting or Board of Directors having allocated the plan	Decision of the Chairman in accordance with the delegation of authority granted by the sole partner on 07/12/2011	Decision of the Chairman in accordance with the delegation of authority granted by the sole partner on 06/08/2012	Collective decision of the shareholders on 09/28/2012	Collective decision of the shareholders on 09/28/2012
Number of BSAs issued	2,506	1,253	170,000	20,241
Number of shares that may be subscribed or purchased	3,759		170,000	20,241
Date from which the warrants become exercisable	07/15/2012		According to the achievement of the exercise criteria (see methods above)	09/28/2013
Number of BSAs subscribed	3,759		170,000	20,241
Price of subscription or purchase of warrant	0.10		Free	0.22
Expiration date	07/12/2021	06/08/2022	09/28/2022	09/28/2022
Warrant exercise method	Option to exercise a number x of warrants between April 15 and July 15 of each year and for the first time on 07/15/2012, for 626 warrants calculated according to the following rule beginning from July 15, 2011: $x = (\text{total number of BSAs 2011-1 allocated to the beneficiary} * \text{number of months since 07/15/2011}) / 48$		Option to exercise the warrants after transfer by the beneficiary to CARBIOS of at least one strain of interest from the beneficiary's strain bank whose degradation properties have been validated by the Board of Directors, under the terms of the of research collaboration agreement signed between the beneficiary and CARBIOS	Possibility of exercising a number x of warrants per complete monthly period beginning from 09/28/2012, and for the first time from 02/28/2013, calculated according to the following rule: $x = (\text{total nb. of BSAs 2012-2 allocated to beneficiary} * \text{nb. of months since on 09/28/2012}) / 48$
Exercise price	1.00		2.25	2.25
Number of shares subscribed as of the date of this document	2,506		0	13,494
Cumulative number of subscription or purchase warrants canceled or null and void	0		0	0
Share subscription warrants that may be exercised	1,253		170,000	6,747

	BSA 2013-1	BSA 2015-2	BSA 2015-3	BSA 2016-1
Date of the Shareholders' Meeting or Board of Directors having allocated the plan	Decision of the Shareholders' Meeting on 07/26/2013	Decision of the Board of Directors of 06/24/2015	Decision of the Board of Directors of 06/24/2015	Decision of the Board of Directors of 12/15/2016
Number of BSAs issued	14,400	9,600	9,600	9,600
Number of shares that may be subscribed or purchased	14,400	9,600	9,600	9,600
Date from which the warrants become exercisable	07/26/2014	06/24/2016	06/24/2016	12/15/2017
Number of BSAs subscribed	14,400	9,600	9,600	9,600
Price of subscription or purchase of warrant	0.22	0.85 = amount set by an independent expert	0.85 = amount set by an independent expert	0.59
Expiration date	07/26/2023	06/24/2025	06/24/2025	12/15/2026
Warrant exercise method	These warrants are exercisable in the event of the occurrence of an IPO prior to June 30, 2014. Possibility of exercising a number x of warrants per complete monthly period beginning on 07/26/2013, and for the first time from 07/26/2014, calculated according to the following rule: $x = (\text{total nb. of BSAs 2013-1 allocated to beneficiary} * \text{nb. of months since 07/26/2013}) / 48$	Possibility of exercising a number x of warrants per complete monthly period beginning on 06/05/2014, and for the first time from 06/24/2016, calculated according to the following rule: $x = (\text{total nb. of BSAs 2015-2 allocated to beneficiary} * \text{nb. of months since 06/05/2014}) / 48$	Possibility of exercising a number x of warrants per complete monthly period beginning from 10/22/2013, and for the first time from 06/24/2016, calculated according to the following rule: $x = (\text{total nb. of BSAs 2015-3 allocated to beneficiary} * \text{nb. of months since 10/22/2013}) / 48$	Possibility of exercising a number x of warrants per complete monthly period, and for the first time from 12/15/2017, calculated according to the following rule: $x = (\text{total nb. of BSAs 2016-1 allocated to beneficiary} * \text{nb. of months since 12/15/2016}) / 48$
Exercise price	80% of IPO price	12.4581	12.4581	8.2837
Number of shares subscribed as of the date of this document	0	0	0	0
Cumulative number of subscription or purchase warrants canceled or null and void	12,800	0	0	0
Share subscription warrants that may be exercised	1,600	9,600	9,600	9,600

During the first half of 2020, no BSAs were issued.

During the first half of 2020, no BSAs were exercised.

As of June 30, 2020, 208,400 BSAs giving rights to 208,400 shares are still exercisable.



> Founder share subscription warrants (BSPCEs)

The table below shows the status of the founder share subscription warrants (BSPCEs) issued since the creation of the Company that were still outstanding as of June 30, 2020, as well as additional information regarding their status as of that date. Specific details regarding transactions during the first half of the year are provided later in the document.

	BCE 2012-1	BCE 2013-1	BCE 2015-2	BCE 2016-1	BCE 2017-1
Date of the Shareholders' Meeting or Board of Directors having allocated the plan	Collective decision of the shareholders on 09/28/2012	Decision of the Shareholders' Meeting on 07/26/2013	Decision of the Board of Directors of 06/24/2015	Decision of the Board of Directors of 03/22/2016	Decision of the Board of Directors of 06/27/2017
Number of BSPCEs issued	77,386	36,000	31,000	37,982	35,000
Number of shares that may be subscribed or purchased	77,386	36,000	31,000	37,982	35,000
Date from which the warrants become exercisable	02/01/2013	07/26/2014	06/24/2016	04/01/2017	06/27/2018
Number of BSPCEs subscribed	77,386	36,000	31,000	37,982	35,000
Price of subscription or purchase of warrant	Free	Free	Free	Free	Free
Expiration date	09/28/2022	07/26/2023	06/24/2025	04/01/2026	06/27/2027
Warrant exercise method	Possibility of exercising a number x of warrants per complete monthly period beginning on 02/01/2012, and for the first time from 02/01/2013, calculated according to the following rule: $x = (\text{total nb. of BCEs 2012-1 allocated to the beneficiary} * \text{nb. of months since 02/01/2012}) / 48$	These warrants are exercisable in the event of the occurrence of an IPO prior to June 30, 2014. Possibility of exercising a number x of warrants per complete monthly period beginning on 07/26/2013, and for the first time from 07/26/2014, calculated according to the following rule: $x = (\text{total nb. of BCEs 2013-1 allocated to the beneficiary} * \text{nb. of months since 07/26/2013}) / 48$	Possibility of exercising a number x of warrants per complete monthly period beginning on 06/24/2015, and for the first time from 06/24/2016, calculated according to the following rule: $x = (\text{total nb. of BCEs 2015-2 allocated to the beneficiary} * \text{nb. of months since 06/24/2015}) / 48$	Option to exercise x number of warrants per complete monthly period beginning April 1, 2016, and for the first time from April 1, 2017, calculated according to the following rule: $x = (\text{18,991 BCE 2016-1 allocated to the beneficiary} * \text{nb. of months since April 1, 2016}) / 48$. 18,991 other warrants may be exercised upon the occurrence of certain events.	Possibility of exercising a number x of warrants per complete monthly period, and for the first time from 06/27/2018, calculated according to the following rule: $x = (\text{total nb. of BCEs 2017-1 allocated to the beneficiary} * \text{nb. of months since 06/27/2017}) / 48$.
Exercise price	2.25	80% of IPO price	12.4581	11.5066	7.86
Number of shares subscribed as of the date of this document	75,838	30,000	0	18,991	0
Cumulative number of subscription or purchase warrants canceled or null and void	0	0	0	0	0
Share subscription warrants that may be exercised	1,548	6,000	31,000	18,991	35,000

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	BCE 2019-1	BCE 2020-1	BCE 2020-2	BCE 2020-3
Date of the Shareholders' Meeting or Board of Directors having allocated the plan	Decision of the Board of Directors of 12/06/2018	Decision of the Board of Directors of 03/12/2020	Decision of the Board of Directors of 03/12/2020	Decision of the Board of Directors of 03/12/2020
Number of BSPCEs issued	28,000	92,500	46,250	46,250
Number of shares that may be subscribed or purchased	28,000	92,500	46,250	46,250
Date from which the warrants become exercisable	01/01/2020	03/12/2020	03/12/2020	03/12/2020
Number of BSPCEs subscribed	28,000	92,500	46,250	46,250
Price of subscription or purchase of warrant	Free	Free	Free	Free
Expiration date	01/01/2029	03/12/2030	03/12/2030	03/12/2030
Warrant exercise method	<p><u>For 14,000 warrants:</u> Possibility of exercising a number x of warrants per complete monthly period beginning on 01/01/2020, calculated according to the following rule: $x = (\text{total nb. of BCEs 2019-1 allocated to the beneficiary} * \text{nb. of months since 01/01/2019}) / 48$.</p> <p><u>For 14,000 warrants:</u> Possibility of exercising a number Y of warrants calculated according to the following rule: $Y = (\text{number of warrants not yet exercisable among those 14,000 warrants}) * z\%$, where z% varies according to the CARBIOS stock market price</p>	<p>To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated.</p> <p>If all of the Company's shares are acquired by an industry player, special conditions apply.</p>	<p>To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated.</p> <p>If all of the Company's shares are acquired by an industry player, special conditions apply.</p>	<p>To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated.</p> <p>If all of the Company's shares are acquired by an industry player, special conditions apply.</p>
Exercise price	5.29999	7.75934	7.75934	7.75934
Number of shares subscribed as of the date of this document	0	0	0	0
Cumulative number of subscription or purchase warrants canceled or null and void	0	0	0	0
Share subscription warrants that may be exercised	28,000	92,500	46,250	46,250



During the first half of 2020, one BSPCE issue and award was carried out: at its meeting on March 12, 2020, the Board of Directors, acting pursuant to the delegation of authority conferred by the Combined Shareholders' Meeting of June 19, 2019 (Sixteenth Resolution), decided to issue and award 185,000 BSPCEs ("BCE 2020-1", "BCE 2020-2" and "BCE 2020-3") that grant the right to subscribe for 185,000 ordinary shares with a nominal value of €0.70 at a unit price equal to the volume-weighted average of the last 20 trading days preceding the warrant award date, i.e., a price equal to €7.75934.

During the first half of 2020, 18,991 BCE 2016-1 and 30,000 BCE 2013-1 were exercised.
As of June 30, 2020, there remained 305,539 BSPCEs outstanding.

Note 9 – Conditional advances and subsidies

The item "Conditional advances" consists of advances granted by public entities, whose repayment is conditional on the success of the relevant project.

• *Repayable advances granted by public entities*

The portion of advances received from public entities for the financing of the Company's Research and Development activities, and whose repayment is conditional is presented in liabilities under the heading of other equity capital "Conditional advances"

• *Subsidies received*

Subsidies received are recorded as soon as the corresponding receivable becomes certain, taking into account the conditions assigned to the awarding of the grant.

Operational subsidies are recorded under "Current income", taking into account, where applicable, the pace of the corresponding expenses in such a way as to comply with the principle of the matching of expenses with the income of the fiscal year.

Investment subsidies intended for the acquisition of fixed assets are initially recorded as equity, then are recognized as current income according to the pace of the depreciation applied to the corresponding fixed assets.

BPIFRANCE GRANT (FORMERLY KNOWN AS OSEO-ISI): THANAPLAST™

> *Subsidies*

The THANAPLAST™ project has been closed since June 30, 2017.

> *Repayable advance*

In the event of a successful research program, the Company is committed to reimbursing the repayable advance to Bpifrance for an amount of €4,525 thousand (according to the payment schedule below) upon achieving a cumulative revenue amount generated by the utilization of the products resulting from the THANAPLAST™ project of €10 million.

Year 1* on June 30 at the latest	€300,000
Year 2 on June 30 at the latest	€500,000
Year 3 on June 30 at the latest	€800,000
Year 4 on June 30 at the latest	€975,000
Year 5 on June 30 at the latest	€1,950,000

* following the crossing of the €10 million revenue threshold.

In addition, as soon as the reimbursement of the repayable advance will be completed in accordance with the above payment schedule, the agreement stipulates that the Company shall pay a bonus equal to 4% of its revenue generated by the utilization, if this exceeds a cumulative amount of €100 million. This additional payment is however subject to a time limit (applicable only for a period of five consecutive years from the date of the end of the reimbursement of the advance), and an amount cap (ceiling of €7,100 thousand).

ADEME GRANT: CE-PET PROJECT

On April 8, 2019, the Company obtained a grant from ADEME for the CE-PET project, composed of repayable advances totaling €3,102 thousand and subsidies of €1,034 thousand spread over a 48-month period from 2018 to 2022. The grants were released according to the project's progress and the submission of reports regarding the completion of each key stage stipulated in the framework agreement signed with ADEME. The agreement provides for a total grant rate of 60% that is applied to total eligible expenditures and used for each key stage, 25% of which is a subsidy and 75% a repayable advance (with conditions).

The contract agreement stipulates that the completion of each key stage and the associated conditions provide entitlement to the following payments capped based on a maximum % of cumulative grants:

(in euros)	KS1 (35%)	KS2 (60%)	KS3 (80%)	KS4 (100%)	TOTAL
Payment year	2019	2020	2021	2022	
SUBSIDY	361,900	258,500	206,800	206,800	1,034,000
REPAYABLE ADVANCE	1,085,700	775,500	620,400	620,400	3,102,000
TOTAL	1,447,600	1,034,000	827,200	827,200	4,136,000

At June 30, 2020, the Company had completed the work for the second key stage. Since its creation, the Company has received:

(in euros)	1 st payment	2 nd payment	3 rd payment	4 th payment	5 th payment	TOTAL
Date of payment	06/07/2019	10/21/2019	06/29/2020			
SUBSIDY	€155,100	€206,800	€258,500			€620,400
REPAYABLE ADVANCE	€465,300	€620,400	€775,500			€1,861,200
TOTAL	€620,400	€827,200	€1,034,000			€2,481,600

> Subsidy

The subsidy rate therefore amounts to 15% of the Industrial Research and Experimental Development expenses incurred by the Company in the context of the CE-PET project.

Eligible expenses incurred between January 31, 2018, when eligibility began, and June 30, 2020 amounted to €4,032 thousand. As a result, the project should be eligible for a subsidy of €605 thousand (€4,032 thousand x 60% x 25%). This amount respects the ceiling for the second key stage set at €620 thousand (KS1 and KS2 combined; see table above).

Since the beginning of the program, the Company has received €620 thousand in ADEME subsidies (see table above). The difference of €15 thousand (€605 thousand - €620 thousand) was recognized in current debt (deferred income).

> Repayable advance

The amount that CARBIOS owes ADEME for repayment of the amount of the Repayable Advance Paid (hereinafter the "Total Amount Payable") shall be equal to the following amount:

- an "Amount Ma" that depends on the progress of the Operation.

This amount is subject to specific terms and conditions of repayment as described below.

a) Determination of Amount Ma

Rate R1 is set at 0.84%.

The Beneficiary shall repay ADEME an amount whose Discounted Value using Rate R1 is equal to 100% of the Discounted Value using Rate R1 of the amount of the Repayable Advance Paid (hereinafter "Amount Ma") under the terms and conditions described below.



Amount Ma may, however, be reduced under the following conditions and by the following proportions:

- Ma is reduced by 75% if Key Stage 1 has not been verified;
- Ma is reduced by 50% if Key Stage 1 has been verified, but Key Stage 2 has not been verified;
- Ma is reduced by 25% if Key Stage 2 has been verified, but Key Stage 3 has not been verified.

b) Terms of repayment of Amount Ma

The operative event for the repayment of Amount Ma (hereinafter the "Ma Operative Event") shall be the End of the Investment Phase.

Repayment of Amount Ma shall be made in four (4) annual installments of the same amount.

The first installment shall be paid six (6) months after the end of the Beneficiary's Fiscal Year in which the Ma Operative Event is recorded.

Since the beginning of the program, the Company has received €1,861 thousand in ADEME conditional advances (see table above).

OTHER PUBLIC AND PRIVATE GRANTS OBTAINED

> Public grants :

The Company also obtained:

- A subsidy from the Auvergne Region (FIAD) of €397 thousand, of which €181 thousand was paid in 2013 and the balance of €216 thousand was paid in November 2015. The remaining portion of the investment subsidy associated with the acquisition of the Setup patent is recorded in income at the pace of the patent amortization;
- An interest-free loan from the Auvergne Region (FIAD) for €152 thousand to finance the installation of the laboratory. The investments having been made in 2014, the corresponding capital was paid to the Company on December 12, 2014. This loan is repayable in five annual instalments of €30 thousand. Repayment began on December 30, 2016, and the remaining capital balance owed as of June 30, 2020, was €30 thousand;

- A recoverable advance of €265 thousand from Bpifrance for an innovation project, of which €215 thousand was paid out in 2017 and the balance of €50 thousand in December 2018. The recognition of the project's success has made the entire amount eligible for repayment, and the remaining capital balance owed at June 30, 2020 amounted to €245 thousand;
- An Innovation Loan from Bpifrance for €3,000 thousand at a floating rate to finance the intangible expenses related to its desire to launch the industrialization process. After a grace period of two years, constant capital repayments of €75 thousand will take place from March 31, 2021 to December 31, 2025 for the first loan and one year later for the second one.

> Private grants:

- A repayable interest-free advance from the association FMR 63 for €70 thousand for business creation activities and job creation, for which repayment ended in 2019.

Note 10 – Operating income

The Company's operating income was €849 thousand for the first half of 2020 and consisted mainly of:

> Operating subsidy :

For the CE-PET project, the Company recorded an operating subsidy of €226 thousand (of which €16 thousand was deferred income). Eligible expenses incurred between January 31, 2018, when eligibility began, and June 30, 2019, amounted to €4,032 thousand. In accordance with the terms of the agreement, these expenses should entitle the Company to a subsidy of €605 thousand ($€4,032 \text{ thousand} \times 60\% \times 25\%$). Taking into account the payments already obtained in 2019 (€362 thousand) and the reversal of the accrued income recognized at December 31, 2019, the grant proceeds amount to: €605 thousand - €362 thousand - €17 thousand = €226 thousand. This data may be revised after review by ADEME.

CARBIOLICE research services agreement

On February 15, 2017, the Company entered into a research service agreement with its subsidiary for a period of two years and a total amount of €1,248 thousand. The aim of this contract is to carry out a product development program thanks to its biodegradation technology. During 2018, an amendment was signed to extend the contract up to 2021 and raise the total contract amount to €2,500 thousand. During the first half of 2020, operating revenue was €263 thousand.

Other operating income

In addition, of the €363 thousand in other operating income, the Company received €341 thousand in income from other agreements, some of which came from agreements with CARBIOLICE.

Note 11 – Maturity of liabilities and deferred income at the end of the period

Statement of liabilities as of 06/30/2020 (in euros)	Total amount	From 0 to 1 year	From 1 to 5 years	More than 5 years
Regional & national funds	4,671,260	230,360	3,142,950	1,297,950
Suppliers	1,360,077	1,360,077		
Tax and social liabilities	912,318	912,318		
Other liabilities	50,163	50,163		
Deferred income (1)	493,926	493,926		
Accrued interest on loans	57,450	57,450		
TOTAL	7,545,194	3,104,294	3,142,950	1,297,950

(1) Deferred income includes the period after June 30, 2020, relating to products invoiced in the first half of 2020.

Note 11 bis – Accruals (prepayments and deferred income)

Accruals are shown on the statement of financial position as of June 30, 2020 for the following amounts:

Statement of accruals (in euros)	ASSETS	LIABILITIES
Suppliers, amounts receivable and accrued invoices	1,800	886,472
Trade receivables, not yet invoiced	29,010	
Personnel and social welfare organizations, accrued expenses		586,561
State, accrued expenses and accrued income (1)	602,441	24,061
Subsidies receivable		15,570
Prepaid expenses	131,710	
Deferred income		478,356
Accrued interest income, accrued interest payable	5,736	57,450
Expense to be spread over the loan	17,213	
TOTAL	787,910	2,048,470

(1) This amount includes notably the receivable for the Research Tax Credit of €469 thousand.

Note 12 – Income tax

Since the Company does not currently generate any profit, it does not have any income tax expenses. The amount recognized in income in respect of corporate tax is income from the Research Tax Credit (CIR). It amounted to €469 thousand as of June 30, 2020.



Note 13 – Related parties

In the first half of 2020, CARBIOS allocated Directors' fees to members of the Board of Directors in the amount of €50 thousand (excluding social security contributions).

The operations performed during the first half of 2020 with its subsidiary CARBIOLICE are as follows:

- **Consulting agreement:** This contract expired in 2019 and was not renewed in 2020.
- **Resource provision agreement:** This contract expired in 2019 and was not renewed in 2020.
- **CARBIOLICE research services agreement (€263 thousand in operating revenue):** See Note 10.
- **Licensing and sub-licensing of patent and know-how licenses:** The Company entered into a patent license and know-how agreement with SAS CARBIOLICE on August 30, 2016, for a period running until the expiry of the last of the patents granted, and for which an amendment was signed on June 28, 2018. Payment for this agreement is scheduled to take the form of an €8 million lump-sum royalty payment and variable royalties based on the revenue generated from CARBIOLICE's use of the licensed technology. No variable royalties were recorded as at June 30, 2020, given that none of CARBIOLICE's revenue resulted from use of the licenses granted in 2016.
- **Rebilling of tests and regulatory matters (€43 thousand in operating income):** Rebilling, mainly of tests relating to enzymes and fees related to regulatory matters, in accordance with the letters of agreement signed with CARBIOLICE;

Note 14 – Table of subsidiaries and equity interests

Company name	SAS CARBIOLICE
Share	€22,200,000
Reserves and carryforwards prior to the allocation of income	-€10,583,566
Portion of share capital owned (%)	52.7%
Book value of securities held	€11,700,000
Loans and advances granted by the Company and not yet repaid	-
Amount of guarantees given by the Company	-
Revenue excluding tax for the most recent fiscal year	€233,946
Results (profit or loss for the most recent period ended)	-€2,165,673
Dividends received by the Company during the fiscal year	-
Comments	

Note 15 – Commitments given

	Commitment
Retirement indemnity	€161,728
Individual right to training	Not applicable

• Retirement indemnity

The rights of employees to retirement indemnities were assessed at €161,728 as of June 30, 2020.

This figure was calculated according to the following assumptions:

- Voluntary retirement;
- Retirement age: 67 years;
- Turnover: slow;
- Discount rate: 1%;
- Increase in wages: 2%.

• Personal training account

Since January 1, 2015, the individual right to training has been replaced by a personal training account.

Note 16 – Headcount

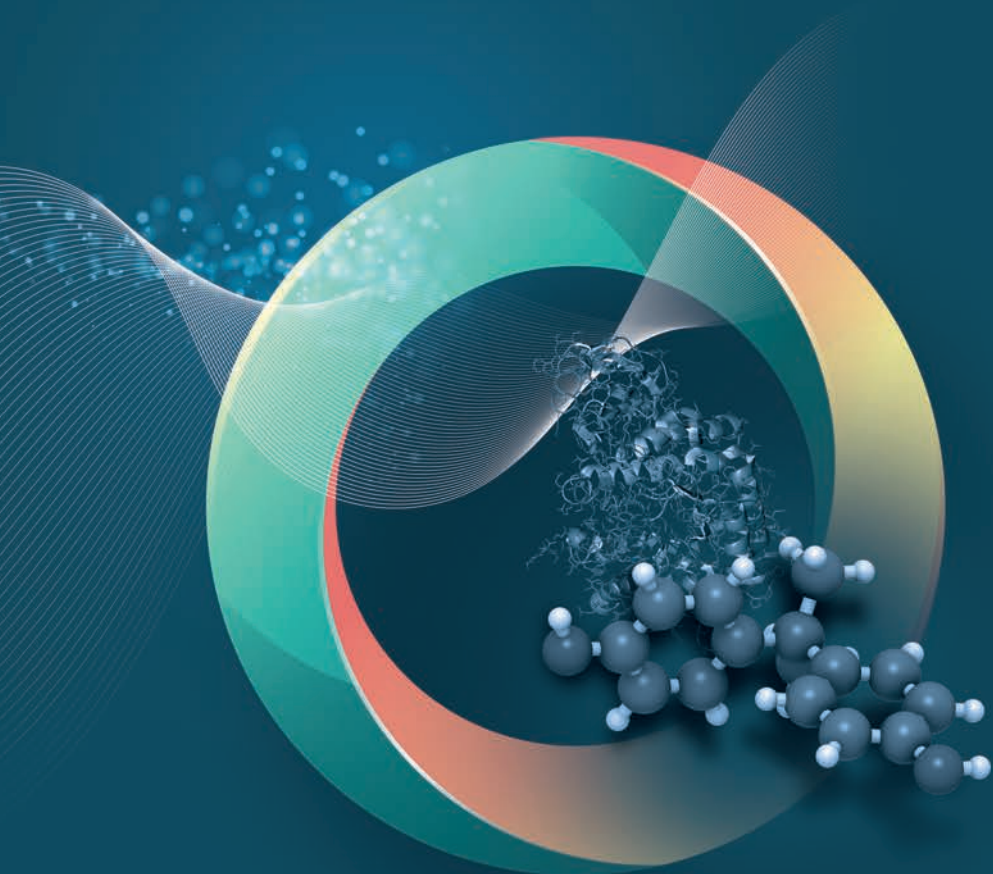
	Headcount as at 12/31/2019	Headcount as at 06/30/2020
Managers	18	20
Supervisory staff and technicians	8	10
Employees	1	0
Total	27	30

Note 17 – Events after the reporting period

The following events occurred after the end of the first half of 2020:

- At its meeting on July 9, 2020, the Board of Directors, acting pursuant to the delegation of authority conferred by the Combined Shareholders' Meeting of June 18, 2020 (Thirteenth Resolution), decided to issue and award 115,000 BSPCEs ("BCE 2020-4", "BCE 2020-5" and "BCE 2020-6") that grant the right to subscribe for 115,000 ordinary shares with a nominal value of €0.70 at a unit price equal to the volume-weighted average share price of the last 20 trading days preceding the warrant award date, i.e., a price equal to €20.6050.
- The Board of Directors, at its meeting on July 21, 2020, approved, subject to the effective subscription of BOLD to a capital increase of the Company, the principle of the appointment of a representative of BOLD as a non-voting director at the next Shareholders' Meeting and the invitation of that person to all meetings of the Board of Directors until his or her appointment as a non-voting director.
- On July 22, 2020, the Company launched a capital increase with cancellation of preferential subscription rights by placement with qualified French and international investors, in accordance with the ninth resolution of the Combined Shareholders' Meeting of June 18, 2020 and the decisions of the Company's Board of Directors on July 21 and 22, 2020. On July 23, 2020, the Company announced the great success of that capital increase for a final amount of €27 million with qualified French and international investors via an accelerated book-building process. In conjunction with that capital increase, investment funds whose management company is Truffle Capital and Holding Incubator Série 1 sold 380,952 existing shares, representing an amount of €10 million. The capital increase conducted resulted in the issue of 1,028,572 new ordinary shares at a price per share of €26.25 (issue premium included). On July 27, 2020, the Company's Chief Executive Officer recorded the final completion of this capital increase.
- In addition, the Company obtained a French Government-guaranteed loan of €1 million. The French Government-guaranteed loan will be made for a period of 12 months, repayable in fine at a rate of 0%, corresponding to the institution's financing cost, excluding the French Government guarantee premium of 0.25% per annum. It will nevertheless be left to the discretion of the Company to request additional amortization over an additional 1, 2, 3, 4 or 5 years at a rate equivalent to the Bank's cost of financing, excluding the French Government guarantee premium, corresponding to the length of the desired additional amortization period.
- Finally, at its meeting on September 15, 2020, the Board of Directors noted the expiration of 18,991 BCE 2016-1 and, acting pursuant to the delegation of authority conferred by the Combined Shareholders' Meeting of June 18, 2020 (Thirteenth Resolution), decided to issue and award 100,000 BSPCEs ("BCE 2020-7") that grant the right to subscribe for 100,000 ordinary shares with a nominal value of €0.70 at a unit price equal to the volume-weighted average share price of the last 20 trading days preceding the warrant award date, i.e., a price equal to €30.2899.

There were no other significant events to be noted for the beginning of the second half of 2020.



4. ADDITIONAL INFORMATION

PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

PERSONS RESPONSIBLE FOR THE INTERIM REPORT

Jean-Claude Lumaret, Chief Executive Officer

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM REPORT

I certify that, to the best of my knowledge, the complete financial statements presented for the six months ended June 30, 2020 in the interim financial report have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company, and that the interim management report (pages 5 to 19) gives a true and fair view of the significant events that occurred during the first six months of the fiscal year, their impact on the financial statements, the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Jean-Claude Lumaret
Chief Executive Officer



FINANCIAL DISCLOSURES

SHAREHOLDER INFORMATION

CARBIOS shares are listed on Euronext Growth – Paris
ISIN code: FR0011648716
Ticker code: ALCRB.PA
CARBIOS is present in the Euronext Growth All Share
and Euronext Growth Bpifrance Innovation indices
CARBIOS shares are eligible for SME share savings
accounts (PEA-PME) for tax purposes

RELATIONS WITH THE FINANCIAL COMMUNITY

CARBIOS is regularly in contact with the financial community. In 2020, the Company organized a meeting with analysts and investors to present its 2019 annual results (in collaboration with the French Society of Financial Analysts, SFAF). In addition, meetings are regularly organized with financial analysts and investors in the form of roadshows and private meetings. These various events facilitate communication between the financial community and the Company regarding its strategy, results and outlook.

All information disseminated by CARBIOS is available on its website www.carbios.fr

4.3. CONTACT

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GLOSSARY

- **Biodegradation**

The decomposition of materials into simple molecules (H_2O , CO_2 , humus) through the enzymatic action initiated by micro-organisms.

- **Bioprocess**

Production process using micro-organisms or enzymes.

- **Biorecycling**

Process for the degradation of a polymer into its constituent monomers followed by a conversion process, by chain formation, of a monomer, or a mixture of monomers, into a polymer.

- **Depolymerization**

Degradation of a polymer into its constitutive monomers.

- **Enzyme**

A protein that catalyzes, meaning that it increases the speed of the chemical reaction.

- **Micro-organism**

Microscopic living organism (bacteria, fungus or yeast), meaning that it is invisible to the naked eye and can only be seen using a microscope.

- **Monomer**

Molecule, a basic unit, which contributes to the formation of a polymer.

- **Polymer**

Large molecule composed of the repetition, a large number of times, of one or several monomers.

- **Polymerization**

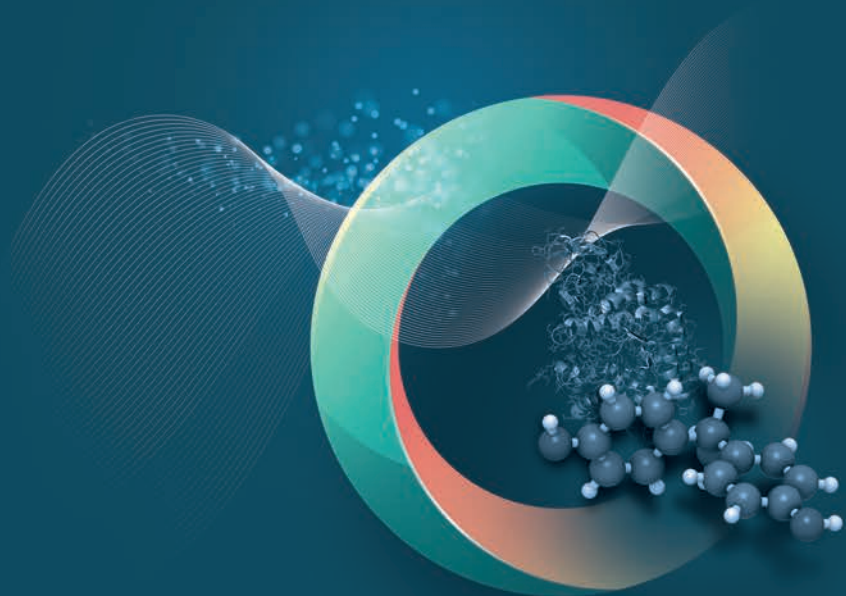
Conversion process, through the formation of chains, of a monomer, or of a combination of monomers, into a polymer.

- **PLA Polylactic Acid**

Biosourced and biodegradable plastic polymer according to standard EN13432 (industrial compost environment). Moreover, it is biocompatible.

- **PET Polyethylene terephthalate**

Plastic polymer that is the predominant constituent of water bottles and some textile materials such as polyester fibers.



CARBIOs
Reinvent Polymers Lifecycle

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