

2021

INTERIM FINANCIAL REPORT



CARBIOS

Enzymes powering the **Circular Economy**



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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
 Business Opportunities for L'Oréal Development (BOLD),
 represented by Laurent Schmitt
 Michelin Ventures, represented by Nicolas Seeboth
 Jean Falgoux
 Jacqueline Lecourtier
 Jacques Breuil
 Alain Chevallier
 Mieke Jacobs
 Vincent Kamel
 Pascal Juéry¹
 Godefroy Motte²

EXECUTIVE MANAGEMENT

Chief Executive Officer:	Jean-Claude Lumaret
Deputy Chief Executive Officer:	Martin Stephan
Chief Financial Officer:	Kader Hidra
Chief Scientific Officer:	Alain Marty
Director of Intellectual Property:	Lise Lucchesi
Director of Legal Affairs and Human Resources:	Vanina Varlamoff

¹Pascal Juéry has announced his intention to resign from his position as of October 2021.

²Godefroy Motte has announced his intention to resign from his position in October 2021.



2. INTERIM MANAGEMENT REPORT





CARBIOS OVERVIEW

ENZYMES: REVOLUTIONIZING THE WORLD OF THERMOPLASTICS

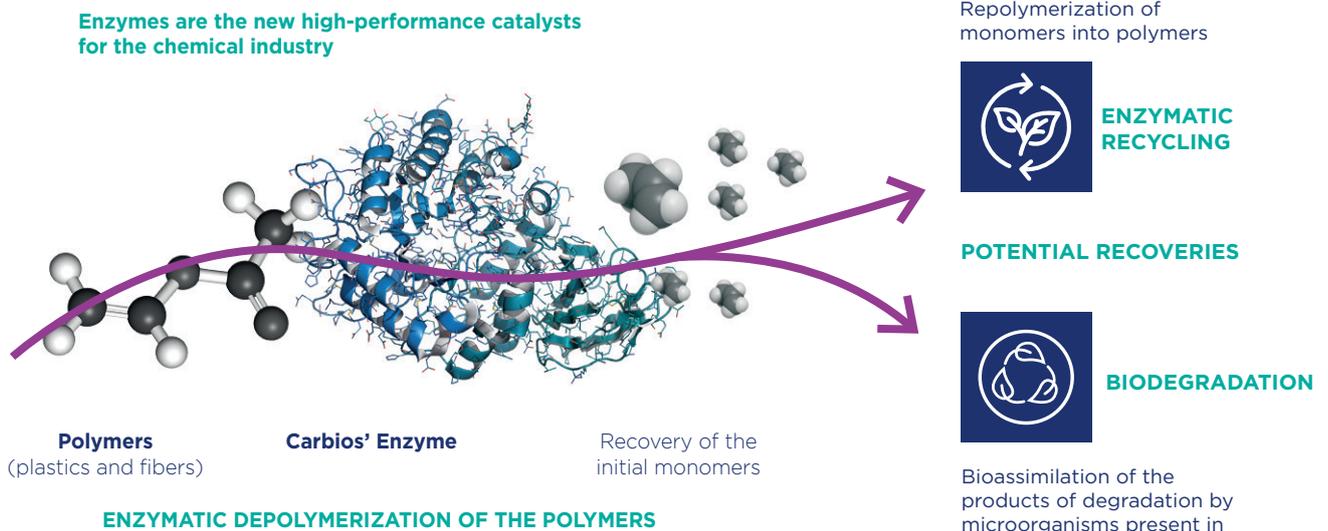
CARBIOS, a green chemistry company created in April 2011, develops innovative and competitive biological processes constituting a major innovation in the life cycle management of plastics and textiles, for the purpose of industrializing them. Through its unique approach combining enzymes and plastics for the first time, CARBIOS aims to address new consumer expectations and the challenges of the broader energy transition faced by governments and industrial companies by taking up a major challenge of our time: plastic and textile waste pollution.

Building on the results obtained in its Research and Development work, CARBIOS has developed new industrial solutions, based on the foundations of the circular economy, to revolutionize the life cycle of plastic and textile materials.

Through enzymatic recycling technology, CARBIOS provides an industrial solution to the recycling of PET plastics and textiles (the dominant polymer in bottles,³ trays and textiles made of polyester), which is a market of more than 70 million tons per year worldwide.

This technology developed by CARBIOS deconstructs all types of PET waste into its basic constituents (monomers). These can then be reused to produce new PET products of the same quality as the original ones.

The Company has also developed an enzymatic biodegradation technology for PLA⁴ (a biosourced polymer) based single-use plastics, which is a strongly growing market estimated at 275,000 tons in 2020. This technology can create a new generation of plastics that are 100% compostable in domestic conditions thanks to the integration of enzymes at the heart of the plastic product. This innovation is operated under license by CARBIOLICE, a company created in 2016 and in which CARBIOS now holds 100% of the voting rights.



³ Poly (ethylene terephthalate)

⁴ Polylactic Acid



BUSINESS DEVELOPMENT MODEL

CARBIOS' business development model is based on two types of revenue:

- The granting of licenses for the use of its know-how and intellectual property: the licenses granted will generate revenues in the form of upfront payments, license fees or dividends; and
- The sale of proprietary enzymes directly to manufacturers using technologies developed by the Company.



With a technological offer unique in the world and the support of several global leaders in their respective fields, CARBIOS engages all industry players (collectors, producers, processors, users and consumers) in a sustainable transition to a true circular economy model.

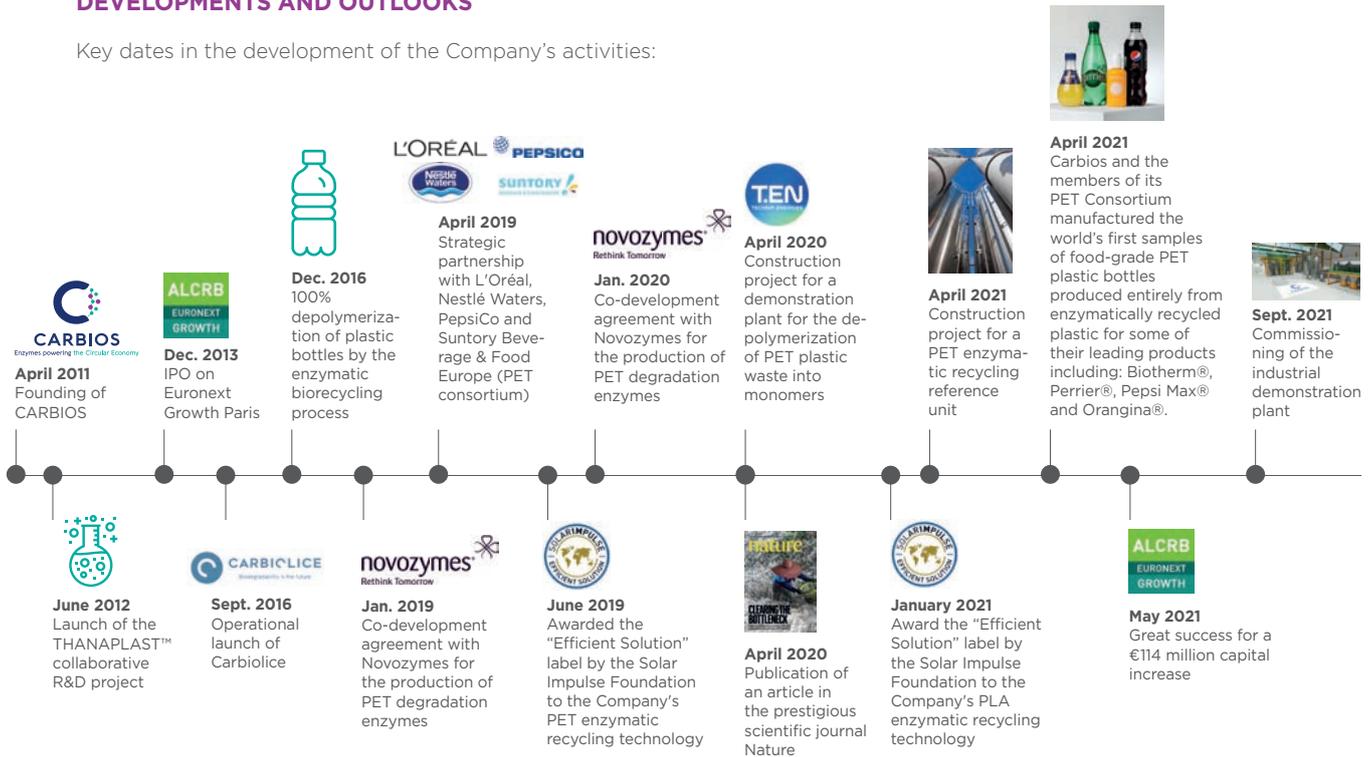
Thus, the CARBIOS model is based on the development of breakthrough innovations and intense collaboration with all stakeholders. Today, it offers manufacturers sustainable and eco-friendly alternative solutions for mass consumption markets.

By placing the circular economy at the heart of its innovations and strategy, CARBIOS strives to create sustainable financial, environmental, social and economic value.



DEVELOPMENTS AND OUTLOOKS

Key dates in the development of the Company's activities:

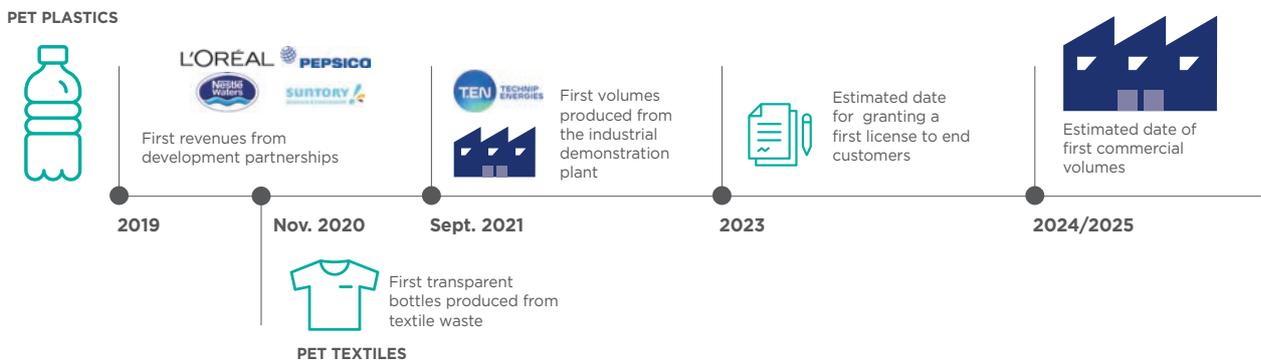


The Company is now undertaking the industrialization of its enzymatic PET recycling technology with the commissioning of an industrial demonstration plant in Clermont-Ferrand, France in September 2021.

By the end of 2022, this demonstration plant will enable the complete engineering documents for the process (PDP: Process Design Package) to be drawn up, and from 2023, the first operating licensing of this proprietary technology, which will be combined with the sale of enzymes to manufacturers who will build and operate their own units.

At the same time, the Company aims to complete the construction of a PET recycling reference unit by the end of 2024, with an estimated production capacity of 40,000 metric tons per year (CAPEX estimated at around €100 million). This project will also secure the marketing of the first volumes of recycled PET by 2025 and consolidate the Company's business model, which remains the licensing of its technologies and know-how, and the sale of enzymes to its license holders, who will build their own industrial units.

Stages of deployment of enzymatic recycling technology for PET plastic waste and fibers:



Industrial demonstration plant

- September 2021: Commissioning of the industrial demonstration plant;
- 2nd half-year 2022: Finalization of the Process Design Package (PDP); and
- 1st half-year 2023: First license concessions.

Reference unit

- 2021-2022: Engineering studies and selection of the Unit's construction site;
- End of 2022: Start of construction on the Unit⁵;
- End of 2024: Commissioning of the Unit⁵; and
- 2025: First revenues from the operation of the Unit.

⁵ Estimated date, depending in particular on the choice of construction site and building and operating permits

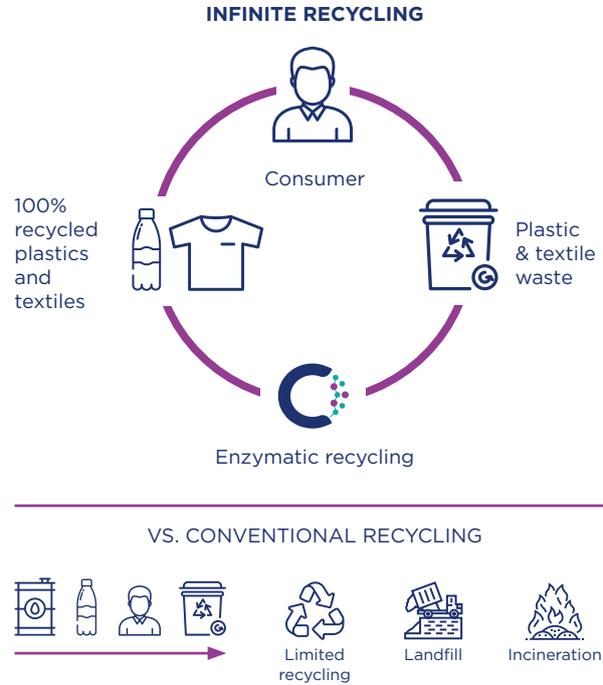


MARKET CONTEXT AND OPPORTUNITIES

CARBIOUS enzymatic recycling technology targets a market that is set to grow strongly under the impetus of new regulations, consumer expectations and the commitments of the world's leading brands. The environmental challenge of the end of plastic and textile materials and the need to go beyond the limits of conventional approaches, are all elements that go in the direction of a drastic expansion of the recycled PET market targeted by CARBIOUS.

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

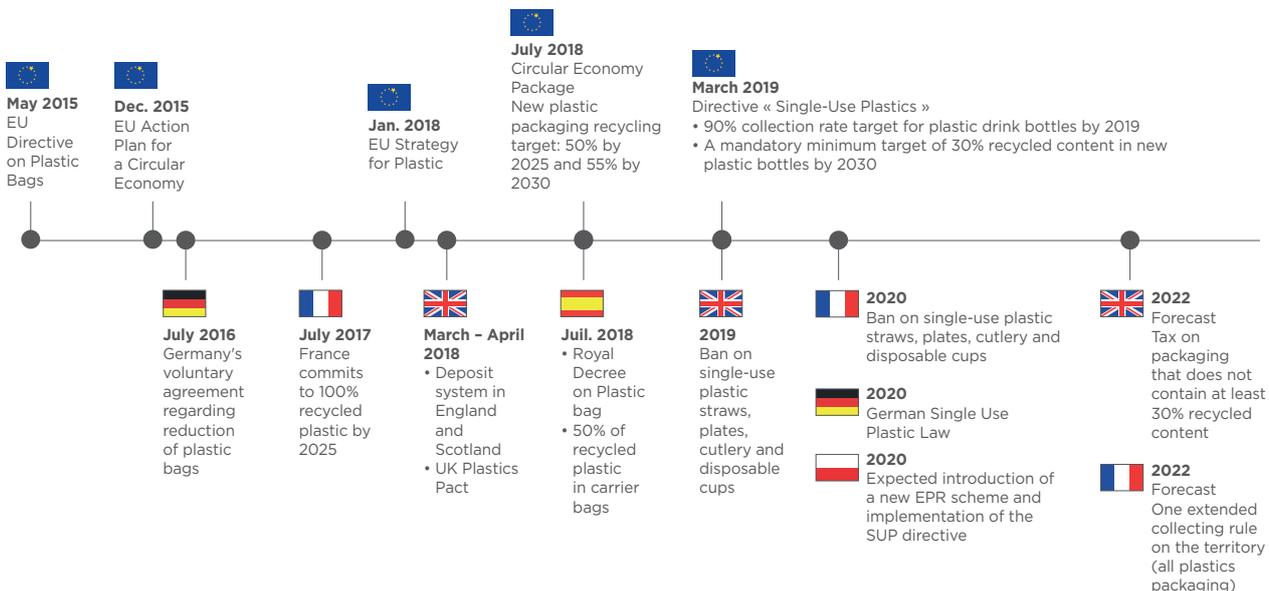
Plastics are very present in our daily lives and have now become unavoidable. Plastics, which today are still mainly of fossil origin, take around 400 to 500 years⁶ to degrade under natural conditions. With the development of our industrial societies, the generation of plastic waste has continued to grow and has led to an accumulation of plastic in the environment, creating multiple nuisances. The OECD considers that 14 to 18% of plastic waste generated every year on a global scale is collected for recycling and 24% is incinerated. The remainder, almost 60%, accumulates in landfills and in the environment where it contributes to polluting our soils, rivers and marine environments⁷. Better management of the end-of-life of plastic materials is not only a major challenge of our time but also an unprecedented business opportunity to initiate this transition towards a circular economy model, thanks to innovation.



GROWING REGULATORY PRESSURE

The implementation of new regulatory provisions is intensifying, both at European and national levels, promoting better management of the end of life of plastics and the development of the circular economy.

These changes require all industrial players in the sector to adapt, thereby opening up a strong opportunity for the deployment of CARBIOUS technologies.



⁶ Source: World Wildlife Fund (Australia) in 2018.
⁷ Source: Environment Directorate - OECD in 2018



STRONG INITIATIVES AND COMMITTED MANUFACTURERS

In addition to national and supranational regulations, pressure from consumers and NGOs is prompting industrial players to commit to a transition to more sustainable solutions with a neutral environmental impact. They represent powerful backing for innovation in the fields of recycling and biodegradation, the core of the bioprocesses developed by CARBIOS.

CARBIOS benefits from numerous supports, notably through its PET Consortium, launched in 2019⁸ with L'Oréal (co-founder of the Consortium), Nestlé Waters, PepsiCo and Suntory Beverage & Food Europe (Orangina-Schweppes in France).

HIGHLIGHTS OF THE PERIOD

Against the backdrop of the global crisis linked to the Covid-19 pandemic and the exceptional measures taken in the context of the state of health emergency, the Company managed to conduct its operational activities, in accordance with its initial business plan, while ensuring the protection of its employees.

The first half of 2021 was marked by several major scientific and strategic advances and in particular by the announcement on April 6, 2021⁹ of a project to build a first of a kind Reference unit ("The Unit") operating CARBIOS' technology for the 100% PET recycling and the great success of a €114 million capital increase in May 2021¹⁰.

CARBIOS' recent advances, as described below, and the start-up, in September 2021, of the industrial demonstration plant dedicated to the enzymatic recycling of PET, reinforce the value of the Company's assets and will enable the future industrial and commercial deployment of the technologies designed and developed by CARBIOS.

HIGHLIGHTS OF THE FIRST HALF OF 2021 AND EVENTS AFTER THE REPORTING PERIOD

R&D COLLABORATION WITH MICHELIN:

In April 2021¹¹, CARBIOS and Michelin, a leader in sustainable mobility, announced that they have taken a step towards a 100% sustainable tire. By obtaining highly technical fibers from used PET plastics that meet the performance requirements for use in tires, CARBIOS and Michelin have achieved a world first and demonstrate the full extent of the recycling process designed and developed by CARBIOS.

AGREEMENT WITH A MAJOR PET PRODUCER:

In April 2021¹², CARBIOS announced the signature, on April 15, 2021, of a non-exclusive and non-binding agreement in the form of a Letter of Intent with one of the largest PET producers worldwide. This agreement will enable CARBIOS to carry out studies to select the site, from among those operated by this PET producer, that will be the most technically and economically suitable to build a 100% PET recycling Reference unit.

⁸ See April 29th, 2019 press release

⁹ See April 6th, 2021 press release

¹⁰ See May 10, 2021 press release

¹¹ See April 23th, 2021 press release

¹² See April 26th, 2021 press release



PET CONSORTIUM:

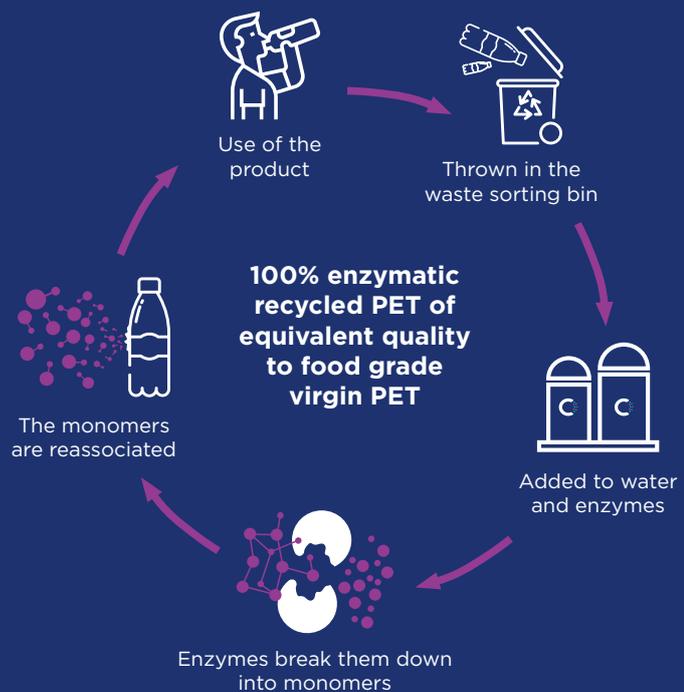
In June 2021¹³, CARBIOS and its partners in the PET Consortium - L'Oréal, Nestlé Waters, PepsiCo and Suntory Beverage & Food Europe - announced that they have produced the first samples of food-grade bottles made entirely from enzymatically recycled PET plastics: a world first. By using PET produced according to a true circular economy principle thanks to the technology developed by CARBIOS, each member of the Consortium successfully produced sample bottles for one of its flagship products, including Biotherm®, Perrier®, Pepsi Max® and Orangina®.



© Jérôme Pallé

Food-grade bottles from CARBIOS proprietary enzymatic recycling technology

In partnership with the members of the Consortium, CARBIOS has thus demonstrated the viability of its technology and the quality of the prototype bottles produced, which is similar to that of virgin PET. This alternative technology, applicable to all types of PET plastic, solves the problem of the deterioration of the properties of plastic inherent in conventional recycling and provides an industrial response to the treatment of PET waste and the reduction of its carbon footprint. Thus, taking into account the substitution of the production of virgin PET, the CARBIOS recycling process allows a potential saving of 30% of CO₂ emissions compared to a conventional end of life mix of incineration and landfill¹⁴. The production of these food-grade bottles represents a major step in the validation of the CARBIOS technology by the members of the Consortium and confirms its potential to create more environmentally friendly packaging.



¹³ See June 24th, 2021 press release

¹⁴ Preliminary analysis of the PET recycling life cycle, CARBIOS in June 2021



FUNDING:

In May 2021¹⁵, CARBIOS announced the **success of a capital increase** carried out with cancellation of shareholders' preferential subscription rights by way of a public offering and with a priority period. The Company issued 3,000,000 new ordinary shares with a par value of €0.70 per share, at a unit price of €38, including the issue premium, **for a total amount of €114 million**, representing 36.7% of the Company's share capital before the transaction. The 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 commitments they had made, for a total amount of €11.4 million. L'Occitane Group subscribed for this capital increase for an amount of €10 million. This support, together with the strong demand expressed by international institutional investors and individuals eligible for this public offering, are strong markers of the legitimacy acquired by the Company and its management team.

The purpose of the funds raised is to finance:

- The construction of a Reference Unit using the CARBIOS' enzymatic technology for recycling 100% of PET with an estimated production capacity of 40,000 metric tons per year and for which the investment is estimated at around €100 million, amounting to approximately 65% of the net proceeds from the issue; it is specified that the part of the investment in the Reference Unit not financed by the net proceeds of the issue will be, when the time comes, through other sources of financing;
- the Company's operating expenses, amounting to approximately 5% of the net proceeds of the issue;

- operating expenses related to the demonstration plant located in Clermont-Ferrand, representing approximately 5% of the net proceeds of the issue; it is specified that the part of the investment in the Demonstration plant not financed by the net proceeds of the issue will be, when the time comes, through other sources of financing;
- expenses related to R&D activities specific to PET and PLA and the deployment of the Company's Research activities to other polymers and/or other applications, amounting to approximately 10% of the net proceeds of the issue; and
- the rationalization of the Company's portfolio with a view to developing its biodegradation technologies beyond PLA, for approximately 15% of the net proceeds of the issue¹⁶.

Based on the Company's cash flow to date and projected expenses, the net proceeds of the issue should enable the Company to achieve its strategic objectives and cover its working capital requirements until the end of 2023.

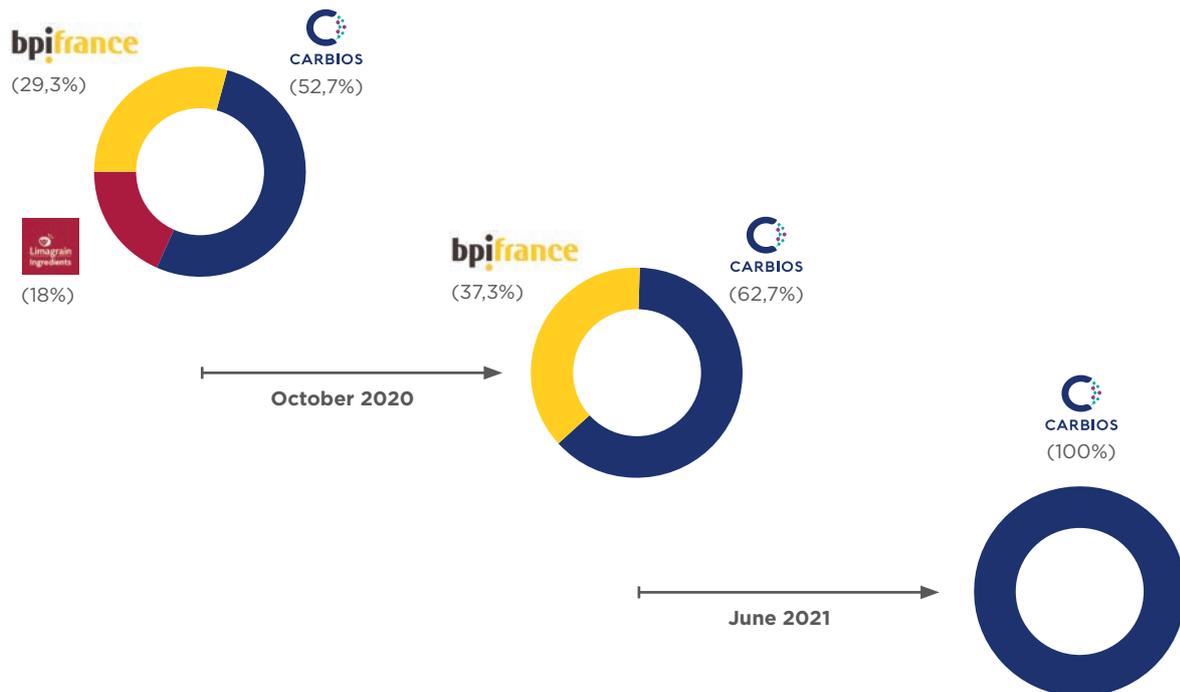
¹⁵ See May 10, 2021 press release

¹⁶ See press release of June 4, 2021 on the purchase of the SPI fund's stake in the capital of CARBIOLICE



CARBIOLICE:

In June 2021¹⁷, CARBIOS announced the acquisition, from the SPI fund of Bpifrance Investissement, of its entire stake of 37.29% in the capital of CARBIOLICE. This acquisition, which took place on June 3, 2021 for a price of €17.9 million, ends five years of structuring collaboration with the SPI fund. Following this acquisition, paid exclusively in cash, CARBIOS now holds 100% of the voting rights of CARBIOLICE. This acquisition, which follows the acquisition in October 2020 from Limagrain Ingredients of its entire stake of 18.02%¹⁸, is part of the rationalization of the Company's portfolio, as announced during the successful capital increase of May 10, 2021.¹⁹



These two successive operations underline the confidence CARBIOS has in the development of CARBIOLICE and its ability to extend its activities in the biodegradation of polymers beyond PLA. They also reinforce CARBIOS' ambitions to position itself as the world leader in biological technologies for the end-of-life of plastics and synthetic fibers.

In September 2021²⁰, CARBIOLICE announced that it had obtained "Ok Compost Home" certification from the TÜV Austria Group for rigid PLA-based packaging (up to 70%) containing Evanesto®. This new step enables everyday packaging (yoghurt jars, trays, cups, but also horticultural pots, etc.) to obtain the "Ok Compost Home" label. Thus, rigid packaging containing Evanesto® can be transformed into compost in 255 days, even at room temperature and, therefore, in domestic conditions.

¹⁷ See June 4th, 2021 press release

¹⁸ See October 8th, 2020 press release

¹⁹ See May 10, 2021 press release

²⁰ Cf. CARBIOLICE's press release dated September 2, 2021



START-UP OF THE INDUSTRIAL DEMONSTRATION PLANT: PRODUCTION CHANGES SCALE

In accordance with its provisional schedule, CARBIOS initiated the commissioning of its industrial demonstration plant in September 2021. Installed on the Cataroux site in Clermont-Ferrand, France, this demonstration plant represents the final stage in the development of the process and prefigures the design of future industrial units. Its operation, by the end of 2022, will make it possible to draw up the complete engineering documents for the process (PDP: Process Design Package) for the enzymatic recycling of PET (from waste to monomers) for the construction and operation of a Reference unit, with an estimated production capacity of 40,000 metric tons per year, as well as future plants that will be operated under licenses.

The sizing of the demo plant, designed in collaboration with Technip Energies' engineering teams, will make it possible to acquire the key data needed to optimize and extrapolate the operating parameters of each stage of the process.

The installation of this demonstration plant on the Cataroux site in Clermont-Ferrand enables CARBIOS and Michelin to pool the utilities and services required to operate this facility.

This facility includes storage areas for raw materials and finished products (terephthalic acid and monoethylene glycol), the pre-treatment of PET waste, an hydrolysis reactor with a capacity of 20 m³ and equipment for the purification of monomers (terephthalic acid and monoethylene glycol) enabling the production of high purity batches. The optimization of the operating parameters of this industrial demonstration plant and the production of monomers, resulting from the enzymatic recycling of PET waste, is now carried out by a team of ten people. Different types of PET waste (bottles, trays, textiles, etc.) from multiple sources will be used, in order to guarantee the adaptability of the process according to the type of PET waste to be treated and its quality, which may vary according to the regions, and therefore depending on the geographical specificities of collection and sorting, where the future industrial units will be located.



CARBIOS industrial demonstration facility for the depolymerization of PET plastic waste and textiles into monomers (credit: CARBIOS)



DISTINCTIONS:

In January 2021²¹, CARBIOLICE announced that it had received the Efficient Solution label from the Solar Impulse Foundation for its EVANESTO® solution. To receive this label, the technology implemented by CARBIOLICE has undergone a meticulous assessment by a group of independent experts according to five criteria covering the three main themes of technical feasibility, social and environmental impact, and economic profitability.

In May 2021²², CARBIOLICE announced that had received the Greentech Innovation label from the French Ministry for the Environmental Transition. This recognition attests to the innovative nature of the PLA-based plastics enzymatic biodegradation technology implemented by CARBIOLICE and its ability to make a significant contribution to the environmental transition. CARBIOLICE thus joins the network of 216 certified Greentech Innovation start-ups since its creation in 2016.

In June 2021²³, CARBIOS announced that it had been recognized as a Technology Pioneer by the World Economic Forum. Techpioneers, selected from among hundreds of candidates by the World Economic Forum, are fast-growing companies around the world. They develop innovations and use new technologies that have a significant impact on businesses, society and the environment. The Techpioneers 2021 were selected based on criteria such as innovation, impact, leadership and relevance of the company with the World Economic Forum platforms.

In June 2021²⁴, CARBIOS also won the “Grand Prix” Scale Up Challenge at the World Materials Forum (WMF) for the development of its enzymatic recycling process for PET waste enabling the production of transparent food-grade bottles. This award aims to recognize growth companies that have a high potential impact on WMF’s goal of decoupling economic growth and the use of our natural resources.

CHANGES IN THE ORGANIZATION OF THE COMPANY

The Company is organized around different divisions: Laboratory Research & Development, Pilot and Industrial Development, Business Development and support functions (Human Resources, Legal, Finance, Intellectual Property, Investor Relations). All these activities are the responsibility of the members of the Executive Committee.

On July 1, 2021, Lise Lucchesi, Director of Intellectual Property and Vanina Varlamoff, Director of Legal Affairs and Human Resources, joined the Executive Committee of CARBIOS, which now has six members, including Jean-Claude Lumaret, co-founder and Chief Executive Officer, Martin Stephan, Deputy Chief Executive Officer, Alain Marty, Chief Scientific Officer and Kader Hidra, Chief Financial Officer.

As of June 30, 2021, the Company had 47 employees, i.e. nine more than on December 30, 2020. The main recent and future hires mainly concern new jobs created in the regions for the operation of the industrial demonstration plant for the recycling of PET, whose operational start-up took place in September 2021, and the project to build a Reference unit.

In addition to these staff, over 15 researchers also remain involved with academic partners and within the **PoPLab** enzymatic engineering research center to support the industrial deployment of CARBIOS technologies.

CARBIOLICE, a subsidiary in which CARBIOS now holds 100% of the voting rights, had 26 employees as of June 30, 2021.

²¹ See CARBIOLICE press release of January 20th, 2021

²² See CARBIOLICE press release of May 3, 2021

²³ See June 15th, 2021 press release

²⁴ See communication from the World Materials Forum of June 17, 2021



CHANGE IN THE PATENT PORTFOLIO IN THE FIRST HALF OF 2021

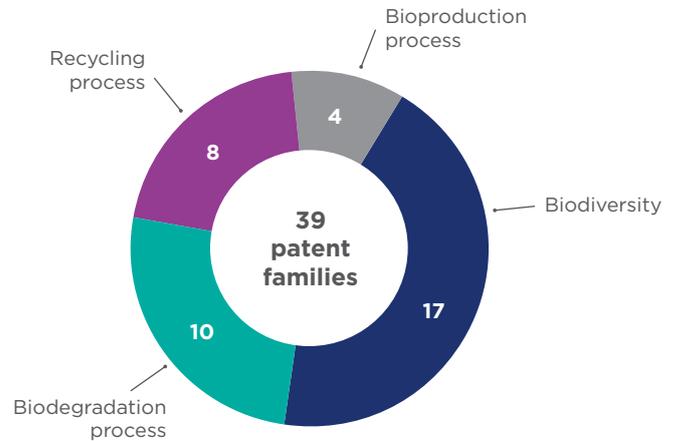
During the first half of 2021, CARBIOS focused on pursuing its active policy of safeguarding its technologies and know-how with the filing of a new patent application protecting its recycling process.

CARBIOS has also consolidated its Intellectual Property portfolio with the granting of major patents in the United States, Canada, China, India and Japan protecting the various technologies developed by the Company.

As of June 30, 2021, the Company's patent portfolio consisted of 39 patent families (including one under exclusive worldwide license from the CNRS and the University of Poitiers), representing 204 patent titles filed in the main regions of the world, including one that is under exclusive worldwide license of which 39 have already been granted. Nineteen 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, 2021:



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

CHANGES IN SHARE CAPITAL

Concerning the Company's share capital, the first half of 2021 was marked by the following events:

- At its meeting of January 15, 2021, the Board of Directors noted the exercise of 23,125 BCE-2020-1 and 9,600 BSA-2015-2, increasing the Company's share capital from €5,657,520.40 to €5,680,427.90;
- At its meeting on January 15, 2021, 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 85,000 BSPCEs ("BCE 2021-1", "BCE 2021-2", "BCE-2021-3", "BCE-2021-4", "BCE-2021-5", "BCE-2021-6", "BCE-2021-7", "BCE-2021-8", "BCE-2021-9", "BCE-2021-10", "BCE-2021-11", "BCE-2021-12", "BCE-2021-13", "BCE-2021-14" and "BCE-2021-15") that grant the right to subscribe for 85,000 ordinary shares with a par value of €0.70 at a unit price equal to the volume-weighted average share price of the last twenty trading days preceding the warrant award date, i.e. a price equal to €44.5047;
- At its meeting of March 11, 2021, the Board of Directors noted the exercise of 16,000 BCE-2015-2, 14,375 BCE-2020-4, 9,600 BSA-2016-1 and 9,600 BSA-2015-3, increasing the Company's share capital from €5,680,427.90 to €5,715,130.40;
- At its meeting of April 29, 2021, the Board of Directors decided on the principle of an issue, with cancellation of the preferential subscription rights of the Company's shareholders by way of a public offering and with an irreducible priority period, for the sole benefit of the Company's shareholders, for a total initial amount,

including issue premium, of €105,000,000, which may be increased to a total amount, including issue premium, of €120,750,000, in the event of full exercise of the extension clause, it being specified that the maximum number of new ordinary shares that may be issued was also limited to 3,000,000;

- At its meeting of May 10, 2021, the Board of Directors, acting under the delegation of authority granted by the Combined General Meeting of January 8, 2021 (Fifth Resolution), decided to increase the Company's share capital by a nominal amount of €2,100,000, from €5,715,130.40 to €7,815,130.40, through the issue with cancellation of preferential subscription rights, by way of a public offering with an irreducible priority period for the benefit of existing shareholders of 3,000,000 new ordinary shares, at a price of €38 each, i.e. a par value of €0.70 and an issue premium of €37.30. The Chief Executive Officer took note of this capital increase on May 12, 2021.

As indicated in Note 12 to the financial statements, the share capital has increased since January 1, 2021, from €5,673,707.90 to €7,815,130.40. As of June 30, 2021, it consisted of 11,164,472 ordinary shares with a par value of €0.70.



DECISIONS OF THE SHAREHOLDERS' MEETING

- The Combined Shareholders' Meeting of June 23, 2021 decided to:
 - appoint Business Opportunities for L'Oréal Development, represented by Laurent SCHMITT, as a Director of the Company for a term of four years expiring at the end of the Ordinary Shareholders' Meeting to be held during 2025 which will be called to approve the financial statements for the fiscal year ending on December 31, 2024;
 - appoint Michelin Ventures, represented by Nicolas Seeboth, as a Director of the Company for a period of four years expiring at the end of the Ordinary Shareholders' Meeting to be held during 2025 which will be called to approve the financial statements for the fiscal year ending December 31, 2024;
 - appoint Vincent Kamel as an (independent) director of the Company for a term of four years expiring at the end of the Ordinary Shareholders' Meeting to be held during 2025 which will be called to approve the financial statements for the fiscal year ending December 31, 2024;
 - appoint Mieke Jacobs as an (independent) director of the Company for a term of four years expiring at the end of the Ordinary Shareholders' Meeting to be held during 2025 which will be called to approve the financial statements for the fiscal year ending December 31, 2024;
 - set, as from the current fiscal year, the amount of the annual fixed sum that the Company may allocate to the directors as compensation for their work at €220,000.

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 2020 and 2021 fiscal years, as well as certain financial items from the statement of financial position as of June 30, 2021, compared to the balance as of December 31, 2020.

Audited parent company financial statements – French standards (In thousands of euros)	06/30/2021	06/30/2020
Operating revenues (*)	568	849
<i>Of which revenues derived from contracts with CARBIOLICE (1)</i>	18	306
Operating expenses	6,143	3,567
OPERATING INCOME	- 5,575	- 2,718
Financial income	- 39	- 50
CURRENT INCOME BEFORE TAXES	- 5,614	- 2,768
Extraordinary gain or loss	15	39
Income tax	- 1,182	- 469
PROFIT OR LOSS	- 4,417	- 2,260

(1) Unlike the first half of 2020, when the Company received €253 thousand for a research service contract (which ended on February 15, 2021), the income for the first half of 2021 only comes from rebilling of costs for work on regulatory matters.

**PRESENTATION OF RESULTS AS OF JUNE 30, 2021***Operating revenues*

Operating revenue totaled €568 thousand and consisted in particular of:

- €207 thousand from the subsidy related to the CE-PET project²⁵;
- €18 thousand from various rebillings to the CARBIOLICE subsidiary.

OPERATING EXPENSES

Operating expenses (in thousands of euros)	06/30/2021	06/30/2020
External studies, subcontracting and scientific consultations	523	315
Consumables	52	36
Supplies	54	35
Rentals, maintenance and upkeep expenses	646	232
Expenses and fees related to industrial property	26	17
Fees	926	593
Business travel	43	57
Miscellaneous expenses	162	125
Total other expenses and external expenses	2,435	1,410
Taxes and similar payments	64	22
Salaries and wages	2,281	1,279
Social security contributions	942	575
Depreciation of fixed assets	272	207
Other expenses	149	75
TOTAL OPERATING EXPENSES	6,143	3,567

During the first half of 2021, operating expenses amounted to €6,143 thousand compared with €3,567 thousand in the first half of 2020.

This strong increase is mainly due to the acceleration of R&D efforts on the CE-PET project, such as external R&D expenses, up by 81% over the half-year. The Company also saw its staff costs increase due to the expansion of its workforce, with notably the arrival of the first staff assigned to the industrial demonstration project. Correspondingly, rental and maintenance expenses were also up over the half-year with the start of the leasing of the Michelin site in Cataroux, which houses the industrial demonstration plant.

²⁵ Project carried out as part of the Investment for the Future program operated by ADEME (French Environment and Energy Management Agency)/ agreement no. 1882C0098).



FINANCIAL INCOME

Financial revenues (in thousands of euros)	06/30/2021	06/30/2020
Financial income	20	11
Financial expenses	59	61
FINANCIAL INCOME	- 39	- 50

Financial income as of June 30, 2021, consisted of:

- financial income corresponding to CARBIOS cash investment income (€20 thousand);
- financial expenses consisting mainly of interest on the Bpifrance innovation loan (€58 thousand).

NET INCOME

Net income (in thousands of euros)	06/30/2021	06/30/2020
Current income before taxes	- 5,614	- 2,768
Extraordinary gain or loss	15	39
Income tax (research tax credit)	- 1,182	- 469
PROFIT OR LOSS	- 4,417	- 2,260

On June 30, 2021, CARBIOS acquired a Research Tax Credit of €1,182 thousand, calculated on the basis of the eligible Research and Development expenses undertaken by the Company during the first half of 2021.

Extraordinary gain or loss includes investments made on the St-Fons site and not transferable to the Cataroux site, which now houses the Company's industrial demonstration plant. However, this loss was more than offset by the winning of the "World Materials Forum" award. Lastly, and although the impact is nil, extraordinary gain or loss also includes the sale-leaseback financing of technical equipment.



PRESENTATION OF THE STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021

(in thousands of euros)	06/30/21	12/31/20		06/30/21	12/31/20
FIXED ASSETS			EQUITY		
<i>Intangible assets</i>	1,301	1,086	Share	7,815	5,674
Concessions, patents, licenses, software	1,301	1,086	Issue, merger and contribution premiums	146,130	59,711
<i>Property, plant and equipment</i>	8,158	4,605	Retained earnings	0	- 14,115
Office and IT hardware	172	146	Investment subsidies	9	11
Laboratory equipment and material	7,799	4,334	Profit and loss for the period	- 4,417	- 6,146
Fixtures and fittings	188	125	TOTAL EQUITY	149,538	45,135
<i>Advances on assets under construction</i>	21	188			
<i>Financial assets</i>	38,804	20,907			
Equity interests	38,371	20,500			
Deposits and guarantees	201	200	OTHER EQUITY CAPITAL		
Liquidity contract	98	171	conditional advances	4,173	4,173
Treasury shares	133	36			
TOTAL FIXED ASSETS	48,284	26,786			
CURRENT ASSETS			DEBT		
Receivables	737	199			
State receivables	2,147	1,720	Loans	5,593	5,647
Subsidies receivable	207	32	Trade and other payables	3,498	1,952
Laboratory raw material inventories	54	39	Tax and social liabilities	1,270	1,145
Other receivables	464	199	Other liabilities	108	1
Cash, cash equivalents and marketable securities	112,232	29,097	Deferred income	478	176
Prepaid expenses	518	139			
TOTAL CURRENT ASSETS	116,359	31,425	TOTAL CURRENT LIABILITIES AND EQUITY	10,948	8,921
Expense to be spread over the loan	15	17			
OVERALL TOTAL	164,658	58,228	OVERALL TOTAL	164,658	58,228



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 3 of the 2020 Universal Registration Document filed on April 14, 2021 under number D.21-0306 with the *Autorité des Marchés Financiers* (AMF), supplemented by the amendment filed on April 30, 2021 under the number D.21-0306-A01 with the AMF and available on the CARBIOS website, which do not present any significant change over the first half of 2021, including with respect to the Covid-19 pandemic, for which the risks are regularly reassessed and updated below.

During the first half of 2021, CARBIOS was not structurally impacted by the health crisis and the Company even showed strong resilience due to its strategy and the potential of its technological innovations. The great success of the May 2021 capital increase for a total amount of €114 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 Covid-19 coronavirus epidemic, which first appeared in China in December 2019 and subsequently spread to numerous countries including France, could, if it were to continue over several years, significantly disrupt the Company's business by causing operational difficulties, particularly due to:

- the closure of the Company's partner companies or service providers;
- the closure of research laboratories;
- the lockdown measures in place;
- travel restrictions; and
- the impossibility for certain employees to work from home.

Although the impacts of this health crisis have so far been limited for CARBIOS, they could negatively affect the Company's ability to conduct its activities and could cause 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 2020 Universal Registration Document, namely, (i) the risks related to the Company's business and markets, (ii) financial risks, (iii) risks related to the Company's organization, (iv) risks related to intellectual property and (vi) regulatory risks.

Risk management

Since the outbreak of the Covid-19 pandemic, CARBIOS has taken the necessary measures to preserve the health and safety of its employees and ensure the continuity of its activities, in strict compliance with government directives and through the use of teleworking when that is 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.

At the date of this document, however, the Company is not in a position to assess the impact of this crisis on the end of the 2021 fiscal year 2021, if it were to continue.

AGREEMENTS WITH RELATED PARTIES

Transactions between related parties are of the same nature as those presented in Section 4.3 "Operations with affiliates" of the 2020 Universal Registration Document, filed on April 14, 2021 under number D.21-0306 with the *Autorité des Marchés Financiers* (AMF) supplemented by the amendment filed on April 30, 2021 under the number D.21-0306-A01 with the AMF and available on the Company's website.

During the first half of 2021, 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, 2021





STATEMENT OF FINANCIAL POSITION

ASSETS

ASSETS (in thousands of euros)	Note	06/30/21		12/31/20	
FIXED ASSETS		Gross	Amort./ Deprec.	Net	Net
Intangible assets	5	2,057	756	1,301	1,086
Concessions, patents, licenses, software		2,046	756	1,290	1,059
Other intangible assets		11	-	11	27
Property, plant and equipment	5	9,487	1,309	8,179	4,793
Other property, plant and equipment		2,597	1,309	1,289	1,236
Property, plant and equipment under construction		6,869	-	6,869	3,369
Advances on assets under construction		21	-	21	188
Financial assets		38,804	-	38,804	20,907
Equity interests	5	38,371	-	38,371	20,500
Other non-current financial assets		433	-	433	407
TOTAL FIXED ASSETS		50,349	2,064	48,284	26,786
CURRENT ASSETS					
Laboratory raw material inventories	7	54	-	54	39
Trade receivables and related accounts	7	737	-	737	199
State receivables	7	2,147	-	2,147	1,720
Subsidies receivable	7 & 13	207	-	207	-
Other receivables	7	464	-	464	51
Subscribed capital - called up, not paid up		-	-	-	179
Cash, cash equivalents and marketable securities	10 & 11	112,232	-	112,232	29,097
Prepaid expenses	7	518	-	518	139
TOTAL CURRENT ASSETS		116,359	-	116,359	31,425
Expense to be spread over the loan		15	-	15	17
OVERALL TOTAL		166,723	2,064	164,658	58,228



LIABILITIES

(in thousands of euros)	Note	06/30/21	12/31/20
EQUITY	12		
Share		7,815	5,674
Issue, merger and contribution premiums		146,130	59,711
Retained earnings		-	- 14,115
Investment subsidies		9	11
Profit and loss for the period		- 4,417	- 6,146
TOTAL EQUITY		149,538	45,134
OTHER EQUITY CAPITAL			
conditional advances	13	4,173	4,173
CURRENT LIABILITIES			
Loans	13	5,593	5,647
Trade and other payables	8	3,498	1,952
Tax and social liabilities	8	1,270	1,145
Other liabilities		108	1
Deferred income		478	176
TOTAL CURRENT LIABILITIES AND EQUITY		10,948	8,921
OVERALL TOTAL		164,658	58,228



INCOME STATEMENT

(in thousands of euros)	Note	France	Exports	06/30/21	06/30/20
Sales of goods				-	-
Production sold, goods				-	-
Production sold, services		261	74	335	604
Net revenue	14	261	74	335	604
Stored production				-	-
Capitalized production				-	-
Operating subsidies				207	226
Reversals of depreciation, amortization and provisions, expense transfers				26	20
Other income				0	0
Total operating revenues	14			568	849
Purchases of goods				-	-
Inventory change (goods)				-	-
Purchases of raw materials and other supplies				67	40
Inventory change (raw materials and supplies)				- 15	- 4
Other purchases and external expenses				2,382	1,374
Taxes and similar payments				64	22
salaries and wages				2,281	1,279
Social security contributions				942	575
Depreciation of fixed assets	5			272	207
Provisions for fixed assets	5			-	-
Provisions on current assets	5			-	-
Provisions for contingencies and charges	5			-	-
Other expenses				149	75
Total operating expenses	15			6,143	3,567
OPERATING INCOME				- 5,575	- 2,718
Profit allocated or loss transferred				-	-
Loss incurred or profit transferred				-	-



INCOME STATEMENT (suite)

(in thousands of euros)	Note	France	Exports	06/30/21	06/30/20
Financial income from investments				-	-
Income from other securities and fixed asset receivables				-	-
Other interest and similar income				20	10
Reversals of provisions and expense transfers				-	-
Positive exchange rate differences				0	1
Net income on sales of marketable securities				-	-
Total financial income				20	11
Depreciation, amortization and provisions	5			-	-
Interest and similar expenses				58	57
Negative exchange rate differences				1	3
Net expenses on sales of marketable securities				-	-
Total financial expenses				59	61
FINANCIAL INCOME	18			- 39	- 50
CURRENT INCOME BEFORE TAXES				- 5,614	- 2,768
Extraordinary income on management transactions				2	-
Extraordinary income on equity transactions				264	95
Reversals of provisions and expense transfers				-	-
Total extraordinary income				266	95
Extraordinary expenses on management transactions				15	6
Extraordinary expenses on capital transactions				235	49
Extraordinary depreciation and provisions	5			-	-
Total extraordinary expenses				250	56
EXTRAORDINARY GAIN OR LOSS	19			15	39
Employee profit-sharing				-	-
Income tax	20			- 1,182	- 469
TOTAL INCOME				854	955
TOTAL EXPENSES				5,270	3,214
PROFIT OR LOSS				- 4,417	- 2,260



STATEMENT OF NET CASH FLOWS

Audited parent company financial statements – French standards (In thousands of euros)	06/30/21	12/31/20
NET CASH FLOW FROM OPERATING ACTIVITIES		
Profit and loss for the period	- 4,417	- 6,146
Depreciation, amortization and impairment (including investment subsidies)	271	453
Gains or losses on asset disposals	47	797
Changes in working capital requirements	- 624	- 273
Net cash absorbed by operations	- 4,723	- 5,169
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisitions of fixed assets	- 4,106	- 3,893
Acquisition of non-current financial assets	- 17,898	- 8,880
Disposals of fixed assets	188	38
Changes in fixed asset liabilities	907	67
Net cash absorbed by investments	- 20,908	- 12,668
NET CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from the issuance of shares and BSAs	108,821	29,277
Inflows from loans	0	1,002
Reimbursement of loans	- 55	- 25
Expense to be spread over the loan	0	- 10
Inflows from repayable advances and Investment subsidies	0	776
Net cash from financing activities	108,766	31,020
Change in cash and cash equivalents	83,135	13,183
Cash and cash equivalents at the beginning of the period	29,097	15,915
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	112,232	29,097



NOTES TO THE FINANCIAL STATEMENTS

Note 1 - The Company

CARBIOS ("the Company") is an innovative green chemistry company, developing cutting-edge technologies for the recovery of plastic waste and the production of biopolymers.

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 fiscal year

The highlights of the first half of 2021 are as follows:

- On May 12, 2021, the Company carried out a capital increase of €114 million before deducting nearly €6 million in direct costs from the issue premium;
- On June 3, 2021, the Company acquired the entire 37.29% stake in the capital of CARBIOLICE from the SPI (Industrial Project Companies) fund, i.e. 11,000,000 shares for a total of €17.9 million; and
- During the first half of 2021, the Company invested nearly €3.5 million in the Demonstration plant at the Cataroux industrial site.

Consequences of the Covid-19 event

In accordance with Article L. 833-2 of the French General Accounting Plan, the annual financial statements of the entity at 06/30/2021 were closed without any adjustment related to the Coronavirus epidemic.

The entity's financial statements were prepared on a going concern basis. The Company's resilience, organization and prudence meant that the Covid-19 event had no significant impact on the Company's assets, financial position and results. As it is still on-going at the date of preparation of the annual financial statements, the Company is not in a position to assess the precise consequences for future years if the situation were to continue.

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. Nevertheless, the management of the ongoing developments until the final marketing stage or even the application of CARBIOS processes to other market may require new financing to be sought from institutional entities or industrial partners.

Note 3 - Events after the reporting period

No other significant event has been recorded since June 30, 2021.

Note 4 - Accounting principles and methods

General principles and conventions

The financial statements for the fiscal year ended were prepared and presented in accordance with the accounting rules in compliance with the principles set out in Articles 121-1 to 121-5 et seq. of the French General Accounting Plan.

The general accounting conventions have been applied in compliance with the principle of prudence, in accordance with the basic assumptions: going concern, consistency of accounting methods from one fiscal year to the next, independence of fiscal years, and in accordance with the general rules for preparing and presenting annual financial statements.

The basic method used to measure the items recorded in the accounts is the historical cost method.

The accounting conventions have been applied in accordance with the provisions of the French Commercial Code, the accounting decree of 11/29/83 as well as the ANC regulation 2014-03 and the ANC regulation 2018-07 relating to the rewriting of the French General Accounting Plan applicable to the closing of fiscal years.

Consistency of methods

No changes were made to the valuation methods or presentation methods.

The accounting for the half-year ended on June 30, 2021, relates to a six-month period (from January 1, 2021 to June 30, 2021). The financial data are therefore compared to those from the half-year accounting period ended on June 30, 2020, as well as those from the annual accounting period ended December 31, 2020.

**Note 5 - Property, plant and equipment, intangible and financial assets**

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

Fiscal year 2021 Fixed assets (in euros)	At the beginning of the period 01/01/2021	Increase	Decrease	To the position 06/30/2021
Intangible assets				
Software, website	25,641			25,641
Patents	1,469,351	354,763		1,824,114
Patents licensed	189,917	6,381		196,297
Pending patents	27,492	10,777	27,492	10,777
Property, plant and equipment				
Fixtures and fittings	172,646	9,211		181,857
Laboratory fittings and equipment	1,875,912	129,021		2,004,933
Office and IT hardware	261,407	27,513		288,920
Furniture	93,989	27,665		121,654
Assets under construction	3,369,457	3,546,743	47,173	6,869,027
Advance payments made	188,074	21,049	188,074	21,049
Financial assets				
Equity interests	20,500,000	17,871,461		38,371,461
Guarantees and security deposits	199,923	1,110		201,033
Liquidity contract	170,789		72,499	98,290
Treasury shares	36,018	97,439		133,456
TOTAL	28,580,617	22,118,064	350,170	50,348,510



The methods and term of depreciation and amortization of assets are the following:

Fiscal year 2021 Depreciation, amortization and provisions (in euros)	Depr./amort. period	At the beginning of the period 01/01/2021	Increase	Decrease	To the position 06/30/2021
Intangible assets					
Software, website	1 year	25,641			25,641
Patents	10 years	542,514	115,754		658,268
Patents licensed	10 years	57,861	14,027		71,889
Property, plant and equipment					
Fixtures and fittings	7 to 10 years	47,826	8,565		56,391
Laboratory fittings and equipment	5 to 10 years	911,370	101,935		1,013,305
Office and IT hardware	3 to 5 years	174,552	21,367		195,919
Furniture	3 to 7 years	34,587	8,496		43,084
Financial assets					
Treasury shares					
TOTAL		1,794,352	270,144		2,064,496

No provisions or reversals for impairment were recorded in the fiscal year 2021.



• **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 correspond 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.

Impairment is recognized when the current value of an asset is lower than the net carrying amount.

In addition, the Company conducts an annual review of its patent portfolio and discards any patents that are not retained.

• **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 depreciated on a straight-line basis 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.

Impairment is recognized when the current value of an asset is lower than the net carrying amount.

• **Assets under construction**

The fixed assets under construction item consists mainly of the costs relating to the installation of the Company's industrial demonstration plant.

These assets are not amortized and will be subject to:

- In part, a lease-back at the time of their commissioning;
- In part, from a reclassification to "Property, plant and equipment" when the items are brought into service.

• **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, 2021, CARBIOS owns 29,502,000 SAS CARBIOLICE shares, representing a holding of 100%. Equity interests are assessed at their acquisition value, i.e. €38,371,461 million. If this value exceeds the value in use, impairment is recognized for the difference.

The value in use is determined by reference to the impairment test, carried out by an external expert, and is based on the discounted cash flow method. To this end, the work is based on the CARBIOLICE Business Plan approved by its Board of Directors for which annual updates are also approved by the Board of Directors.

Assumptions used during the tests carried out for the annual closing:

- The business plan is projected over a period of ten years, to which must be added an additional so-called "normative" year (identical to the test carried out in 2019);
- Multiple used for the calculation of the terminal value: median multiple of 7.1x EBITDA (compared to 8.2x as at 12/31/19), from multiples observed for mature listed companies in the "chemicals" sector, after taking into account a size discount of between 20% and 30% depending on the size of the companies;
- Discount rate ("WACC") used of 20% (identical to 2019), consisting of: (i) a WACC excluding the additional forecast risk premium and (ii) an additional forecast risk premium, given the uncertainty of certain assumptions in the plan. This rate of 20% is corroborated by academic studies on high-growth companies in the marketing launch phase;
- Tax rate: 2020 draft Finance Law.

The impairment tests performed at the end of fiscal year 2020 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.

On December 30, 2021, the Company held 3,295 CARBIOS shares, or a carrying amount of €134 thousand. The closing net asset value was €140 thousand. Since the net asset value was higher than the carrying amount, no provision was recognized at the closing date;

The cash paid to the intermediary and not yet used is recognized under "Liquidity contract" and represents €98 thousand.



Note 6 - Provisions for contingencies and charges

Any current obligation resulting from a past event of the Company towards a third party that may be estimated with sufficient reliability, and covering identified risks, is recognized as a provision. No provision was recognized at June 30, 2021.

Note 7 - Receivables and prepaid expenses

• Statement of receivables

Receivables are valued at their nominal value. Where applicable, the receivables have been written down by means of a provision to take into account the recovery difficulties to which they were likely to give rise.

Statement of receivables as at 6/30/2021 (In euros)	Gross amount	At one year	At more than one year
Current assets & prepayments			
Customers	736,815	736,815	
Income tax (1)	1,182,042	1,182,042	
Value added tax	964,944	964,944	
Other receivables (2)	464,385	464,385	
Subsidies receivable	206,800	206,800	
Prepaid expenses (3)	518,126	518,126	
TOTAL	4,073,112	4,073,112	

(1) The income tax receivable corresponds to the Research Tax Credit recognized for the first half of 2021 for €1,182 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, 2020, €1,488 thousand had been recorded for the 2020 Research Tax Credit. It was repaid on April 19, 2021.

(2) This item notably includes a deposit of €450 thousand paid to a fixed asset supplier, deducted from invoices received in the second half of 2021.

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

• Inventories

Inventories are valued at their acquisition cost using the weighted average cost method. When the present value at closing (market value for goods and value in use for raw materials) is lower than the carrying amount, an impairment loss is recognized for the amount of the difference. The valuation of the inventories at the end of the period did not reveal any impairment.

As at June 30, 2021, inventory totaled €54 thousand compared to €39 thousand in 2020.

**Note 8 - Maturity of liabilities and deferred income at the end of the period**

Statement of debt as at 6/30/2021 (In euros)	Total amount	From 0 to 1 year	From 1 to 5 years	More than 5 years
Regional and national funds	4,590,900	380,000	3,910,900	300,000
Loans	1,001,750	1,750	875,000	125,000
Suppliers	3,498,163	3,498,163		
Tax and social liabilities	1,270,472	1,270,472		
Other liabilities	108,167	108,167		
Deferred income	478,356	478,356		
TOTAL	10,947,808	5,736,908	4,785,900	425,000

Debts are recorded at their nominal redemption value and are not discounted.

- The "Regional and national funds" debt, understood to be of a public nature, includes the ADI BPI (€195 thousand) and ADEME (€1,396 thousand) repayable advances obtained as part of the various research projects carried out by the Company up to now, as well as the two loans taken out with Bpifrance for €1.5 million each;
- The "loan" item includes debts contracted with private organizations. In this case, it consists exclusively of the loan of €1 million taken out with a banking institution during the Covid crisis;

- Trade payables include outstanding invoices at closing for a total of €2,422 thousand, as well as accrued invoices related to both the operating cycle (€375 thousand) and the investment cycle (€701 thousand);

- Tax and social security debts consist of €1,061 thousand in social security debts, in particular the balances due to the funds at closing and provisions for awards and bonuses, paid holidays and related social security contributions, and finally a total of €209 thousand in tax debts, mainly pending VAT.

Note 9 - Accruals (Prepayments and deferred income)

Accruals and deferred income are shown in the statement of financial position of the half-year closing of June 30, 2021 for the following amounts:

Statement of accruals (in euros)	ASSETS	LIABILITIES
Suppliers, amounts receivable and accrued invoices	10,314	1,075,891
Trade receivables, not yet invoiced	9,173	
Personnel and social welfare organizations, accrued expenses		887,992
State, accrued expenses and accrued income (1)	1,250,292	55,796
Subsidies receivable	206,800	
Prepaid expenses	518,126	
Deferred income		478,356
Accrued interest income	12,403	
Expense to be spread over the loan	15,100	
TOTAL	2,022,208	2,498,034

(1) This item notably includes the research tax credit receivable (€1,182 thousand).



Note 10 - 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. Thus, the Company has €5 million in term accounts, renewable monthly by tacit agreement. For the remaining €5 million, the term accounts, with a maximum term of five years, have a maturity of September 2, 2024, benefit from a progressive rate in stages, and the funds remain available unconditionally subject to 30 days. The interest resulting from these financial instruments generated income of €20 thousand, of which €12 thousand in accrued interest on term deposit accounts.

Note 11 - 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, 2021, the Company had €102,192 thousand in demand accounts.

Note 12 - Equity

Statement of changes in equity

Audited parent company financial statements French standards (In euros)	Share Capital	Issue premium	Subscription capital	Investment subsidies (net)	Profit or loss for the period	Retained earnings	Total due to shareholder
12/31/2020	5,673,708	59,687,449	23,942	10,500	- 6,145,617	- 14,115,264	45,134,719
Allocation of earnings N-1		- 20,260,880			6,145,617	14,115,264	
Increase/decrease in share capital and issue premium	2,141,423	106,701,753					2,141,423 106,701,753
Subscription of BSA/BCE			-21,984				- 21,984
Quasi-equity							
Profit (loss) 6/30/2021				- 1,125	- 4,416,650		- 4,417,775
06/30/2021	7,815,130	146,128,321	1,958	9,375	- 4,416,650	-	149,538,135

**Composition of share capital****> Share capital***◦ Capital transactions performed prior to the period and recorded during the period*

At its meeting of January 15, 2021, the Board of Directors noted the creation of 23,125 new shares from the exercise of 23,125 BCE-2020-1, subscribed at a price of €7.75934, i.e. a par value of €0.70 and an issue premium of €7.05934, after the exercise of 15,000 BCE-2020-1 on December 22, 2020, 2,771 BCE-2020-1 on December 24, 2020, and 5,534 BCE-2020-1 on December 28, 2020.

◦ Capital transactions performed during the period

At its meeting of January 15, 2021, the Board of Directors noted the creation of 9,600 new shares resulting from the exercise of 9,600 BSA-2015-2 subscribed at a price of €12.4581, i.e. €0.70 in par value and €11.7581 in issue premium.

At its meeting on March 11, 2021, the Board of Directors noted:

- the creation of 16,000 new shares from the exercise of 16,000 BCE-2015-2, subscribed for €12.4581 (€0.70 in par value and €11.7581 in issue premiums);
- the creation of 14,375 new shares from the exercise of 14,375 BCE-2020-4, subscribed for €20.0650 (€0.70 in par value and €19.9050 in issue premiums);
- the creation of 9,600 new shares from the exercise of 9,600 BCE-2016-1, subscribed for €8.2837 (€0.70 in par value and €7.5837 in issue premiums);
- the creation of 9,600 new shares from the exercise of 9,600 BSA-2015-3, subscribed for €12.4581 (€0.70 in par value and €11.7581 in issue premiums).

At its meeting of May 10, 2021, the Board of Directors, acting under the delegation of authority granted by the Combined Shareholders' Meeting of January 8, 2021 (Fifth Resolution), decided to increase the Company's share capital for a nominal amount of €2,100,000, from €5,715,130.40 to €7,815,130.40, through the issue with cancellation of preferential subscription rights, by way of a public offering with an irreducible priority period for the benefit of existing shareholders of 3,000,000 new ordinary shares, at a price of €38 each, i.e. a par value of €0.70 and an issue premium of €37.30. The Chief Executive Officer took note of this capital increase on May 12, 2021.

As a result, as of June 30, 2021, the share capital amounting to €7,815,130.40 consisted of 11,164,472 ordinary shares, with a par value of €0.70 each, entirely subscribed and fully paid up.

Movements of securities	12/31/20	06/30/21
Share	€5,673,707.90	€7,815,130.40
Number of shares	8,105,297	11,164,472
Nominal value	€0.70	€0.70



> 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 statement of financial position in a special "Issue premium" account to which the former and new shareholders' rights shall be applicable.

In accordance with the reference method (ANC 2018-01), capital issue costs are recognized in the statement of financial position, as a deduction from the issue premium.

As at June 30, 2021, the issue premiums paid after deducting capital increase costs amounted to €146,128,321.22.

Transaction	Operation date	Issue premiums	Direct costs charged	Exercise of BSA/BCE against payment (1)	Total issue premium	BSA
At 12/31/2020		€63,595,075.17	-€3,923,835.99	€16,209.68	€59,687,448.86	€23,942.44
Exercise of BSA-2015-2	01/12/2021	€112,877.76		€8,160.00	€121,037.76	-€8,160.00
Exercise of BCE-2015-2	01/15/2021	€129,339.10			€129,339.10	€0.00
Exercise of BCE-2020-4	01/19/2021	€286,134.38			€286,134.38	€0.00
Exercise of BSA-2016-1	01/20/2021	€72,803.52		€5,664.00	€78,467.52	-€5,664.00
Exercise of BSA-2015-3	01/25/2021	€112,877.76		€8,160.00	€121,037.76	-€8,160.00
Exercise of BCE-2015-2	02/15/2021	€58,790.50			€58,790.50	€0.00
Capital increase	05/12/2021	€111,900,000.00	-€5,993,054.26		€105,906,945.74	€0.00
RAN allocation	06/30/2021	-€20,260,880.40			-€20,260,880.40	€0.00
At 06/30/2021		€156,007,017.79	-€9,916,890.25	€38,193.68	€146,128,321.22	€1,958.44

(1) As of December 31, 2020 the amounts of this item came from the exercise of:

- 20,494 BSAs acquired for €0.22 each, i.e. €4,508.68;
- 2,506 BSAs acquired for €0.10 per share, 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 expenses relating to the fundraising carried out in 2019 amounted to €770,395 and those relating to the transactions carried out in 2020 to €1,957,332.

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 12.3 below), or €1,958.44 as at June 30, 2021.

**> Earnings per share**

As of June 30, 2021, net earnings per share, obtained by dividing the profit or loss for the fiscal year (-€4,416,649.97) by the number of shares (11,164,472), amounted to -€0.40.

Distribution of share capital

As of June 30, 2021, the 11,164,472 shares comprising the share capital were distributed as follows:

Shareholders	Number of shares	Percentage holding	Number of voting rights	Percentage of voting rights
BOLD Business Opportunities for l'Oréal Development	660,248	5.91%	660,248	5.91%
Copernicus Wealth Management SA (1)	658,392	5.90%	658,392	5.89%
Michelin Ventures	486,400	4.36%	486,400	4.35%
L'Occitane Group	263,157	2.36%	263,157	2.35%
Funds managed by Truffle Capital	46,511	0.42%	46,511	0.42%
Management and directors (2)	15,904	0.14%	15,905	0.14%
Treasury shares	3,295	0.03%	N/A	N/A
Free float	9,030,565	80.89%	9,047,691	80.94%
TOTAL	11,164,472	100%	11,178,304	100%

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

(2) Excludes shares of Truffle Capital, BOLD and Michelin Ventures which have a separate line in the table.

By collective decision of shareholders 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 of June 30, 2021, one of Jean-Claude Lumaret's shares, as well as 17,126 registered shares included in the free float met these criteria.

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, 2021, as well as additional information regarding their status as of that date.

When subscribing to the BSA plan, the beneficiary may have to pay a subscription price to the Company. This amount will be recognized in the "Share subscription warrants" account (accounting stem 1045). As soon as the warrants are exercised, the Company will recognize the capital increase (account 101 "Capital") and an issue premium (account 1041 "Issue premium" for the difference between the exercise price and the par value of the share) and will clear the "Share subscription warrants" account to the "Issue premium" account.

In the event that warrants have lapsed, the amount initially recognized in the "Share subscription warrants" account will be transferred to the "Issue premium" account.



	BSA 2011-1	BSA 2012-1	BSA 2012-2	BSA 2013-1
Date of Shareholders' Meeting	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	Decision of the Shareholders' Meeting on 07/26/2013
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by:	3,759	170,000	20,241	14,400
Jacqueline LECOURTIER	1,253	-	6,747	1,600
Warrant exercise start date	06/08/2013	According to the achievement of the exercise criteria (see methods above)	09/28/2013	07/26/2014
Expiration date	06/08/2022	09/28/2022	09/28/2022	07/26/2023
Price of subscription or purchase of warrant (1)	0.10	Free	0.22	0.22
Warrant exercise method	Possibility of exercising a number x of warrants between April 15 and July 15 of each year and for the first time on 06/08/2013, for up to 626 warrants calculated according to the following rule beginning from June 8, 2012: $x = (\text{total number of BSA 2011-1 allocated to the beneficiary} * \text{nb. of months since 08/06/2012})/48$.	Possibility of exercising the warrants after transfer by the beneficiary to CARBIOS of at least one strain of interest from the collection of cultures of the beneficiary whose degradation properties have been validated by the Board of Directors within the context of the research cooperation 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: $x = (\text{total nb of BSAs 2012-2 allocated to beneficiary} * \text{nb. of months since on 09/28/2012})/48$	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: $x = (\text{total nb of BSAs 2013-1 allocated to beneficiary} * \text{nb of months since 07/26/2013})/48$
Exercise price	1.00	2.25	2.25	80% of IPO price
Number of shares subscribed as at June 30, 2021	2,506	0	13,494	0
Cumulative number of subscription or purchase warrants canceled or null and void	0	0	0	12,800
Share subscription warrants that may be exercised as at June 30, 2021	1,253	170,000	6,747	1,600

(1) Subscription price determined on the basis of a report prepared and delivered by an independent expert.

During the first half of 2021, no BSAs were issued.

During the first half of 2021, 9,600 BSA-2015-2, 9,600 BSA-2015-3 and 9,600 BSA-2016-1 were exercised. All warrants were exercised under the BSA-2015-2, BSA-2015-3 and BSA-2016-1 plans.

As of June 30, 2021, 179,600 BSAs giving rights to 179,600 shares are still exercisable.



3. INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021

> 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, 2021, as well as additional information regarding their status as of that date.

When subscribing to the BSPCE plan, the beneficiary will not have to pay a subscription price to the Company. As soon as the BSPCEs are exercised, the Company will recognize the capital increase (account 101 "Capital") and an issue premium (account 1041 "Issue premium", for the difference between the exercise price and the par value of the share). If BSPCE has lapsed, no accounting entry will be required.

	BCE 2012-1	BCE 2013-1	BCE 2015-2	BCE-2017-1	BCE-2019-1
Date of Shareholders' Meeting	Collective decision of the shareholders on 09/28/2012	Decision of the Shareholders' Meeting on 07/26/2013	Shareholders' Meeting of 06/24/2015	Shareholders' Meeting of 06/15/2017	Shareholders' Meeting of 06/14/2018
Date of Board of Directors' meeting	-	-	Decision of the Board of Directors of 06/24/2015	Decision of the Board of Directors of 06/27/2017	Decision of the Board of Directors of 12/06/2018
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by:	77,386	36,000	31,000	35,000	28,000
Alain CHEVALLIER	1,548	6,000	-	-	-
Ian HUDSON	-	-	-	-	28,000
Martin STEPHAN	-	-	-	35,000	-
Warrant exercise start date	02/01/2013	07/26/2014	06/24/2016	06/27/2018	01/01/2020
Expiration date	09/28/2022	07/26/2023	06/24/2025	06/27/2027	01/01/2029
Price of subscription or purchase of warrant	Free	Free	Free	Free	Free
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: $x = (\text{total nb. of BCEs 2015-2 allocated to the beneficiary} * \text{nb. of months since 06/24/2015})/48$	Possibility of exercising a number x of warrants per full monthly period beginning on 06/27/2017, and for the first time from 06/27/2018, calculated according to the following rule: $x = (35,000 * \text{nb. of months since 06/27/2017})/48$	For the first 14,000 warrants: possibility of exercising x warrants per full monthly period beginning on 01/01/2019, and for the first time from 01/01/2020, calculated according to the following rule: $x = 14,000 * (\text{number of months since 01/01/2019})/48$ For the other 14,000 warrants: possibility of exercising y warrants where $y = (\text{number of warrants not yet exercisable}) * \% \text{ determined by the performance of the CARBIOS share price}$
Exercise price	2.25	80% of IPO price	12.4581	7.86	5.29999
Number of shares subscribed as at June 30, 2021	75,838	30,000	16,000	0	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 as at June 30, 2021	1,548	6,000	15,000	35,000	28,000



	BCE-2020-1 to BCE-2020-3	BCE-2020-4 to BCE-2020-6	BCE 2020-7	BCE-2021-1 to BCE-2021-15
Date of Shareholders' Meeting	Shareholders' Meeting of 06/19/2019	Shareholders' Meeting of 06/18/2020	Shareholders' Meeting of 06/18/2020	Shareholders' Meeting of 06/18/2020
Date of Board of Directors' meeting	Decision of the Board of Directors of 03/12/2020	Decision of the Board of Directors of 07/09/2020	Decision of the Board of Directors of 09/15/2020	Decision of the Board of Directors of 03/12/2020
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by:				
	185,000	115,000	100,000	85,000
Jean-Claude Lumaret	92,500	57,500	-	-
Martin STEPHAN	46,250	28,750	-	-
Warrant exercise start date	03/12/2020	07/09/2020	09/15/2020 and 09/15/2021	01/15/2022
Expiration date	03/12/2030	07/09/2030	09/15/2030	1/15/2032
Price of subscription or purchase of warrant	Free	Free	Free	Free
Warrant exercise method	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated. If all of the Company's shares are acquired by an industry player, accelerated vesting is provided depending on the share vesting price.	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated. If all of the Company's shares are acquired by an industry player, accelerated vesting is provided depending on the share vesting price.	To be exercised, 65,000 warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the 65,000 BSPCEs allocated. If all of the Company's shares are acquired by an industry player, accelerated vesting is provided depending on the share vesting price. For 35,000 warrants, possibility of exercising a number x of warrants per full monthly period beginning on 09/15/2020, and for the first time from 09/15/2021, calculated according to the following rule: $x = (35,000 * \text{nb. of months since } 09/15/2020)/48$	Possibility of exercising a number x of warrants per full monthly period, and for the first time from January 15, 2022, calculated according to the following rule: $x = \text{total number of BCE-2021 granted to the beneficiaries} * (\text{number of months since } 01/15/2021)/48$
Exercise price	7.75934	20.6050	30.2899	44.5047
Number of shares subscribed as at June 30, 2021	23,125	14,375	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 as at June 30, 2021	161,875	100,625	100,000	85,000

During the first half of 2021, one BSPCE issue and award was carried out: at its meeting on January 15, 2021, 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 85,000 BSPCEs ("BCE 2021-1", "BCE 2021-2", "BCE-2021-3", "BCE-2021-4", "BCE-2021-5", "BCE-2021-6", "BCE-2021-7", "BCE-2021-8", "BCE-2021-9", "BCE-2021-10", "BCE-2021-11", "BCE-2021-12", "BCE-2021-13", "BCE-2021-14" and "BCE-2021-15") that grant the right to subscribe for 85,000 ordinary shares with a par 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 €44.5047.

During the first half of 2021, 23,125 BCE 2020-1, 16,000 BCE-2015-2 and 14,375 BCE 2020-4 were exercised.

As of June 30, 2021, there remained 533,048 BSPCEs outstanding.

**Note 13 - Loans, Conditional Advances and Subsidies****> Loans**

Denomination	Date	Rate	Duration	12/31/2020	New	Repayment	06/30/2021
FIAD	12/12/14	0 %	7 years	€30,360	-	€30,360	€0
Bpifrance Innovation loan	11/23/18	3.21%	7.5 years	€1,500,000	-	-	€1,500,000
Bpifrance Innovation loan	11/20/19	4.45%	7.5 years	€1,500,000	-	-	€1,500,000
State-guaranteed loan (Société Générale)	08/31/20	0.25%	6 years	€1,000,000	€1,000,000	-	€1,000,000
Accrued interest				€836	€1,750	€836	€1,750
TOTAL				€4,031,196	€1,001,750	€31,196	€4,001,750

The two Bpifrance loans were subject to guarantee deposit payments of €75 thousand each and are covered by life insurance policies - PTIA underwritten for Alain Marty (50%) and Martin Stephan (50%). The duration of the loans provides for a deferred payment of two and a half years (including six months of postponement following Covid), and a straight-line annual repayment over the following five years.

On August 31, 2020, collection of a state-guaranteed loan for €1,000 thousand from a banking institution, for a period of 12 months. In June 2021, the Company negotiated with its bank an additional deferral period, i.e. until August 24, 2022 and, subsequently, an amortization of the loan over a period of four years.

The loan issue expenses are recognized in "Expenses to be spread over several fiscal years" and are spread on a straight-line basis over the total contract term. The Company recognized €21,748.70 in this respect, with €15,099.92 remaining to be spread as at June 30, 2021.

> 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."

Denomination	Date	12/31/20	New	Repayment	Other movements	06/30/21
REPAYABLE ADVANCE ADI BPI	06/13/17	€220,000	-	€25,000	-	€195,000
REPAYABLE ADVANCE ADEME	04/08/19	€1,395,900	-	-	-	€1,395,900
COND. ADVANCE OSEO THANAPLAST	12/19/12	€3,707,214	-	-	-	€3,707,214
COND. ADVANCE ADEME	04/08/19	€465,300	-	-	-	€465,300
TOTAL		€5,788,414	-	€25,000	-	€5,763,414



> *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.

Detail of repayable advances and subsidies by project:

> *Bpifrance Grant (formerly known as OSEO-ISI): THANAPLAST™*

Subsidy:

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 €10,000 thousand revenue threshold.

In addition, as soon as the reimbursement of the repayable advance has been completed in accordance with the above payment schedule, the agreement stipulates that the Company shall pay a bonus equal to 4% of revenue generated by the utilization of the products, if this exceeds a cumulative amount of €100,000 thousand. 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

As of June 30, 2021, the Company has completed the work of the second key stage, and the end of key stage 3 has been postponed to September 30, 2021. Since its creation, the Company has received:

(in euros)	1 st payment	2 nd payment	3 rd payment	4 th payment	TOTAL
Date of payment	06/07/2019	10/21/2019	06/30/2020		
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.

As the validation of key stage 3 has been postponed to September 30, 2021, and the Company did not receive anything in this respect as of June 30, 2021, it was decided to recognize the corresponding lump-sum grant income as a current receivable, i.e. €207 thousand (subsidy to be received), as the uncertainty regarding its validation is considered minor.

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 the 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

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 Performance patent is recorded in income at the rate that the patent is amortized;

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 installments in the amount of €30 thousand, the repayment began on December 30, 2016 and ended in the course of 1st half-year 2021.

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. Repayments began in 2019. The acknowledgement of program success will make it eligible for the repayment of the full amount. If the program fails, the Company may file a statement of failure and thus reduce the total amount repayable, set at a minimum of €106 thousand. As of June 30, 2021, the remaining amount to be repaid was €195 thousand;

Two Innovation Loans from Bpifrance for a total of €3,000 thousand at floating rates to finance the intangible expenses related to its desire to launch the industrialization process. After a grace period of ten quarters, constant capital repayments of €75 thousand will take place from September 30, 2021 to June 30, 2026 for the first loan and one year later for the second one.

Note 14 - Revenue and other operating income

Total operating revenues amounted to €568 thousand at June 30, 2021 and mainly consisted of revenue and other operating income.

Revenue is recognized when goods or services are delivered by the Company. However, in the case of invoicing carried out in advance and for a given period (subscription that would be spread over two separate fiscal years, for example) the amount will be corrected at the closing date by deferred income (in proportion to the portion relating to the given fiscal year) in order to respect the principle of revenue recognition and that of independence of fiscal years.

Revenue: €335 thousand

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 an amendment 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 royalty income was recognized as of June 30, 2021, as the revenue of the subsidiary CARBIOLICE in connection with this license is recognized on an annual basis.

CARBIOLICE research services agreement

On February 15, 2017, it entered into a research services 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. An amendment was signed to extend the contract by an additional two years, and bring the total amount of the contract to €2,500 thousand. The contract ended on February 15, 2021.

Other contracts

In addition, the Company obtained €335 thousand from other contracts, part of which came from contracts signed with CARBIOLICE (see Note 17).

**Other operating income: €233 thousand****Operating subsidy**

For the CE-PET project, the Company recorded an operating subsidy of €207 thousand. It was decided to recognize in income receivable the lump sum amount of the subsidy relating to key stage 3 whose deadline, initially scheduled for June 30, 2021, has been postponed to September 30, 2021, and whose validation has serious chances of success.

Other operating income

The Company recorded operating income of €26 thousand in respect of reversals of depreciation, amortization and provisions, transfer of expenses.

Note 15 - Operating expenses

(in thousands of euros)	2021	2020
Other costs and external expenses		
External studies, subcontracting and scientific consultations	523	315
Consumables	52	36
Supplies	54	35
Rentals, maintenance and upkeep expenses	646	232
Expenses and fees related to industrial property	26	17
Fees	926	593
Business travel	43	57
Miscellaneous expenses	162	125
Total other expenses and external expenses	2,434	1,410
Taxes and similar payments	64	22
salaries and wages	2,281	1,279
Social security contributions	942	575
Depreciation of fixed assets	272	207
Other expenses	149	75
TOTAL OPERATING EXPENSES	6,143	3,567

During the first half of 2021, CARBIOS spent €6,143 thousand on operational activities compared to €3,567 thousand during the first half of 2020.

This increase is mainly due to the acceleration of R&D efforts on the CE-PET project²⁶ such as external R&D expenses, up by 81% over the first half year. The Company also saw its staff costs increase due to the expansion of its workforce, with notably the arrival of the first staff assigned to the industrial demonstration project. Correspondingly, rental and maintenance expenses were also up over the half-year with the start of the leasing of the Michelin site in Cataroux, which houses the industrial demonstration plant.

²⁶ Project carried out as part of the Investment for the Future program operated by ADEME (French Environment and Energy Management Agency)/ agreement no. 1882C0098).



Note 16 – Average headcount

	Average headcount 06/30/21	Average headcount 12/31/20
Managers	26	21
Supervisory staff and technicians	13	10
Employees	0	0
Total	39	31

Note 17 – Related parties

On June 30, 2021, in respect of their participation in the meetings of the Board of Directors and the various Committees and Commissions, CARBIOS paid directors' fees to the members of the Board of Directors in the amount of €141 thousand (excluding social security contributions). In the first half of the year, the average attendance rate of Directors at Board meetings was 91%.

Related parties	Nature of the relationship with the related party	Amounts of transactions with related parties (amounts due)
Jean-Claude LUMARET - Chief Executive Officer	Employment contract	Fixed compensation: €62,710 Annual variable bonus: €69,117 Exceptional bonus: €83,613 Benefits in kind: NA
Martin STEPHAN - Deputy Chief Executive Officer	Employment contract	Fixed compensation: €111,904 Annual variable bonus: €69,117 Exceptional bonus: €74,603 Benefits in kind: €3,056

No advances or loans were granted to them, and no other commitments were made on their behalf.

The operations performed during the first half of 2021 with its subsidiary CARBIOLICE are as follows:

- CARBIOLICE research services agreement: See note 14
- licensing and sub-licensing of patents and know-how: See Note 14
- rebilling of tests and regulatory matters (€18 thousand in operating income): Rebilling of fees related to regulatory matters, in accordance with the letters of agreement signed with CARBIOLICE.

These rebillings were not carried out under normal market conditions, since no margin was applied but were not significant.

The Company has not received or granted any financial commitment to its subsidiary or its managers.



Note 18 – Statutory auditors’ fees

The total amount of Statutory Auditors’ fees shown in the income statement for the fiscal year (French General Accounting Plan art. 833-14/4) amounts to €39,820 and breaks down as follows:

- Fees relating to the certification of the financial statements for €24,243;
- Fees relating to other services of €15,577.

Note 19 – Financial income

The Company’s financial income consists of interest on money-market investments and term account deposits. All available cash is placed in risk-free money market products. The Company obtained two loans from Bpifrance for a total of €3,000 thousand at a rate of 3.03% for the first on November 23, 2018 and 4.34% for the second on November 20, 2019. Finally, a loan guaranteed by the State was released on August 31, 2020 at the rate of 0.25%. The conditional advances granted by Bpifrance and ADEME do not carry interest.

Financial revenues (in thousands of euros)	06/30/2021	06/30/2020
Financial income	20	11
Financial expenses	59	61
FINANCIAL INCOME	- 39	- 50

Financial income mainly comes from investments of available cash amounting to €20 thousand.

Financial expenses in 2021 consist mainly of interest on the Bpifrance loans for €58 thousand.

Note 20 – Extraordinary gain or loss

As of June 30, 2021, the extraordinary gain or loss was positive at €15 thousand. Non-recurring income includes the gain of the World Materials Forum competition (Scale Up category) of €50 thousand as well as the bonus on treasury shares under the liquidity contract for €25 thousand. This income is partly offset by exceptional expenses which mainly include residual losses (€62 thousand) on investments at the former Saint-Fons site, which cannot be transferred to the new construction site of the demonstration plant located in Clermont-Ferrand.

Note 21 – 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 €1,182 thousand as of June 30, 2021.

Note 22 – Commitments given

Retirement indemnity

The Company has not signed any specific agreement on pension commitments, which are therefore limited to the contractual retirement benefit.

No provisions for charges were recognized in respect of this fiscal year.

The retirement benefit is determined by applying a method that takes into account projected end-of-career salaries, employee turnover, life expectancy and the assumption of discounting expected payments.

The rights of employees to retirement indemnities were assessed at €257,863 as of June 30, 2021.

This figure was calculated according to the following assumptions:

- Voluntary retirement;
- Retirement age: 67 years;
- Turnover: slow;
- Discount rate: 0.79%;
- Increase in wages: 2%.

Risk hedging set up for the benefit of funders

The two Bpifrance loans are covered by life insurance policies - PTIA underwritten for Alain Marty (50%) and Martin Stephan (50%). The term of loans provides for a 2 year deferred repayment and annual straight-line repayment over the following 5 years.



Leasing

The Company's commitments include the sale-leaseback financing of industrial equipment for a total of €605 thousand over a period of five years (see details in the table below), representing the total amount allocated by the banking partner.

	Land	Buildings	Equipment Tools	Other	Total
Initial values:			604,684		604,684
Depreciation:					
Previous aggregations			83,860		83,860
Provisions for the fiscal year			51,006		51,006
TOTAL			134,866		134,866
Fees paid:					
Previous aggregations			93,423		93,423
Fiscal year			58,112		58,112
TOTAL			151,536		151,536
Fees to be paid:					
At maximum one year			129,669		129,669
From over 1 year to less than 5 years			367,138		367,138
Over 5 years					
TOTAL			496,807		496,807
Residual value:					
At maximum one year					
From over 1 year to less than 5 years			6,047		6,047
Over 5 years					
TOTAL			6,047		6,047

**Note 23 – Table of subsidiaries and equity interest**

The French Commercial Code provides for an exemption from the preparation of consolidated financial statements when a company and the companies it controls are classified as a small group, that is to say:

- If two of the following three criteria are not exceeded for two successive fiscal years (French Commercial Code art. L 233-17 and R 233-16):
 - employees: 250;
 - revenue: €48 million;
 - Statement of financial position total: €24 million.
- and that none of the entities in this group is subject to Article L 123-16-2 of the French Commercial Code, namely:
 - credit institutions and finance companies;
 - insurance companies, provident institutions, mutual funds;
 - persons and entities whose financial securities are admitted to trading on a regulated market;
 - persons and entities making a public appeal for generosity within the meaning of Law No. 91-772 of August 7, 1991.

In this respect, the Company complies with these conditions and therefore has no obligation to prepare consolidated financial statements. Information on the financial statements of its subsidiary CARBIOLICE is nevertheless presented in section 4.1.

Company name	SAS CARBIOLICE
Share Capital	€28,616,940
Reserves and carryforwards prior to the allocation of income	- €14,164,480
Portion of share capital owned (%)	100%
Book value of securities held	€38,371,461
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	€28,865
Results (profit or loss for the most recent period ended)	- €2,714,085
Dividends received by the Company during the fiscal year	-
Comments	

At the end of the period, the value in use of equity interests exceeded their carrying amount. Accordingly, there are no provisions to be recorded as at June 30, 2021.



4. ADDITIONAL INFORMATION





CARBIOICE HALF-YEAR FINANCIAL STATEMENTS

ASSETS (in thousands of euros)	06/30/21	12/31/20	LIABILITIES (In thousands of euros)	06/30/21	12/31/20
FIXED ASSETS			EQUITY		
Intangible assets	7,549	7,942	Share	28,617	29,500
Establishment costs	1	5	Issue, merger and contribution premiums	2	0
Patents, licenses, trademarks	5,337	5,726	Retained earnings	- 14,164	- 10,584
Commercial fund	2,043	2,043	Profit and loss for the period	- 2,714	- 4,466
Advances and advance payments	168	168	Investment subsidies	155	65
Property, plant and equipment	1,454	1,402	TOTAL EQUITY	11,896	14,516
Office and IT hardware	29	31			
Material and equipment	1,078	559			
Fixtures and fittings	344	368			
Advances and advance payments	3	444	OTHER EQUITY CAPITAL	0	0
Financial assets	17	17	Conditional advances	0	0
Deposits and guarantees	17	17			
TOTAL FIXED ASSETS	9,020	9,361			
CURRENT ASSETS			CURRENT LIABILITIES		
Raw materials inventories	283	539	Loans from credit institutions	3,736	3,770
Finished Goods Inventories	218	310	Bank overdrafts	1	2
Trade receivables and related accounts	9	67	Advances and advance payments on orders in progress	2	0
Other receivables	525	743	Trade payables and related accounts	360	607
Advance payments made on orders	13	3	Tax and social liabilities	784	354
Availabilities	6,770	8,134	Other liabilities	0	0
Prepaid expenses	71	89	Deferred income	132	0
TOTAL CURRENT ASSETS	7,890	9,886	TOTAL CURRENT LIABILITIES AND EQUITY	5,015	4,732
OVERALL TOTAL	16,911	19,247	OVERALL TOTAL	16,911	19,247



INCOME STATEMENT (In thousands of euros)	06/30/21	06/30/20
Net revenue	29	234
Other operating income	238	- 29
Total operating income	267	205
Purchases of goods	9	55
Purchases consumed	286	189
Other purchases and external expenses	868	1,020
Taxes and similar payments	19	17
Wages and salaries, social security charges	1,339	811
Depreciation of fixed assets	564	550
Impairment of current assets	300	73
Other expenses	0	0
Total operating expenses	3,386	2,714
OPERATING INCOME	- 3,119	- 2,509
Financial income	0	0
Financial expenses	13	1
FINANCIAL INCOME	- 13	- 1
CURRENT INCOME BEFORE TAXES	- 3,132	- 2,510
Extraordinary income	5	5
Extraordinary expenses	0	4
EXTRAORDINARY GAIN OR LOSS	5	2
Income tax (Research Tax Credit)	- 413	- 342
PROFIT OR LOSS	- 2,714	- 2,166

LIQUIDITY CONTRACT

Under the liquidity agreement signed by CARBIOS with Natixis ODDO BHF on June 12, 2020, with effect from July 1, 2020, the following assets appeared in the liquidity account on June 30, 2021:

- Number of shares: 3,295 CARBIOS securities;
- Cash balance of the liquidity account: €98,290.29.

It is noted that as of December 31, 2020, the following resources comprised the liquidity account:

- Number of shares: 1,600 CARBIOS securities;
- Cash balance of the liquidity account: €170,789.61.



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, 2021 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 4 to 21) 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 listed on the Euronext Growth All share, Euronext Growth Bpifrance innovation, Euronext Tech Croissance, CAC PME and Euronext PEA-PME 150²⁷.
CARBIOS shares are eligible for the PEA-PME tax scheme.

RELATIONS WITH THE FINANCIAL COMMUNITY

CARBIOS is regularly in contact with the financial community. In 2021, the Company organized a meeting with analysts and investors to present its 2020 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.com

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²⁷ Source : Euronext



GLOSSARY

- **Biodegradation**
The decomposition of materials into simple molecules (H₂O, CO₂, 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 Poly (ethylene terephthalate)**
Plastic polymer that is the predominant constituent of water bottles and some textile materials such as polyester fibers.



CARBIOS

Enzymes powering the **Circular Economy**

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