

Letter to Carbios' shareholders

June 7, 2023



Enzymes powering the Circular Economy

Dear shareholder,

The year 2022 and beyond was an extraordinary one for Carbios, where we took major steps forward in executing our strategy for the worldwide deployment of our proprietary biorecycling technology to enhance plastic and textile circularity. Together with our industrial partners Indorama, Novozymes and Technip Energies, we laid the foundation and are ready to build a first-of-a-kind industrial plant and bring our biological solution for a 100% circular plastics industry to market. The plant will have a nominal processing capacity of 50,000 tons of PET waste per year, equivalent to 2 billion bottles or 2.5 billion food trays. Our technology will not only fully close the loop for the recycling of PET (Polyethylene terephthalate) plastics and polyester fibers, but it will also contribute to tackling one of our society's biggest challenges: reduce pollution of the environment by plastics and the associated threat to earth's biodiversity.

Building the world's first industrial PET biorecycling plant in France:

A key pathway to take a leadership position across a high growth market

The partnership with the world's biggest PET producer Indorama

In June, we achieved a significant landmark in our partnership with Indorama Ventures Public Company Limited (IVL), the world's leading chemical producer, by signing a non-binding Memorandum of Understanding to form a Joint Venture for the construction of our first-of-a-kind PET bio recycling plant in Longlaville, France¹. Indorama Ventures plans to invest about EUR 110 million in equity and non-convertible loan financing, pending final engineering documentation and final economic feasibility studies. In addition, and subject to the successful performance of the Longlaville project, Indorama Ventures confirms its intention to potentially expand Carbios' technology to other PET sites for future developments.

Construction planned to start already in 2023 with targeted commissioning in 2025

In December 2022, we filed for plant approval, and expect to be granted permits by Q3 2023, allowing start of construction by end of 2023 and targeted commissioning in 2025. With the support of the world's biggest PET producer, the construction of Carbios first plant sets the beginning of our industrial and commercial deployment worldwide in order to reach our leadership goals in advanced recycling of PET.

French State and Grand Est Region support construction of world's first PET biorecycling plant and the acceleration of R&D activities with grants totaling €54 million

In May, we experienced our project to become a national concern as we have been selected for fundings in the amount of €30 million from the French State via France 2030 and €12.5 million from the Grand-Est Region, subject to ratification by the European Commission, for the construction of our first industrial plant in France.²

In addition, we and our research partners were granted €11.4 million in funding from the French State and also via France 2030 to accelerate R&D and innovation work on our unique enzymatic technologies to fuel circularity of plastic industry.

Long-term supply agreement with world's leading enzyme producer Novozymes

In January 2023, we announced an exclusive long-term partnership with Novozymes, which ensures the production and supply of Carbios' proprietary PET degrading enzymes at a commercial scale for our first industrial plant, as well as for our future licensee customers.

A steady stream of PET waste guaranteed by Citeo

In April 2023, we secured the first commercial agreement for our new plant, an eight-year contract with Citeo for the delivery of PET waste in the form of pots and trays. This PET waste will be the first PET waste to be recycled in our industrial plant, which is planned to open in 2025.

These partnerships secure the long-term operation of our industrial plant as a blueprint for future PET circularity based on Carbios enzymatic recycling technology as well as for future licensees.

1. Refer to press release published by Carbios and Indorama Ventures Public Company Limited (IVL) on June 1, 2023
<https://www.carbios.com/en/carbios-and-indorama-ventures-reaffirm-partnership/>

2. Refer to press release published by Carbios on May 31, 2023
<https://www.carbios.com/en/carbios-will-receive-grants-totaling-e54-million-from-french-state-via-france-2030-and-grand-est-region/>



Completion of Carbios' licensing documentation:

Mandatory prerequisite for license agreements

With the completion of our license documentation, we now can provide our licensees the necessary information for future industrial plants. This documentation is the result of our successful ongoing operations in our demonstration plant and is the starting point for us to enter license agreements. In combination with the partnership with Novozymes it will enable future Carbios licensees to reliably engineer, construct and operate their PET biorecycling plants under stringent *Health Safety Environment* (HSE) standards and with the highest product quality.

The first licensing agreements are expected in 2024.

In shoulder-to-shoulder stance with the industry:

Paving the way for a circular economy

Strong collaborations and partnerships are necessary and crucial for building a functioning circular economy. The sustainability and environmental commitments of our brand partners are major factors that drive Carbios' technology forward. In addition to our already existing packaging consortium with L'Oréal, Nestlé Waters, PepsiCo and Suntory Beverage & Food Europe to jointly develop a sustainable industrial solution for 100% recyclable food-grade PET to the food and cosmetic industry, we expanded our brand collaborations with partners from the sports and leisure industry. In July 2022, Carbios founded a fiber-to-fiber consortium with On, Patagonia, Puma and Salomon for the recycling of polyester fibers contained in clothes as well as equipment. In February 2023, we also welcomed PVH Corp., which includes brands such as Tommy Hilfiger and Calvin Klein, to this consortium. With these partners, we seek to increase the availability of high-quality recycled plastics and fibers and prove the idea of fiber-to-fiber closed circularity at an industrial scale using Carbios' biorecycling process. Fiber-to-fiber consortium members will supply feedstock in the form of e.g. under-, sports- and leisurewear as well as footwear and work to create new products from Carbios' r-PET fibers produced using its biorecycling process.

First PET Biorecycling Summit, intellectual property and accelerated research for new enzymes

In December 2022, we hosted the first PET Biorecycling Summit to exchange with leaders in the scientific, academic, and industrial worlds on the advances in the field of biological recycling and how to bring these innovations for a circular economy to market. Furthermore, we have doubled the number of our granted patents within two years, ensuring the long-term protection of our technologies. In addition, the novel usage of microfluidics will accelerate our search for new plastic-active enzymes and the optimization of our present enzymes. With the usage of microfluidics, we are confident that we will be able to strengthen our portfolio of proprietary enzymes soon to enable an even broader spectrum for the recycling of plastics.

Circularity and environmental responsibility at Carbios core:

Carbios' first Sustainability Report and membership in the Ellen MacArthur Foundation's Network

Since the founding of Carbios in 2011, we have made a strong commitment to develop environmental, social and governance (ESG) initiatives that go beyond the industrial development of our plastic biorecycling technologies. In December 2022, we published our first Sustainability Report structured in accordance with the requirements of the European directive on Extra-Financial Performance Statements. The Sustainability Report reflects our dedication to transparency and highlights our relentless efforts in areas such as environmental sustainability, employee relations, diversity and inclusion, and corporate governance.

Moreover, Carbios joined the Ellen MacArthur Foundation's Network in March 2023. As a member, we will connect with other leaders within the Foundation's leading circular economy network of businesses, policymakers, academia, innovators, and thought leaders worldwide. Through ambitious collaborative projects, plastics and fashion are two areas of focus at the Foundation and are also at the heart of Carbios' activities.

Driving Carbios' future into the next era of growth:

Carbios strengthens organization with new Chief Strategy and Financial Officer and highly experienced Business Development team

Over 2022 Carbios significantly strengthened its organization – a necessary milestone to successfully start marketing the enhanced recycling technology developed by the Company.



In September, Pascal Bricout joined the Company as Chief Strategy and Financial Officer and a member of the Executive Committee. His remarkable professional skills and international experience based on over 30 years' experience in finance, strategy and international mergers and acquisitions will undoubtedly be a major asset for the Company towards industrialization and commercialization. Mr. Bricout oversees the management and organization of Carbios' finance division. He also steers the Group's Strategy, investor relations and the launch of the company's Corporate Social Responsibility (CSR) policy.

In October, Stéphane Ferreira joined Carbios as new Chief Business Officer. Mr. Ferreira oversees the business' global development and steers the relationship with Carbios' industrial and commercial partners. His extensive experience in global markets will help Carbios reach a new level, by deploying the Company's proprietary technologies on a large scale. Mr. Ferreira's team has been reinforced by the expertise of two new members: Frédéric Alarcon, Licensing Manager, who rolls out the licensing model that is at the heart of Carbios' business strategy and Arnaud Tillon, Group Marketing Director, who supports the Company's development by defining and implementing the marketing strategy. He is also in charge of reinforcing the customer culture within the organization.

Growing and sustainable revenue from licensing agreements and industrial deployment expected from 2025 onwards

The Executive Committee led by Emmanuel Ladent, CEO, along with the entire Carbios team and with the full support of the Board, are totally committed to driving Carbios' future into the next era of growth, with expected steady revenue streams beginning in 2025.

To achieve all this and to provide the financial flexibility needed to invest in further growth and value creation and to bridge the time until first revenue recognition, Carbios is seeking its shareholders' support for potential financial measures in conformance with best corporate governance principles outlined below and to ensure the appropriate compensation of its key executives and employees.

Providing support:

You're invited to participate in our Shareholders' Meeting

To execute on our growth strategy outlined in this letter, a number of important resolutions have been put on the agenda of the upcoming General Meeting for approval by our shareholders. The purpose of this letter is to call attention to and provide background information on those key resolutions. The Board of Directors of Carbios recommends that shareholders support the Management and the Board of the Company by voting in favor of all the resolutions submitted for their approval.

In drafting the resolutions proposed, Carbios has listened very carefully to the feedback received from its shareholders at the past General Meetings and during a proxy roadshow conducted in April and May, as well as from proxy advisors, including Glass Lewis and ISS. The full wording of these resolutions is available in the Investors section of the Carbios website at www.carbios.com.

On **Thursday, June 22, 2023, at 10 am (CEST)**, Carbios will hold an **Ordinary and Extraordinary Shareholders' Meeting** in the premises of Fieldfisher, 48 rue Cambon, 75001, Paris, France.

You may attend this Shareholders' Meeting either by participating in person or voting by post using the proxy form available on the Company's website, or by giving your proxy to the Chairman or any other person of your choice.

Background on key resolutions of the upcoming General Meeting

Please note: Descriptions of the resolutions mentioned below are short summaries drafted for your convenience and do not mirror the original legal wording. For the full wording, as well as more detailed information, please refer to the General Meeting agenda published on the Carbios website at: <https://www.carbios.com/en/general-meetings/>



Resolutions 6 – 11:

Ratification of the appointment of independent Directors



Prof. Karin
Auclair



Amandine
de Souza



Juan
de Pablo



Sandrine
Conseiller



Mateus Schreiner
Garzes Lopes



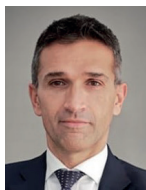
Isabelle
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The new Board members have strong, proven expertise in various industries, including fashion, retail and energy, as well as business development and change management in high-growth markets and sectors around the world. The proven track record of our Board record in industrial commercialization will help to drive Carbios growth story and its scientific background will enhance and advance Carbios' research into biological solutions for the life cycle of plastics and textiles. In addition, a sensitivity to CSR issues and proven results in this field was also a key selection factor for an invitation to join the Board.

With the appointment of the new independent Board members, Carbios reached its CSR objectives ahead of the previously anticipated timeline of 2024. The new Carbios Board will have 33% female and overall, 64% independent directors.

Resolution 29:

Decision to be taken on the appointment of Copernicus Wealth Management as Censor of the Company



Since its first investment in 2019, Copernicus Wealth Management has been one of the top three shareholders with a long-standing and stable investment in Carbios. As CFO and co-founding partner of the Copernicus Group, **Dr. Alen Vukic** brings tremendous financial and investment experience to the Board in the crucial phase of the Company's industrial execution. During 2022, Copernicus' network was an important source for identifying new independent Board members. Dr. Vukic is committed to supporting Carbios in driving its growth strategy and achieving future milestones.

Internal Copernicus compliance guidelines do not allow members of its Executive Management team to be Board members in any companies in which Copernicus is invested to avoid any conflicts of interest. As a Censor of the Company, Dr. Vukic will not have any voting rights, will not receive any compensation, and has accepted the insider rules that will restrict Copernicus' investment flexibility.

Resolution 13:

Determination of the total annual compensation allocated to the members of the Board of Directors

Carbios' Management and Board propose to increase the total annual compensation of Board members by 10% from EUR 250,000 to EUR 275,000 to reflect the increased requirements, in particular through the new creation of a CSR Committee and a Strategy Committee. The compensation is strictly linked to attendance at Board of Directors meetings.

Resolutions 16 – 21:

Capital increase measures with or without preferential subscription rights

Important general principles in conformance with best corporate governance principles

- Capital measures are capped according to ISS, Glass Lewis and shareholders' guidelines.
- Proposed capital measures under resolutions 16 – 21 are not cumulative.
- Proposed capital measures without preferential subscription rights 18 – 20 should be understood as "either or".
- Resolutions 16 – 21 are designed in such a way that they cannot be used as anti-takeover measures.

Resolution 16:

Capital increase with preferential subscription rights: max. 49.99% of total share capital

Resolution 17:

Greenshoe with preferential subscription rights: max. 15% of the capital increase



Resolution 18:

Public offering with priority subscription period: up to 20% of total share capital

Public offering without preemptive rights: max. 10% of total share capital

Potential discount: max. 10%

Resolution 19:

Private placement (open) without preferential subscription rights: max. 10% of total share capital

Potential discount for private placement: max. 10%

Resolution 20:

Private placement (closed) without preemptive rights: max. 10% of total share capital

Potential discount for private placement: max. 10%

Resolution 21:

Greenshoe without preferential subscription rights: max. 15% of the capital increase

Resolution 22:

Authorization to the Board of Directors to allocate free shares

Carbios' Board proposes to issue a maximum number of bonus shares 0.50% of the current share capital.

The maximum total number of free shares allocated to individual corporate officers will be limited to 12,000 shares with a maximal aggregate value, calculated based on the Carbios opening share price on the day of allocation, of 300% of annual fixed compensation.

The bonus shares have an exercise period of 10 years and a vesting period of three years (i.e., no such bonus shares may be exercised by their beneficiaries before three years have elapsed from the date of their attribution). Such equity-based compensation is industry standard and represents an important part of management incentives.

The exercise of 100% of these bonus shares granted to the beneficiaries will be conditional on the achievement of the following objectives:

- **For 30% of the free shares awarded to the beneficiary:** The achievement of a production rate of the industrial plant in 2026 in accordance with the specifications set by the Board of Directors.
- **For 30% of the free shares awarded to the beneficiary:** The commitment, by the end of 2026, of a significant number of plants operating under license for a total industrial capacity on PET technology in accordance with the business plan as assessed by the Board of Directors.
- **For 25% of the free shares awarded to the beneficiary:** A percentage of free shares awarded dependent on the Carbios share price development in comparison to the average target price of the consensus of analysts' notes available on the closing date of the resolutions for this Meeting, i.e. €49.80 on May 4th, 2023 and to the evolution of the reference index „Next Biotech“
- **For 15% of the free shares awarded to the beneficiary:** The achievement, at the end of the vesting period, of an ESG score by GAIA rating of 70 out of 100 (currently 64 for Carbios compared with a score of 57 for the companies in the benchmark according to GAIA).

Carbios is pleased to offer a call to any shareholder interested in discussing these proposals.

Please contact our Investor Relations team:

Mr. Benjamin Audebert (email: benjamin.audebert@carbios.com / Tel. +33 (0)4 73 86 51 76)

On behalf of the Board and Management, we would like to thank all Carbios shareholders for their confidence in and loyalty to the Company. We look forward to your participation at the General Meeting.

Yours sincerely,

Philippe Pouletty
Chairman of the Board

Emmanuel Ladent
Chief Executive Officer

