

# 2023

## INTERIM FINANCIAL REPORT



**CARBIOS**

Biotechnology **powering**  
plastic and textile **circularity**





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# 1. MANAGEMENT AND GOVERNING BODIES







## BOARD OF DIRECTORS

<b>Chairman:</b>	Philippe POULETTY
<b>Directors:</b>	Karine AUCLAIR Sandrine CONSEILLER Juan DE PABLO Amandine DE SOUZA Vincent KAMEL Emmanuel LADENT Isabelle PARIZE Mateus SCHREINER GARCEZ LOPES Business Opportunities for L'Oréal Development (BOLD), represented by Laurent SCHMITT Michelin Ventures, represented by Nicolas SEEBOTH
<b>Non-voting director:</b>	Copernicus Wealth Management (represented by Alen VUKIC)

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## EXECUTIVE MANAGEMENT

**Chief Executive Officer:** Emmanuel LADENT  
**Director of Industrial Development:** Lionel ARRAS  
**Sourcing and Public Affairs Director:** Mathieu BERTHOUD  
**Director of Strategy and Finance:** Pascal BRICOUT  
**General Manager of the Biodegradation Business  
and Senior Vice-President of the Carbios Group:** Martine BRISSET  
**Director of Innovation Programs Funding, Regulatory Affairs and LCA:** Delphine DENOIZE  
**Chief Business Officer:** Stéphane FERREIRA  
**Director of Intellectual Property:** Lise LUCCHESI  
**Chief Scientific Officer:** Alain MARTY



## 2. INTERIM MANAGEMENT REPORT



## CARBIOS OVERVIEW

### ENZYMES: REVOLUTIONIZING THE WORLD OF PLASTICS AND TEXTILES

Carbios, a biotechnology company created in April 2011, develops and industrializes biological solutions to reinvent the life cycle of plastics and textiles. Through its unique approach combining biotechnology and plastics for the first time, Carbios aims to address new consumer expectations and the challenges of the broader environmental transition faced by governments and industrial companies by taking up a major challenge of our time: plastic and textile waste pollution.

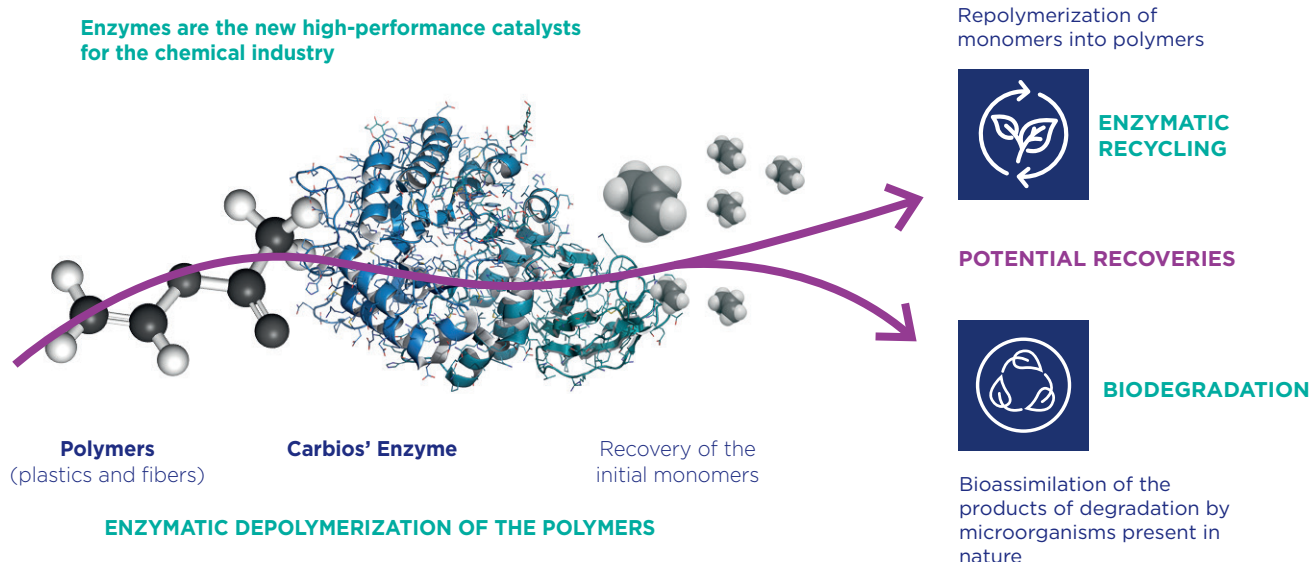
Inspired by nature, Carbios is developing enzyme-based biological processes to deconstruct plastics and accelerate the transition to a circular economy. Its two innovative technologies dedicated to the biorecycling of PET and the biodegradation of PLA are in the industrial and commercial scale-up phase.

Through its **biorecycling technology**, Carbios provides an industrial solution to the recovery of PET<sup>1</sup> (the plastic used to manufacture bottles, trays and polyester textiles), which is a market of nearly 90 million metric tons per year worldwide<sup>2</sup>.

This technology converts all types of PET waste into its basic components (monomers). These can then be reused to manufacture new products from 100% recycled and 100% recyclable PET, without loss of quality.

The Company has also developed a **biological biodegradation solution for PLA<sup>3</sup>** (a biosourced polymer), which is a strongly growing market estimated at 260,000 metric tons. This technology can create a new generation of plastics that are 100% compostable at ambient temperatures thanks to the integration of enzymes into the core of these plastics.

These solutions are protected by 58 patent families and the Group aims to gradually address other plastics, particularly polyamides and polyolefins for which existing solutions are not satisfactory.



<sup>1</sup> Poly(ethylene terephthalate)

<sup>2</sup> Source: IHS Markit in 2021.

<sup>3</sup> Polylactic Acid



## MARKET CONTEXT AND OPPORTUNITIES

Carbios' biological 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 factors that support the adoption of a drastic expansion of the recycled PET market targeted by Carbios.

### 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 years<sup>4</sup> 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, including in the most remote and pristine regions of the world.

The OECD estimates that 9% of plastic waste generated each year worldwide is recycled and 19% is incinerated. The remainder, almost 72%, accumulates in landfills and in the environment where it contributes to polluting our soils, rivers and marine environments<sup>5</sup>.

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.



#### **NORTH AMERICA**

##### **2018 • Canada**

Consultation on "Moving Canada toward zero plastic waste" by 2030

##### **2022 • USA**

EPR\* legal framework voted in California and Michigan  
Similar bills in many States

##### **2023 • USA**

Draft National Strategy to Prevent Plastic Pollution

##### **2023 • Canada**

Recycled content and labelling rules for plastics Regulatory framework paper

##### **2024 • Quebec**

Tax implementing on PVC & PLA packaging



#### **EUROPE**

##### **2022 • EU**

Draft Packaging and Packaging Waste Regulation: All packaging to be recyclable Incorporation of recycled PET up to **30% in packaging in 2030** and **up to 65% in 2040**

##### **2023 • EU**

Reinforcement on eco-conception of sustainable products

##### **2022 • UK**

Plastic Tax implemented on virgin plastic

##### **2023 • France**

Ambitious recycling targets set for 2028 by EPR\* textile ReFashion

##### **2023 • EU**

Intensification of collection rate by further implementation of deposit scheme in EU States



#### **ASIA**

##### **2018 • China**

Waste import ban

##### **2022 • China**

Ban on non-degradable plastic bags in shopping malls, supermarkets in certain regions

##### **2022 • India**

National ban on single use plastic

##### **2022 • Japan**

New national law promoting recycling

##### **2022 • Philippines**

EPR\*

##### **2022 • Association of Southeast Asian Nations (ASEAN)**

5 years project to combat marine plastic pollution

##### **2025 • Thailand**

ban imports of plastic scrap by 2025

\* Extended Producer Responsibility

<sup>4</sup> Source: World Wildlife Fund (Australia) in 2018.

<sup>5</sup> Source: OECD in 2022, Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options, OECD Publishing, Paris, <https://doi.org/10.1787/de747aef-en>.



## GROWING REGULATORY PRESSURE

Decision-makers around the world are looking for effective regulatory and economic instruments to address the environmental pressures generated by the production, consumption and end-of-life management of plastics. In many countries, the implementation of new regulatory provisions is stepping up to work in favor of better management of the life cycle 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 Carbios technologies.

## STRONG INITIATIVES AND COMMITTED MANUFACTURERS

In addition to public action policies to combat plastic pollution, pressure from consumers and NGOs are encouraging industrial players to commit to a transition towards more sustainable solutions. They represent powerful backing for innovation in the fields of recycling and biodegradation, the core of the bioprocesses developed by Carbios.

As such, Carbios benefits from numerous supports, notably through its Packaging Consortium<sup>6</sup> with L'Oréal (co-founder of the Consortium), Nestlé Waters, PepsiCo and Suntory Beverage & Food Europe (Orangina-Schweppes in France) and more recently through a Fiber-to-Fiber Consortium<sup>7</sup>, with the brands On, Patagonia, PUMA, PVH (the parent company of Tommy Hilfiger and Calvin Klein) and Salomon.

## KEY STRUCTURING PARTNERSHIPS TO SUPPORT THE DEVELOPMENT OF CARBIOS

Since its creation, Carbios has endeavored to bring together the best experts in their respective fields to support the development of its innovations. Today, the Company benefits from the broad support of major international groups, whether through its Packaging and Fiber-to-Fiber consortia or through its partnerships with Novozymes, Indorama Ventures and Technip Energies.



<sup>6</sup>Please refer to the press release of April 29, 2019

<sup>7</sup>Please refer to the press release of July 6, 2022.



## PACKAGING CONSORTIUM

During the fiscal year 2023, Carbios and its partners within the Packaging Consortium – L'Oréal, Nestlé Waters, PepsiCo and Suntory Beverage & Food Europe – continued their collaboration, in particular to work on the challenges of structuring the upstream supply chain for PET waste, but also on regulatory issues (especially food contact) and the environmental impacts (life cycle analysis) of the production of recycled PET using Carbios technology.

## FIBER-TO-FIBER CONSORTIUM

In July 2022<sup>8</sup>, Carbios signed an agreement with On, Patagonia, PUMA and Salomon to develop solutions promoting the recyclability and circularity of their products.

In February 2023<sup>9</sup>, the PVH group, the parent company of the Tommy Hilfiger and Calvin Klein brands, joined the consortium to support the development of Carbios' biological recycling process on an industrial scale, with a view to setting new global standards for textile recycling, and more specifically in the polyester fibers (PET) segment, which is a major challenge for the textile industry.

## NOVOZYMES

Building on a close collaboration initiated in 2019, Carbios and Novozymes, world leader in biological solutions, announced in January 2023<sup>10</sup> a strategic, exclusive and long-term partnership. Under this agreement, Novozymes undertakes to produce and distribute the PET degradation enzymes of Carbios on an industrial scale for the Longlaville plant (France), as well as for future plants operated under license.

## TECHNIP ENERGIES

Since 2017, Carbios and Technip Energies have been collaborating on the industrial development of the process developed by Carbios for the biological recycling of PET plastics and fibers. Technip Energies supported the Company in the engineering and construction phases of its pilot plant and its industrial demonstration plant. As of the date of this interim report, nearly 65 Technip Energies employees are involved in the project to build a PET biorecycling plant in the Grand-Est region of France.

## INDORAMA VENTURES

After announcing in February 2022<sup>11</sup> a collaboration between Carbios and Indorama Ventures to launch a project in France to build the world's first PET biorecycling plant, a memorandum of understanding was signed in June 2023<sup>12</sup> between the two partners to build this plant and possibly extend the technology to other Indorama Ventures PET sites for future development purposes<sup>13</sup>.

<sup>8</sup> Please refer to the press release of July 6, 2022.

<sup>9</sup> Please refer to the press release of February 18, 2022.

<sup>10</sup> Please refer to the press release of January 12, 2023.

<sup>11</sup> Please refer to the press release of February 23, 2022.

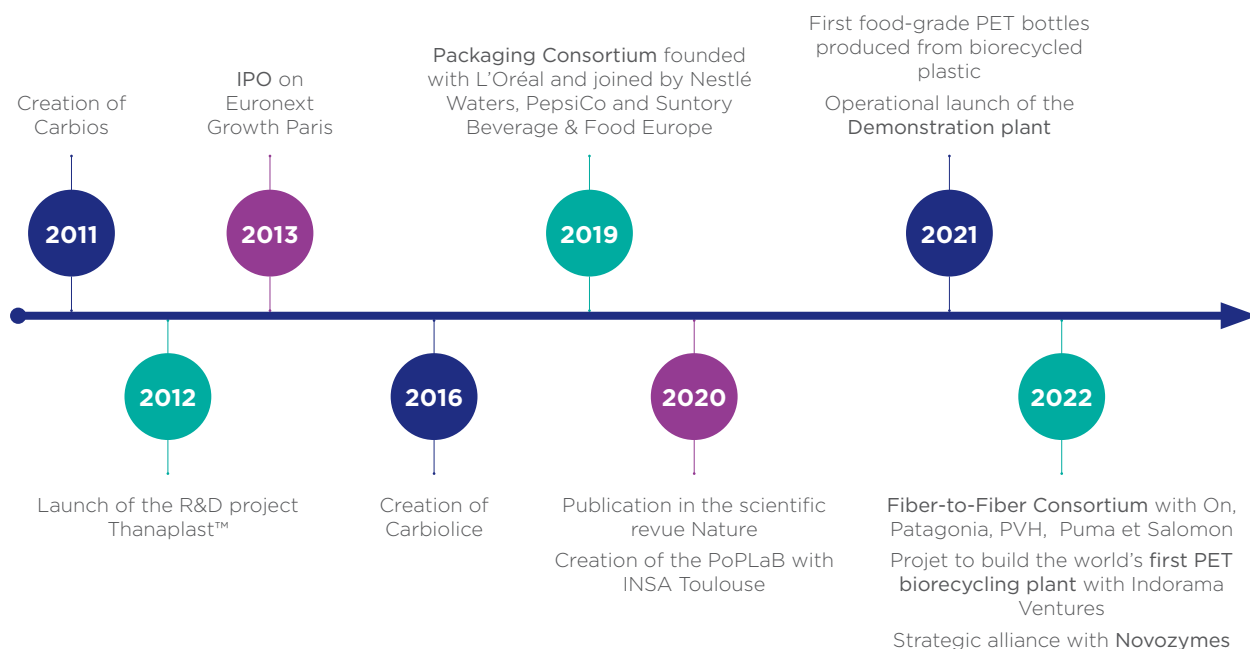
<sup>12</sup> Please refer to the press release of June 1, 2023.

<sup>13</sup> Please refer to the "Significant events of the first half of 2023" section of this interim report for more details on the agreement with Indorama Ventures.



## DEVELOPMENTS AND OUTLOOK

## KEY DATES IN THE DEVELOPMENT OF THE COMPANY'S ACTIVITIES:

INDUSTRIAL DEMONSTRATION PLANT:  
FROM PROJECT TO OPERATIONS

Since July 2022, Carbios has had a fully operational industrial demonstration plant. Located on the Cataroux site in Clermont-Ferrand, this facility represents the final stage of development of the process and foreshadows the design of future industrial units.

It includes storage areas for raw materials and finished products (terephthalic acid and monoethylene glycol), the pre-treatment of PET waste, a hydrolysis reactor with a capacity of 20 m<sup>3</sup> and equipment for the purification of monomers (terephthalic acid and monoethylene glycol) enabling the production of high-purity batches. Different types of PET waste (bottles, trays, textiles, etc.) from multiple sources are 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. The complex is operated by a team of 20 people (production, processes, maintenance/new works), with a now stable workforce.

The results obtained at the industrial demonstration plant and the detailed engineering study for Carbios' first commercial plant define the basic engineering and operational guidelines for the units that will be operated under license agreements. From technology promotion with the Technical Information Summary (TIS<sup>14</sup>) to project development with a specific Process Design Package (PDP)<sup>15</sup> and a technology and operations manual

(Process Book), future Carbios licensees will be handed all necessary process documentation to reliably engineer, procure, construct and operate their PET biorecycling plants under stringent HSE standards<sup>16</sup> and with high product quality.

## During the first half of 2023, priority given to volume tests:

- Performance tests are carried out on each unit operation of the process and included in the technology process book. Assumptions regarding the sizing of equipment, material balance and consumption of utilities (water, steam, etc.) are confirmed and included in the design documents for the plant project. All of the results obtained support the structural assumptions of the industrial project (environmental impact, performance, cost, schedule).
- Main PET feedstocks for the 1<sup>st</sup> commercial plant were successfully tested: colored bottles, food trays, secondary products from the PET waste pre-treatment industry (optical over-sorting).
- Carbios is continuing its program to diversify the PET feedstocks processed at its demonstration plant with the addition of modules aimed at integrating more than 30% of textile into the process.

<sup>14</sup> TIS = Technical Information Summary

<sup>15</sup> PDP = Process Design Package

<sup>16</sup> Health, Safety and Environment

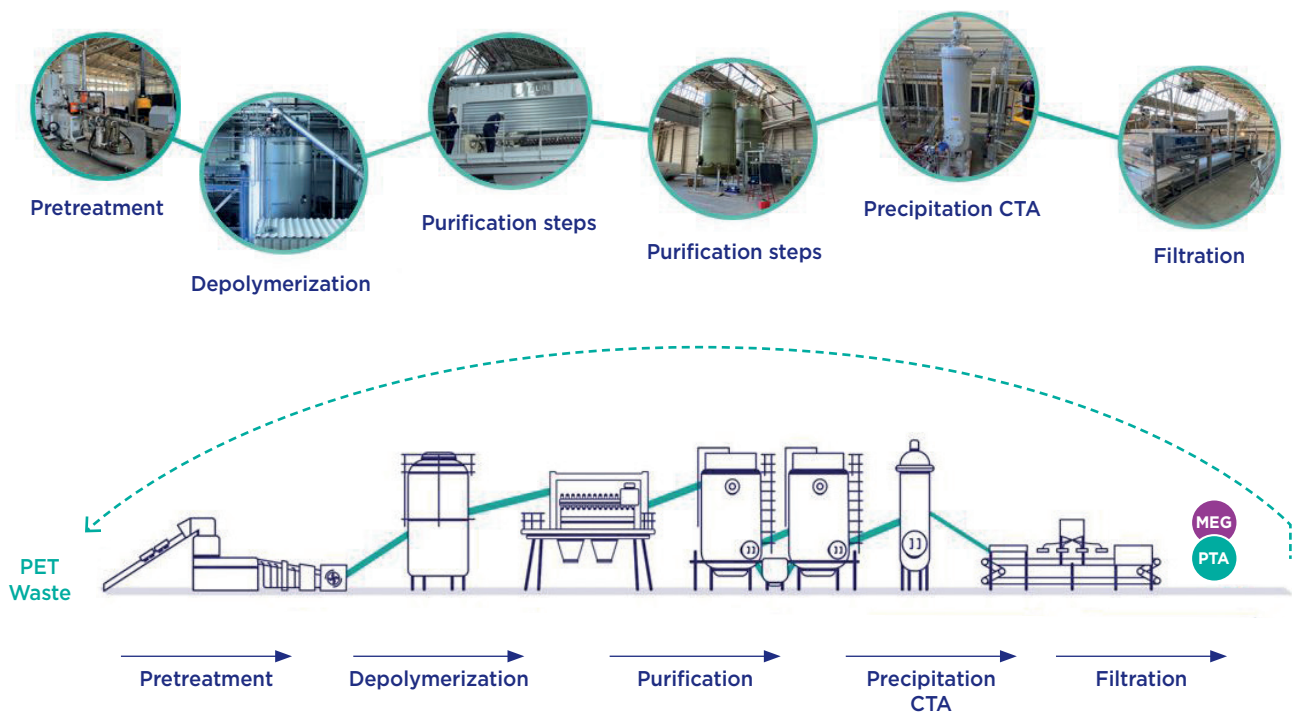


### In the second half of 2023:

- A campaign to produce recycled monomers is planned. It will be based on a feedstock mix representative of that of the 1st commercial plant. These monomers will be repolymerized in r-PET batches and made available for the promotion of the Carbios technology (B2C with Brand Owners, B2B with licensing prospects).
- Carbios will then resume the tests:
  - optimization of operating conditions at the demonstrator, robustness tests,
  - testing of new PET grades potentially available for supplying the first industrial unit.

### In 2024:

- Production campaigns with optimized operating conditions. Standardization of procedures and routines. Training of production and maintenance staff of the 1<sup>st</sup> plant.
- Tests with textile feedstocks, documentation of results. First production campaigns based on these new feedstocks.



*Modeling of the main stages of the process of depolymerization of PET plastic and textile waste into monomers, as used at the industrial demonstration plant*



*Enzymatic hydrolysis reactor for the depolymerization of PET plastic and textile waste into monomers (credit: Carbios)*



Building on these results, the Company is now committed to the industrialization of its PET biorecycling technology through a project to build a first plant in France, the commissioning of which is scheduled for 2025.

### **CONSTRUCTION OF THE WORLD'S FIRST PET BIORECYCLING PLANT**

As part of its industrial and commercial deployment strategy, the Company aims to complete by 2025<sup>17</sup> the construction of a PET biorecycling plant, with an estimated processing capacity of 50,000 metric tons of PET waste per year. This plant, located in Longlaville (Department 54), will also make it possible to secure the marketing of the first volumes of recycled PET by 2025 and to consolidate the Company's business model, which consists of the granting of operating licenses for its technologies and know-how. This plant will also make it possible to train future licensees under large-scale operating conditions.

Engineering studies are continuing (adaptation to the specificities of the site, value engineering to optimize costs, etc.) and long-lead time equipment purchasing activities have been initiated. The processing of building permits and environmental authorization applications is progressing in line with the provisional timetable. The Public Inquiry is closed. These positive advances make it possible to aim to start the preparation of the land (earthworks) in the 4<sup>th</sup> quarter of 2023.

To support the industrial and commercial deployment of its PET biorecycling activities by 2025, Carbios secured a first supply contract with Citeo<sup>18</sup> in April 2023 as part of a consortium formed with the companies Valorplast and Wellman Neufchateau Recyclage. This long-term contract covers the supply of PET waste consisting of multi-layer and single-layer trays and their biological recycling. As part of this agreement, Carbios will ensure the biological conversion of this PET waste into monomers that will be used to manufacture new 100% recycled and 100% recyclable products, in accordance with a true circular economy principle. This contract contributes to securing the supply of raw materials to the Carbios industrial Unit, which is scheduled to be commissioned in 2025. The consortium relies on Valorplast's experience in resource management for the recovery of collected and sorted

plastics flows, the expertise of Wellman Neufchateau Recyclage in the field of resource preparation and the innovative enzymatic depolymerization technology of Carbios. The input flows of raw materials in the form of bales from single- and multi-layer trays (representing at least 5,000 metric tons per year) will be collected by Citeo and transported by Valorplast to the Wellman Neufchateau Recyclage processing plant, one of the largest major recyclers in Europe and a subsidiary of Indorama Ventures (world leader in the production of recycled PET or r-PET and partner of Carbios in its plant project). The trays will be separated, crushed, washed and prepared into flakes for recycling in the future Carbios plant.

The plant is to be financed through an investment to be received from Indorama Ventures, State grants and the Grand-Est region and part of the available cash of the Carbios Group. The investment for the construction of this plant is estimated at €230 million, taking into account the recent impact of inflation (vs €200 million previously), and will be financed by:

- **An investment to be received from Indorama Ventures in the amount of €110 million** in equity and non-convertible loans, on the basis and subject to the terms and conditions of the memorandum of understanding signed with Indorama Ventures<sup>19</sup>.
- **Funding of €30 million by the State** as part of France 2030, as well as **€12.5 million by the Grand-Est region**<sup>20</sup>. The implementation of this financing is subject to the approval by the European Commission of the corresponding State grants scheme and then to the conclusion of national aid agreements.
- **A portion of the Company's available cash**, including 85% of the proceeds of the capital increase with preferential subscription rights successfully completed in July 2023 and which amounted to a total gross amount of €141 million.

<sup>17</sup> Provisional date depending on the granting of building permits, environmental authorizations, the conditions of the agreement to be formalized for the collaboration between the two parties and, more generally, the risks presented in Chapter 3 of the 2022 Universal Registration Document.

<sup>18</sup> Company with a mission created by businesses in the mass consumption and distribution sectors to reduce the environmental impact of their packaging and paper by offering them reduction, reuse, sorting and recycling solutions.

<sup>19</sup> Please refer to the press release of June 1, 2023

<sup>20</sup> Please refer to the press release of May 31, 2023



*3D modeling of the Carbios industrial unit for the depolymerization of PET plastic and textile waste into monomers  
(credit: Technip Energies)*

### PROJECT MILESTONES<sup>21</sup>:

**2023** • Start of construction upon receipt of the permits in Q4 2023.

**2024** • Recruitment and training of the operations team at the Cataroux Demonstration facility

**2025** • Mechanical completion and commissioning

**2026** • Ramp-up

<sup>21</sup> Estimated dates, depending on the grant of the authorizations to build and operate, environmental authorizations and on the terms and conditions remaining to be defined between Carbios and Indorama Ventures



## BUSINESS DEVELOPMENT MODEL AND MARKET SHARE FORECASTS

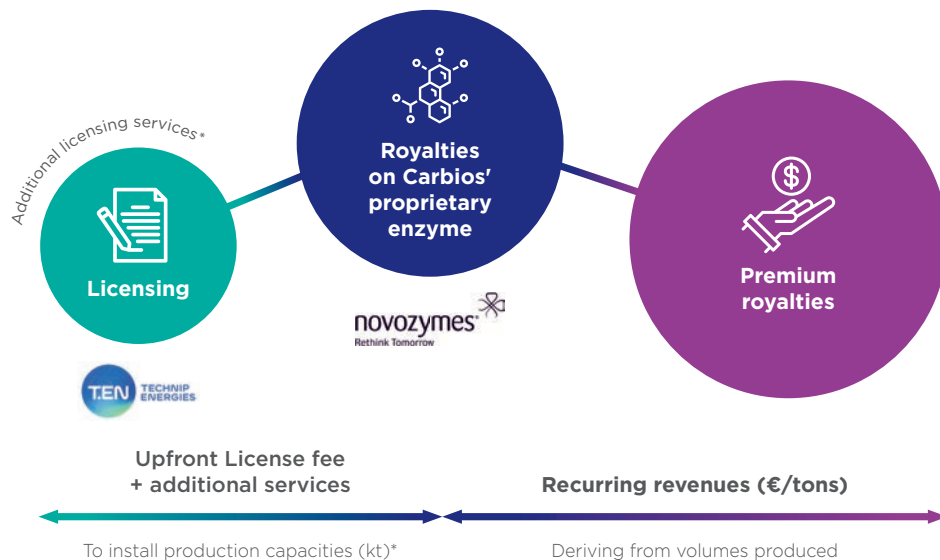
Carbios' business model, based on the licensing of its unique PET biorecycling technology, is based on a rational approach to capital expenditure and on three sources of revenue (upfront payments and recurring revenue, the details of which are provided below). This business model will be applied to all plants, including the first, at Longlaville, France.

**(i) granting of licenses for the use of its know-how and intellectual property: these will generate revenue in the form of upfront payments** paid by the licensee on the basis of the installed capacity for an amount of around €200 per metric ton;

**(ii) royalties from the sale by Novozymes of Carbios proprietary enzymes directly to manufacturers using Carbios technology.** This revenue stream will result from a portion of the margin realized by Novozymes (under an exclusive and long-term partnership) on the sale of fully patented Carbios enzymes to the licensee. This revenue stream will be proportional to the volume of enzymes sold;

**(iii) royalties from the premium generated by manufacturers on the sale of biorecycled PET.**

Subsection royalty flows from (ii) and (iii) are estimated at around €250 or more per metric ton of recycled PET produced.



\* Technical assistance services to licensees such as training and supervision during detailed engineering, construction, commissioning, start-up and performance testing of the industrial plants.

In the fast-growing recycled PET market, Carbios aims to capture a share of 4 to 8% by 2030 and an 8 to 12% share by 2035.

Due to its constant efforts to broaden its areas of innovation and extend its proprietary technologies to other polymers, in particular polyamides and polyolefins, for which the first patents are expected from 2023, the R&D costs and the related costs of industrial projects are expected to increase by 15 to 20% every year until 2035. At the same time, general and administrative expenses are expected to increase by 8 to 10%, mainly to support the commercial and licensing efforts led by the Company.

With regard to the granting of licenses, the repayment of the capital expenditure for a plant of 100,000 metric tons should be made in less than seven years and offer an internal rate of return of more than 20%.

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.



## HIGHLIGHTS OF THE PERIOD

This first period of the 2023 fiscal year was marked by major scientific and operational progress in various areas. These developments took the form of the announcement, in January 2023, of a strategic alliance with Novozymes and the signing, in June 2023, of a non-binding memorandum of understanding (MOU) with Indorama Ventures for the construction of the world's first PET biorecycling plant. On the strength of these advances, the Company also successfully completed a capital increase with preferential subscription rights for a total gross amount of €141 million, the largest fundraising event on Euronext Growth since 2015.

The recent advances made by Carbios, as described below, as well as the excellent results of the operations conducted at the demonstration plant and the detailed engineering study for the Longlaville plant (commissioning scheduled for 2025), confirm the value of the Company's assets and make it possible to achieve the future industrial and commercial deployment of the technologies designed and developed by Carbios.

### R&D DEVELOPMENTS AND SCIENTIFIC PUBLICATIONS

In February 2023<sup>22</sup>, **Carbios successfully completed the final key stage of the CE-PET research project**, co-financed by the French State as part of the Investment for the Future Program, now part of France 2030, and operated by ADEME, the French Environment and Energy Management Agency<sup>23</sup>. This project demonstrated the ability of Carbios to recycle complex waste enzymatically to produce new bottles and fibers. For the validation of the whole project, Carbios will have received a total amount of €4,136,000 (€1,034,000 in subsidies and €3,102,000 in repayable advances) and its partner INRAE-TWB €3,416,000.

In March 2023<sup>24</sup>, **Carbios published an article in *Chemical Reviews***, one of the 10 most influential scientific journals in the world, entitled "Enzymes' power for plastics degradation"<sup>25</sup>. The article is a comprehensive and critical review of research published to date on the enzymatic degradation of all types of plastics (PET, PLA, polyolefins, polyurethanes, polyamides) and includes almost 700 references. Co-authored by biotechnology researchers from Carbios and TBI, as well as two eminent professors in polymer science from the University of Bordeaux, the article brings together expertise in the fields of enzymology, polymer science and industry in order to accelerate the transition to a circular economy for plastic. Beyond the comprehensive bibliographical study, the authors analyzed the data to discuss the scope, limitations, challenges and opportunities of enzymatic

plastic recycling with a view to developing innovations and industrial processes. The article's unique standpoint and added value with regard to issues surrounding plastic pollution is its critical view on technology transfer and industrial scalability.

In April 2023<sup>26</sup>, **Carbios announced that it had developed an ultra-high throughput microfluidic screening of enzymes that depolymerize PET**, in partnership with the Paul Pascal Research Center (a joint research unit of CNRS and the University of Bordeaux, specializing in microfluidics). This cutting-edge technology makes it possible to screen millions of enzymes in one day compared to a few thousand per week with conventional technologies, thus accelerating the process of optimizing PET-degrading enzymes. This competitive advantage enables Carbios to reduce the time between the R&D phase and the production of its proprietary enzymes. The future polymers of interest will benefit from the power of this microfluidic technology, enabling Carbios to more quickly develop its portfolio of innovations on different types of plastics, in particular polyamides.

### CSR POLICY

In 2023, Carbios set up a **CSR Committee**. The general mission of this Committee is to assist the Board of Directors and make recommendations on CSR issues so that the Carbios Group can better anticipate the associated opportunities, challenges and risks.

This Committee also has the following specific missions:

- establish a CSR charter and verify its proper application within the Company, and
- set up CSR indicators and measures to improve the processes in place within the Carbios Group.

The CSR Committee meets as many times as its Chairwoman deems necessary.

<sup>22</sup> Please refer to the press release of February 3, 2023.

<sup>23</sup> Project carried out under ADEME's Investments in the Future Program (PIA 1882COO98).

<sup>24</sup> Please refer to the press release of March 22, 2023.

<sup>25</sup> Source: <https://pubs.acs.org/doi/10.1021/acs.chemrev.2c00644>

<sup>26</sup> Please refer to the press release of April 18, 2023



In June 2023<sup>27</sup>, **Carbios included its "Raison d'Être" or Purpose in its bylaws**, as permitted by the PACTE law of 2019, following the vote of the shareholders' meeting of June 22, 2023, namely *"to generate a significant positive social, societal and environmental impact in the exercise of its activities."* This Purpose underpins Carbios' activity, which is a response to the environmental emergency of the fight against plastic pollution.

### **CARBIOS LICENSING DOCUMENTATION READY FOR WORLDWIDE COMMERCIAL DEPLOYMENT**

In April 2023<sup>28</sup>, Carbios announced that its licensing documentation was now ready for the global commercialization of its PET biorecycling technology. The successful ongoing operations in its demonstration unit in Clermont-Ferrand and the advanced engineering study for its first commercial plant define the engineering basis and operational guidelines for units to be operated under license agreements. From technology promotion with the Technical Information Summary (TIS) to project development with a specific Process Design Package (PDP) and Process Book, future Carbios licensees will be handed all necessary process documentation to reliably engineer, procure, construct and operate their PET biorecycling plants under stringent HSE standards and with high product quality.

This new industrial stage complements the work done with the brands brought together within the two Carbios consortia, as well as the exclusive long-term partnership with Novozymes.

### **STRENGTHENING OF THE COLLABORATION WITH NOVOZYMES**

The strategic partnership between Carbios and Novozymes, as announced in January 2023<sup>29</sup>, is a major step forward that reinforces Carbios' ambitions to become a leader in the rapidly growing recycled PET market. This exclusive and long-term agreement eliminates the supply risk for Carbios and its future licensees and also constitutes a strong barrier to entry for any new player.

#### **Exclusive global partnership**

Carbios and Novozymes have had a partnership since 2019 to develop enzyme-based solutions for the recycling of PET and the biodegradation of PLA, and thus address the sustainability challenge of plastic pollution. Building on the current Joint Development Agreement, Carbios and Novozymes will extend their collaboration to develop, optimize and produce enzymes that will subsequently be supplied by Novozymes to all future licensees of Carbios' technology. The new agreement grants both parties exclusivity in the field of the partnership.

### **INDUSTRIAL AGREEMENT WITH INDORAMA VENTURES**

In June 2023<sup>30</sup>, Carbios and Indorama Ventures announced the signing of an MOU for the construction of the first PET biorecycling plant in the world. This plant will be built in the Grand-Est region of France and its capital is expected to be 75% held by Carbios and 25% by Indorama Ventures. The main objectives of this industrial plant will be to generate revenues from industrial and commercial activities, to supply the first metric tons of biorecycled PET to partner brands and other market players and to train future licensees on an industrial scale. Indorama Ventures confirms its intention to potentially extend the technology to other PET sites for future development purposes. The business model of this plant will be identical to the Carbios licensing model, as described above.

### **STRATEGIC UPDATE**

In June 2023<sup>31</sup>, Carbios organized a strategic update to provide details on its business model for 2030 and 2035 and to show its ambition to be a key player in the global recycled PET market by taking a share of 4 to 8% of this market by 2030 and of 8 to 12% by 2035.

This strategic update, published on June 6, 2023, as part of a videoconference and transcribed in a press release<sup>32</sup> made available on the Company's website, focused on the following topics:

1. Business model (see above)
2. Benefits of Carbios biorecycling technology
3. Licensing strategy
4. Advanced recycled PET market
5. Launch of the construction of the first industrial plant in 2023
6. Enzyme performance update
7. First commercialization of the PLA biodegradation solution expected by 2024
8. Extension of innovations to other plastics (polyamides and polyolefins)

This videoconference can be replayed via the following link:

- <https://edge.media-server.com/mmc/p/u2qw4cir>

<sup>27</sup> Please refer to the press release of June 28, 2023

<sup>28</sup> Please refer to the press release of April 3, 2023

<sup>29</sup> Please refer to the press release of January 12, 2023

<sup>30</sup> Please refer to the press release of June 1, 2023

<sup>31</sup> Please refer to the press release of June 6, 2023

<sup>32</sup> Please refer to the press release of June 6, 2023



## FINANCING

In May 2023<sup>33</sup>, Carbios announced the State's selection of its project with a view to obtaining **€30 million in financing by the French State** as part of France 2030, as well as **€12.5 million by the Grand-Est region**. The implementation of this financing is subject to approval by the European Commission of the corresponding State grants scheme and then to the conclusion of national aid agreements. As part of the national call for "Plastic recycling" projects made by ADEME, the Carbios project to industrialize its unique PET biorecycling process was selected. The Longlaville plant in the Grand-Est region will be the first PET biorecycling unit in the world, with commissioning scheduled for 2025. This plant will offer the possibility of relaunching production in France of the two basic components of PET, PTA and MEG, both from the Carbios process.

In conjunction with this announcement, Carbios was granted **financing of €11.4 million by the State** as part of France 2030, including €8.2 million directly for Carbios (€5 million in the form of repayable advances) and €3.2 million for its academic partners INRAE, INSA and CNRS via the mixed TWB service and TBI research units. This grant will enable the continuation of research into the optimization and continuous improvement of the enzymatic technologies developed by Carbios, as well as the exploration of new breakthrough solutions.

In July 2023, Carbios announced the success of its **capital increase in cash with preferential subscription rights for a gross amount of approximately €141 million** after full exercise of the extension clause. The Capital Increase with Preferential Subscription Rights resulted in the issue of 5,558,695 new shares at a subscription price of €25.32 per New Share.

The purpose of the funds raised is to finance:

- for approximately 85% of the initial amount of the Offer, the construction of the first plant with an estimated processing capacity of 50,000 metric tons per year and for which the investment is estimated at approximately €230 million. In this respect, it should be noted that the share of the investment in the first plant not financed thanks to the net proceeds of the issuance would be thanks to the financing to be received from Indorama Ventures (approximately €110 million), and to subsidies from the French State (€30 million) and the Grand-Est region (€12.5 million)
- the balance of the net proceeds from the issue of the New Shares, representing approximately 15% of the initial amount of the Offer, plus the net proceeds from the full exercise of the extension clause, will be used by the Company to finance the expenses related to its R&D activities specific to PET and to accelerate the deployment of its research activities for other polymers and/or other applications of its technologies.

On the basis of cash flow items to date and its forecast operating expenses, the Company considers that it is in a position to meet its future payments beyond the next twelve months.

## DISTINCTIONS

In May 2023<sup>34</sup>, Carbios was selected from among the 22,000 start-ups of the French Tech ecosystem to represent French innovation in the 6<sup>th</sup> **"Choose France" Summit**. This international business summit was dedicated to the attractiveness of France, an initiative of Emmanuel Macron, President of the French Republic. Only ten companies, including Carbios, exhibited their technologies at the Château de Versailles. On this occasion, Carbios also joined the **"Coq Vert" community** launched by Bpifrance in partnership with ADEME and the French Ministry for the Ecological Transition.

## ELLEN MACARTHUR FOUNDATION

In March 2023<sup>35</sup>, Carbios joined the **Ellen MacArthur Foundation network**, with which the Company shares the commitment to accelerate the transition to a circular economy, particularly in the fields of plastics and fashion. By joining the Ellen MacArthur Foundation network, Carbios is in contact with other leaders within the Foundation's circular economy network composed of companies, policy makers, researchers, innovators and opinion leaders from around the world.

<sup>33</sup> Please refer to the press release of May 31, 2023

<sup>34</sup> Please refer to the press release of May 15, 2023

<sup>35</sup> Please refer to the press release of March 6, 2023



### CHANGES IN THE ORGANIZATION OF THE COMPANY

The Company is organized around an industrial development division (Pilot, Industrial Demonstration Plant and industrial Unit project), a division dedicated to biodegradation activities, an R&D and innovation division and support functions (HR, Business Development, CSR, Finance, Legal, Intellectual Property, QHSE, Communication, etc.). All these activities are the responsibility of the members of the Executive Committee.

On January 26, 2023, Martine BRISSET, General Manager of the biodegradation business, Senior Vice-President of the Carbios Group, and Delphine DENOIZE, Director of Innovation Financing, Regulatory Affairs and LCA (Life Cycle Analysis), joined the Carbios Executive Committee. The Executive Committee now has 9 members, including Emmanuel LADENT, Chief Executive Officer, Alain MARTY, Chief Scientific Officer, Lise LUCCHESI, Director of Intellectual Property, Lionel ARRAS, Director of Industrial Development, Mathieu BERTHOUD, Director of Sourcing and Public Affairs, Pascal BRICOUT, Director of Strategy and Finance, and Stéphane FERREIRA, Chief Business Officer.

At June 30, 2023, the Company had 101 employees, including 20 new employees who joined the Company during the first half of 2023. The majority of recent and future hires concern new jobs created in the regions as part of the development of the Carbios Group in connection with the plant construction project in Longlaville.

In addition to these employees, more than 15 researchers are mobilized within the enzymatic engineering research center, **PoPLab**<sup>36</sup>, and with academic partners to support the industrial deployment of Carbios innovations and expand their potential for application to other types of plastics.

Carbiolice, a wholly-owned subsidiary of Carbios, had 20 employees at June 30, 2023.

During the first half of 2023, the composition of the Company's Board of Directors changed as follows:

- On January 23, 2023, Jacqueline LECOURTIER resigned from her duties as a director of the Company. The Company co-opted Karine AUCLAIR to replace Jacqueline LECOURTIER for the remainder of her predecessor's term of office, i.e., until the end of the shareholders' meeting to be held in 2025 and which will be called to approve the financial statements for the fiscal year ending December 31, 2024. This co-option was ratified by the ordinary and extraordinary shareholders' meeting of June 22, 2023.

- On January 26, 2023, Jean-Claude LUMARET resigned from his duties as a director of the Company. The Company co-opted Mateus SCHREINER GARCEZ LOPES to replace Jean-Claude LUMARET for the remainder of his predecessor's term of office, i.e., until the end of the shareholders' meeting to be held in 2025 and which will be called to approve the financial statements for the fiscal year ending December 31, 2024. This co-option was ratified by the ordinary and extraordinary shareholders' meeting of June 22, 2023.

- On January 25, 2023, Alain CHEVALLIER resigned from his duties as director of the Company. The Company co-opted Amandine DE SOUZA to replace Alain CHEVALLIER for the remainder of her predecessor's term of office, i.e., until the end of the shareholders' meeting to be held in 2025 and which will be called to approve the financial statements for the fiscal year ending December 31, 2024. This co-option was ratified by the ordinary and extraordinary shareholders' meeting of June 22, 2023.

- On January 26, 2023, Jean FALGOUX resigned from his duties as director of the Company. The Company co-opted Sandrine CONSEILLER to replace Jean FALGOUX for the remainder of her predecessor's term of office, i.e., until the end of the shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2022. This co-option was ratified by the ordinary and extraordinary shareholders' meeting of June 22, 2023. At the shareholders' meeting of June 22, 2023, the shareholders of the Company also noted the expiry of the term of office of Sandrine CONSEILLER and decided to renew her term of office for a period of four years expiring at the end of the ordinary shareholders' meeting to be held in 2027 and called to approve the financial statements for the fiscal year ending December 31, 2026.

As a result of these changes in the composition of the Board of Directors, the composition of the Committees and Commissions has also changed.

<sup>36</sup> PoPLab (Plastic Polymers and Biotechnologies): cooperative laboratory resulting from a strategic alliance with INSA Toulouse through its TBI laboratory (Toulouse Biotechnology Institute), mixed research unit (INSA Toulouse, INRAE, CNRS)



The Compensation and Appointments Committee is now composed of:

- BOLD, Business Opportunities for L'Oréal Development, represented by Laurent SCHMITT, Chairman
- Sandrine CONSEILLER,
- Philippe POULETTY

The Intellectual Property Committee is now composed of:

- Philippe POULETTY, Chairman,
- Emmanuel LADENT
- Jean-Claude LUMARET, external consultant

The Audit Committee is now composed of:

- Isabelle PARIZE, Chairwoman,
- Michelin Ventures, represented by Nicolas SEEBOTH
- Alain CHEVALLIER, external consultant

The Scientific Committee is now composed of:

- Alain MARTY, Chairman,
- Juan DE PABLO,
- Karine AUCLAIR.

## CHANGES IN THE PATENT PORTFOLIO

Since the beginning of 2023, the Carbios Group has maintained its proactive drive to protect its technologies and know-how with the filing of three new patent applications protecting its proprietary enzymes, and a new application protecting the recycling process, as well as a filing protecting its biodegradation process.

Carbios also consolidated its intellectual property portfolio with the granting of major patents in the United States, China, India, South Korea, Mexico and Japan protecting the various technologies developed by the Company.

To date, the Company's patent portfolio consisted of 58 patent families (including one under exclusive worldwide license from the CNRS and the University of Poitiers), representing 375 patent titles filed in the main regions of the world, of which 103 have already been granted. 27 families relate to its PET recycling technology, with applications filed in Europe, the United States, Canada, Mexico, China, India, Thailand, Indonesia, South Korea, Japan and Taiwan.

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

### International coverage:

Carbios is expanding its Intellectual Property portfolio in regions and countries where demand is high for its breakthrough technologies, in particular:

- In Europe: 42 European titles, which can be validated in the 39 member states of the European Patent Organization

In addition, at the Board of Directors' meeting of February 7, 2023, it was decided to set up a Strategy Committee and a CSR Committee.

The Strategy Committee is composed of:

- Emmanuel LADENT, Chairman,
- Philippe POULETTY
- Isabelle PARIZE,
- Mateus SCHREINER GARCEZ LOPES,
- Vincent KAMEL

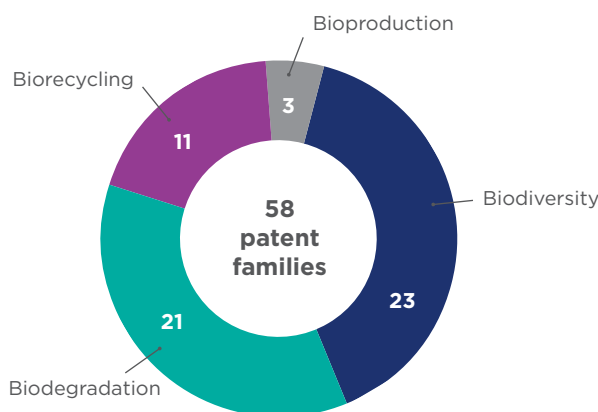
The CSR Committee is composed of:

- Amandine DE SOUZA, Chairwoman,
- Sandrine CONSEILLER,
- Emmanuel LADENT

- In North America: 46 titles in the United States and 25 titles in Canada
- In Asia: 170 titles, including 41 titles in China, 34 titles in Japan and 24 titles in India

Carbios also has 14 patent applications that may be extended to other countries or regions of the world in the coming years.

### Distribution of intellectual property:



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



### CHANGES IN SHARE CAPITAL

Concerning the Company's share capital, the first half of 2023 was marked by the following events:

- At its meeting of February 7, 2023, the Board of Directors noted the exercise of 4,000 BCE 2017-1 and 1,600 BSA-2013-1, increasing the Company's share capital from €7,869,866.20 to €7,873,786.20;
- At its meeting of April 5, 2023, the Board of Directors noted the exercise of 10,000 BCE 2017-1, 7,562 BSPCE-2020-2 and 1,500 BSPCE-2020-3, increasing the Company's share capital from €7,873,786.20 to €7,887,130.30;
- At its meeting of June 19, 2023, the Board of Directors noted the exercise of 4,000 BSPCE-2020-2 and 7,188 BSPCE 2020-5, increasing the Company's share capital from €7,887,130.30 to €7,894,961.90;
- At its meeting of June 20, 2023, the Board of Directors, acting pursuant to the delegation of authority granted by the combined shareholders' meeting of June 22, 2022 (Eleventh and Twelfth Resolutions), decided to carry out a capital increase in cash with preferential subscription rights for a total amount of €122,387,967 (including share premium) through the issue of 4,833,648 new ordinary shares with a par value of €0.70 each, at a price of €25.32 per new share (of which €24.62 of share premium), which may be increased to a total amount of €140,746,157 (including share premium) by the issue of 725,047 additional new ordinary shares in the event of full exercise of the extension clause.
- By decision dated July 11, 2023, the Chief Executive Officer of the Company, acting pursuant to the subdelegation of powers by the Board of Directors at its meeting of June 20, 2023, noted the success of the capital increase and decided to make use of the extension clause allowing for a maximum increase of 15% of the number of shares issued as part of the capital increase. As a result, the Chief Executive Officer of the Company noted that the capital increase amounted to a nominal amount of €3,891,086.50, through the issue of 5,558,695 new shares with a par value of €0.70, i.e., a capital increase for a total amount of €140,746,157.40, including the share premium. The Chief Executive Officer of the Company noted the final completion, on July 13, 2023, of the capital increase maintaining the Company's preferential subscription rights for a nominal amount of €3,891,086.50, increasing the share capital from €7,894,961.90 to €11,786,048.40.

- By decision dated August 4, 2023, the Chief Executive Officer of the Company decided to adjust the securities already issued by the Company in accordance with Article L.228-99 of the French Commercial Code, and accordingly decided to:

- increase by 45,812 additional shares the number of shares that may be subscribed by holders of BSPCEs upon exercise of the 640,686 BSPCEs and subject them to the terms of plan regulations 2015-2, 2020-3, 2020-6, 2021-1, 2021-3, 2021-4, 2021-5, 2021-7, 2021-8, 2021-9, 2021-10, 2021-11, 2021-12, 2021-13, 2021-14, 2021-16, 2021-17, 2022-1, 2022-2, 2022-4, 2022-5, 2022-6, 2022-7, 2022-8, 2022-9, 2022-10, 2022-11, 2022-12, 2022-13 and 2022-14;
- increase by 21,230 additional shares the number of shares that may be subscribed by the holders of BSAs upon exercise of the 296,928 BSAs and subject them to the terms of the BSA-EIB-1 and BSA-EIB-2 plan regulations.

As of the date of this document, the share capital is composed of 16,837,212 ordinary shares with a par value of €0.70.



## DECISIONS OF THE SHAREHOLDERS' MEETING

The ordinary and extraordinary shareholders' meeting of June 22, 2023 decided to:

- ratify the appointment as a member of the Board of Directors, made on a provisional basis by the Board of Directors at its meeting of June 29, 2022, of Juan DE PABLO to replace Mieke JACOBS, who resigned, until the end of the ordinary shareholders' meeting to be held in 2025 and called to approve the financial statements for the fiscal year ending December 31, 2024;
- ratify the appointment as a member of the Board of Directors, made on a provisional basis by the Board of Directors at its meeting of June 29, 2022, of Isabelle PARIZE to replace Jacques BREUIL, who resigned, until the end of the ordinary shareholders' meeting to be held in 2025 and called to approve the financial statements for the fiscal year ending December 31, 2024;
- ratify the appointment as a member of the Board of Directors, made on a provisional basis by the Board of Directors at its meeting of February 7, 2023, of Karine AUCLAIR to replace Jacqueline LECOURTIER, who resigned, until the end of the ordinary shareholders' meeting to be held in 2025 and called to approve the financial statements for the fiscal year ending December 31, 2024;
- ratify the appointment as a member of the Board of Directors, made on a provisional basis by the Board of Directors at its meeting of February 7, 2023, of Mateus SCHREINER GARCEZ LOPES to replace Jean-Claude LUMARET, who resigned, until the end of the ordinary shareholders' meeting to be held in 2025 and called to approve the financial statements for the fiscal year ending December 31, 2024;
- ratify the appointment as a member of the Board of Directors, made on a provisional basis by the Board of Directors at its meeting of February 7, 2023, of Amandine DE SOUZA to replace Alain CHEVALLIER, who resigned, until the end of the ordinary shareholders' meeting to be held in 2025 and called to approve the financial statements for the fiscal year ending December 31, 2024;
- ratify the appointment as member of the Board of Directors, made on a provisional basis by the Board of Directors at its meeting of 7 February 2023, of Sandrine CONSEILLER to replace Jean FALGOUX, who resigned, until the end of the ordinary shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2022;
- record the expiry of the term of office of Sandrine CONSEILLER as independent director and decided to renew her term of office for a period of four years expiring at the end of the ordinary shareholders' meeting to be held in 2027 and which will be called upon to approve the financial statements for the fiscal year ending December 31, 2026;
- set, as of the current fiscal year, the amount of the annual fixed sum provided for by Article L. 225-45 of the French Commercial Code that the Company may allocate to the directors as compensation for their activities, at €275,000 per fiscal year, it being specified that the directors' compensation is proportional to their actual attendance at meetings of the Board of Directors;
- ratify the transfer of the Company's registered office, decided on by the Board of Directors on June 29, 2022, from Biopôle Clermont-Limagne, rue Emile Duclaux, 63360 Saint-Beauzire, to the Cataroux site, 8 rue de la Grolière, 63100 Clermont-Ferrand.
- amend Article 4 (Purpose), Article 16 (Powers of the Board of Directors) and Article 26 (Shareholder representation and voting by mail) of the Company's bylaws;
- appoint Copernicus Wealth Management as a non-voting director of the Company for a period of one year expiring at the end of the ordinary shareholders' meeting to be held during 2024 and which will be called to approve the financial statements for the fiscal year ending December 31, 2023;

The special shareholders' meeting convened on June 22, 2023 was unable to deliberate due to a lack of quorum.



## FINANCIAL POSITION AND RESULTS: COMMENTS ON THE FIGURES

The consolidated 2023 interim financial statements of the Company are presented in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. For 2023, these IFRS consolidated financial statements include the financial statements of Carbios, the parent company, and the financial statements of its subsidiaries Carbiolice and Carbios 54.

<b>CONSOLIDATED INCOME STATEMENT</b> (in thousands of euros)	<b>06/30/2023</b> <b>6 months</b>	<b>06/30/2022</b> <b>6 months</b>
<b>Revenue</b>	<b>20</b>	<b>9</b>
Cost of finished goods	-	-
Production costs	-	-
Research and development expenses	(5,719)	(5,540)
<i>Research and development expenses</i>	<i>(9,438)</i>	<i>(8,970)</i>
<i>Subsidies and other income from activities</i>	<i>2,517</i>	<i>2,825</i>
<i>Capitalization of development costs</i>	<i>1,202</i>	<i>604</i>
Sales and marketing expenses	(2,280)	(1,354)
General and administrative expenses	(5,290)	(4,637)
Other operating income and expenses	-	26
<b>Operating income/(expenses)</b>	<b>(13,269)</b>	<b>(11,496)</b>
Financial income	910	26
Financial expenses	(1,301)	(342)
<b>Financial income</b>	<b>(391)</b>	<b>(316)</b>
Share of net income of equity-accounted companies	-	-
<b>Income/(expenses) before taxes</b>	<b>(13,660)</b>	<b>(11,811)</b>
Income tax	-	-
<b>Net income/(loss) for the period</b>	<b>(13,660)</b>	<b>(11,811)</b>
<i>Basic earnings per share (in euros)</i>	<i>(1.21)</i>	<i>(1.06)</i>
<i>Diluted earnings per share (in euros)*</i>	<i>(1.21)</i>	<i>(1.06)</i>

\* For the first half of 2022 and 2023, diluted earnings per share are identical to basic earnings per share. Potentially dilutive shares for the first half of 2023 (937,614 shares - 296,928 share subscription warrants (BSAs) and 640,686 founder share subscription warrants (BSPCEs)) were excluded from the calculation of diluted earnings per share, as these shares had an anti-dilutive effect due to the reported losses.



## PRESENTATION OF RESULTS AT JUNE 30, 2023

### INCOME

For the first half years of 2022 and 2023, income accounted under IFRS 15 relates to feasibility studies, tests, and research services with a performance obligation, as well as deliveries of raw materials and samples of Masterbatch by Carbiolice.

### OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	06/30/2023 6 months	06/30/2022 6 months
Cost of finished goods	-	-
Production costs	-	-
Research and development expenses	(5,719)	(5,540)
<i>Research and development expenses</i>	(9,438)	(8,970)
Subsidies and other income from activities	2,517	2,825
<i>Capitalization of development costs</i>	1,202	604
Sales and marketing expenses	(2,280)	(1,354)
General and administrative expenses	(5,290)	(4,637)
<b>Operating expenses</b>	<b>(13,289)</b>	<b>(11,531)</b>
Other operating income and expenses	-	26

During the 1<sup>st</sup> half of 2023, concerning research and development expenses:

- the Group incurred €9,438 thousand in expenses, in line with its industrialization goals. The increase in R&D expenses was mainly related to the work undertaken on the industrial demonstration plant, the various studies (including engineering) for the construction of the Company's biorecycling plant, and lastly, the R&D expenses of Carbiolice. The main changes are explained by the increase in personnel costs with a strong growth in the workforce, particularly at the industrial demonstration plant;
- concerning "Subsidies and other income from operations," the Group recorded €2,517 thousand, partially offsetting its R&D expenses. This item includes research tax credits of €1,721 thousand for Carbios and €418 thousand for Carbiolice for the first half of 2023;
- lastly, the Group continued to capitalize "Development costs" relating to the PET enzymatic recycling project in the amount of €806 thousand, in accordance with the activation criteria of IAS 38.

Sales and marketing expenses amounted to €2,280 thousand for the first half of 2023, compared to €1,354 thousand in 2022. This increase was mainly due to the strengthening of the Group's sales teams to support the acceleration of its developments and be able to meet market expectations by offering an efficient and widely available recycling solution.

General and administrative expenses amounted to €5,290 thousand for the first half of 2023, compared to €4,637 thousand in 2022. This increase was mainly due to the increase in personnel costs as a result of recruitments made by the Group.



## FINANCIAL INCOME

NET FINANCIAL INCOME/(EXPENSES) (in thousands of euros)	06/30/2023	06/30/2022
Foreign exchange gains	1	0
Other financial income	909	26
<b>Financial income</b>	<b>910</b>	<b>26</b>
Cost of borrowing	(1,301)	(249)
Interest expense on loans	(39)	(98)
Interest expense on EIB loans	(1,109)	-
Interest expense on repayable advances	(38)	(137)
Interest expense on lease liabilities IFRS 16	(111)	(12)
Interest expense on employee benefit obligations IAS 19	(4)	(1)
Other financial expenses	(0)	(93)
<b>Financial expenses</b>	<b>(1,301)</b>	<b>(342)</b>
<b>Net financial income/(expenses)</b>	<b>(391)</b>	<b>(316)</b>

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.

Financial expenses come from interest expenses on loans and repayable advances.

## NET INCOME

CONSOLIDATED INCOME STATEMENT (in thousands of euros)	06/30/2023 6 months	06/30/2022 6 months
<b>Revenue</b>	<b>20</b>	<b>9</b>
<b>Operating income/(expenses)</b>	<b>(13,269)</b>	<b>(11,496)</b>
<b>Financial income</b>	<b>(391)</b>	<b>(316)</b>
Share of net income of equity-accounted companies	-	-
<b>Income/(expenses) before taxes</b>	<b>(13,660)</b>	<b>(11,811)</b>
Income tax	-	-
<b>Net income/(loss) for the period</b>	<b>(13,660)</b>	<b>(11,811)</b>
Basic earnings per share (in euros)	(1.21)	(1.06)
Diluted earnings per share (in euros)	(1.21)	(1.06)

\* For the first half of 2023, diluted earnings per share are identical to basic earnings per share. Potentially dilutive shares for the first half of 2023 (937,614 shares - 296,928 share subscription warrants (BSAs) and 640,686 founder share subscription warrants (BSPCEs)) were excluded from the calculation of diluted earnings per share, as these shares had an anti-dilutive effect due to the reported losses.



## PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of euros)	06/30/2023 Net	12/31/2022 Net
<b>ASSETS</b>		
Goodwill	20,583	20,583
Intangible assets	22,475	22,457
Property, plant and equipment	35,091	24,965
Right-of-use assets	7,966	6,765
Financial assets	841	906
<b>Total non-current assets</b>	<b>86,955</b>	<b>75,674</b>
Trade receivables and related accounts	22	57
Other current assets	10,217	7,670
Cash and cash equivalents	78,475	100,557
<b>Total current assets</b>	<b>88,715</b>	<b>108,284</b>
<b>TOTAL ASSETS</b>	<b>175,670</b>	<b>183,959</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	7,895	7,870
Share and contribution premium	147,320	146,968
Consolidated reserves	(4,260)	(5,482)
Retained earnings	(23,913)	3,826
Net income – share attributable to equity holders of the parent company	(13,660)	(27,741)
<b>Equity</b>	<b>113,382</b>	<b>125,441</b>
Non-current provisions	216	184
Current and non-current borrowings and financial liabilities	35,005	35,395
Non-current lease liabilities	6,098	5,142
Other non-current liabilities	491	546
Deferred tax liabilities	1,694	1,694
<b>Total non-current liabilities</b>	<b>43,504</b>	<b>42,961</b>
Current provisions	-	-
Current borrowings and financial liabilities	3,282	2,782
Current lease liabilities	1,545	1,346
Trade payables and related accounts	4,273	4,021
Other current liabilities	9,685	7,408
<b>Total current liabilities</b>	<b>18,785</b>	<b>15,557</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>175,670</b>	<b>183,959</b>



## 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 2022 Universal Registration Document filed on April 12, 2023 under number D.23-0263 with the French "Autorité des marchés financiers" (AMF), as well as the Amendment to the 2022 Universal Registration Document filed on June 21, 2023 under number D.23-0263-A01 with the AMF and available on the Carbios website, which do not present any significant change over the first half of 2023, including with respect to the COVID-19 pandemic and the military conflict between Russia and Ukraine, for which the risks are regularly reassessed and updated.

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.

## 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 2022 Universal Registration Document, filed on April 12, 2023 under number D.23-0263 with the AMF and available on the Company's website.

During the first half of 2023, 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





# CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS AT JUNE 30, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of euros)	Notes	06/30/2023 Net	12/31/2022 Net
<b>ASSETS</b>			
Goodwill	4.1	20,583	20,583
Intangible assets	4.1	22,475	22,457
Property, plant and equipment	4.2	35,091	24,965
Right-of-use assets	4.3	7,966	6,765
Financial assets	5	841	906
<b>Total non-current assets</b>		<b>86,955</b>	<b>75,674</b>
Trade receivables and related accounts	7	22	57
Other current assets	7	10,217	7,670
Cash and cash equivalents	10	78,475	100,557
<b>Total current assets</b>		<b>88,715</b>	<b>108,284</b>
<b>TOTAL ASSETS</b>		<b>175,670</b>	<b>183,959</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		7,895	7,870
Share and contribution premium		147,320	146,968
Consolidated reserves		(4,260)	(5,482)
Retained earnings		(23,913)	3,826
Net income – share attributable to equity holders of the parent company		(13,660)	(27,741)
<b>Equity</b>	11	<b>113,382</b>	<b>125,441</b>
Non-current provisions	6 & 20	216	184
Current and non-current borrowings and financial liabilities	13	35,005	35,395
Non-current lease liabilities	4.3	6,098	5,142
Other non-current liabilities	8	491	546
Deferred tax liabilities	18	1,694	1,694
<b>Total non-current liabilities</b>		<b>43,504</b>	<b>42,961</b>
Current provisions	6 & 20	-	-
Current borrowings and financial liabilities	13	3,282	2,782
Current lease liabilities	4.3	1,545	1,346
Trade payables and related accounts	8	4,273	4,021
Other current liabilities	8	9,685	7,408
<b>Total current liabilities</b>		<b>18,785</b>	<b>15,557</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>175,670</b>	<b>183,959</b>



<b>CONSOLIDATED INCOME STATEMENT</b> (in thousands of euros)	<b>Notes</b>	<b>06/30/2023</b> <b>6 months</b>	<b>06/30/2022</b> <b>6 months</b>
<b>Revenue</b>	<b>14</b>	<b>20</b>	<b>9</b>
Cost of finished goods		-	-
Production costs		-	-
Research and development expenses	15.1	(5,719)	(5,540)
<i>Research and development expenses</i>	15.1	(9,438)	(8,970)
<i>Subsidies and other income from activities</i>	15.1	2,517	2,825
<i>Capitalization of development costs</i>	15.1	1,202	604
Sales and marketing expenses	15.2	(2,280)	(1,354)
General and administrative expenses	15.3	(5,290)	(4,637)
Other operating income and expenses	15.4	-	26
<b>Operating income/(expenses)</b>		<b>(13,269)</b>	<b>(11,496)</b>
Financial income		910	26
Financial expenses		(1,301)	(342)
<b>Financial income</b>	<b>17</b>	<b>(391)</b>	<b>(316)</b>
Share of net income of equity-accounted companies	3.3	-	-
<b>Income/(expenses) before taxes</b>		<b>(13,660)</b>	<b>(11,811)</b>
Income tax	18	-	-
<b>Net income/(loss) for the period</b>		<b>(13,660)</b>	<b>(11,811)</b>
<i>Basic earnings per share (in euros)</i>	<i>19</i>	<i>(1.21)</i>	<i>(1.06)</i>
<i>Diluted earnings per share (in euros)</i>	<i>19</i>	<i>(1.21)</i>	<i>(1.06)</i>

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> (in thousands of euros)	<b>06/30/2023</b> <b>6 months</b>	<b>06/30/2022</b> <b>6 months</b>
<b>Net income/(loss) for the period</b>	<b>(13,660)</b>	<b>(11,811)</b>
Actuarial gains or losses	1	61
<b>Other comprehensive income that cannot be reclassified in profit or loss</b>	<b>1</b>	<b>61</b>
Translation differences	-	-
<b>Other comprehensive income that can be reclassified in profit or loss</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income/(loss)</b>	<b>(13,659)</b>	<b>(11,750)</b>



### 3. INTERIM FINANCIAL STATEMENTS

CHANGE IN CONSOLI- DATED EQUITY (in thousands of euros)	Carbios share ca- pital Nb. outs- tanding shares	Share capital - ordinary shares	Share and contri- bution premium	Conso- lidated reserves	Retained earnings	Profit or loss for the period	Total equity
(in thousands of euros)							
<b>At December 31, 2022</b>	<b>11,242,666</b>	<b>7,870</b>	<b>146,967</b>	<b>(5,482)</b>	<b>3,827</b>	<b>(27,741)</b>	<b>125,441</b>
Appropriation of income/ (loss) for the past fiscal year					(27,741)	27,741	-
Net income/ (loss) for the period						(13,660)	(13,660)
Other items of comprehensive income					1		1
<b>Comprehensive income/(loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(13,660)</b>	<b>(13,659)</b>
Capital increase net of transaction costs	35,851	25	352				377
Change in treasury shares				(79)			(79)
Entries into consolidation scope							-
Issue of BSA EIB loan				-			-
Share-based payments				1,301			1,301
Other movements							-
Credit Lease restatement (IFRS 16)							-
Actuarial gains and losses on employee benefits							-
<b>At June 30, 2023</b>	<b>11,278,517</b>	<b>7,895</b>	<b>147,320</b>	<b>(4,260)</b>	<b>(23,912)</b>	<b>(13,660)</b>	<b>113,382</b>



<b>CONSOLIDATED CASH FLOW STATEMENT</b> (in thousands of euros)	<b>Notes</b>	<b>06/30/2023</b> <b>6 months</b>	<b>12/31/2022</b> <b>12 months</b>
<b>Cash flow from operating activities</b>			
<b>Net income/(loss) for the period</b>		<b>(13,660)</b>	<b>(27,741)</b>
(-) Elimination of amortization and depreciation of fixed assets and right-of-use assets	4	2,917	5,289
(-) Gains or losses on asset disposals	4	(13)	140
(-) Employee provisions and benefits	6	(37)	(30)
(-) Cost of share-based payments	12	1,301	1,455
(-) Financial income	17	391	1,640
<b>Cash flow from operations before cost of net financial debt and taxes</b>		<b>(9,101)</b>	<b>(19,247)</b>
(-) Changes in working capital requirements		(2,647)	(2,574)
<b>Tax paid</b>		-	-
<b>Cash flow from operating activities</b>		<b>(11,748)</b>	<b>(21,820)</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets	4	(11,045)	(10,426)
Capitalized development costs	4	(1,202)	(1,287)
Disposal of fixed assets	4	15	6
Acquisition of financial assets	5	-	(604)
Decrease in financial assets	5	64	87
Changes in fixed asset liabilities	8	2,665	2,897
<b>Cash flow from investing activities</b>		<b>(9,503)</b>	<b>(9,327)</b>
<b>Cash flow from financing activities</b>			
Capital increase	11	377	674
Treasury shares	11	(77)	6
Issuance of loans and financial liabilities	13	620	30,000
Repayments of loans and financial liabilities	13	(935)	(1,108)
Payment of lease liabilities	4.3	(944)	(1,591)
Net financial interest paid	17	(755)	(1,235)
Other financial income and expenses	17	881	-
<b>Cash flow from financing activities</b>		<b>(832)</b>	<b>26,747</b>
<b>Change in cash position</b>		<b>(22,082)</b>	<b>(4,399)</b>
Cash and cash equivalents at beginning of period	10	100,557	104,956
Cash and cash equivalents at end of period	10	78,475	100,557
<b>Change in cash position</b>		<b>(22,082)</b>	<b>(4,399)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Unless otherwise indicated, the amounts mentioned in this note are in thousands of euros, except for data relating to shares. Certain amounts may be rounded in the calculation of the financial information contained in the consolidated financial statements. As a result, the totals in some tables may not add up exactly to the sum of the previous figures).*

### **Note 1 – Business and highlights**

Carbios' interim consolidated financial statements were approved by the Board of Directors on September 27, 2023 and authorized for publication.

#### **1.1. The Company and its business**

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.

*Registered office address:*

Cataroux site  
8 rue de la Grolière  
63100 Clermont-Ferrand, France

*Trade and Companies Register number:*

531 530 228 RCS Clermont-Ferrand

#### **1.2. Highlights of the period between December 31, 2022 and June 30, 2023**

The highlights of the first half of 2022 are as follows:

- The Group invested nearly €1.8 million in the renovation of the building to accommodate the production line of its subsidiary Carbiolice, and thus accommodate all its operational teams at the Cataroux site in Clermont-Ferrand.
- In February 2023, Carbios successfully completed the final key stage of the CE-PET research project, co-financed by the French State as part of the Future Investment Program operated by ADEME, the French Environment and Energy Management Agency. This project demonstrated the ability of Carbios to recycle complex waste enzymatically to produce new bottles and fibers. For the validation of the whole project, Carbios will have received a total amount of €4,136,000 (€1,034,000 in subsidies and €3,102,000 in repayable advances) and its partner INRAE-TWB €3,416,000.

- Building on a close collaboration initiated in 2019, Carbios and Novozymes, the world leader in biological solutions, announced an exclusive, long-term strategic partnership in January 2023. Under this agreement, Novozymes undertakes to produce and distribute the PET degradation enzymes of Carbios on an industrial scale for the Longlaville plant (France), as well as for future plants operated under license.

- On May 31, 2023, the Company announced a total grant of €54 million to be received from the French State via France 2030 and the Grand-Est region. Thus:

- A grant of €11.4 million from the French State and France 2030 was granted to Carbios and its research partners to accelerate R&D and innovation work on its unique enzymatic recycling technologies; and

- Carbios was also selected for €30 million in financing 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 the first Carbios industrial unit in Longlaville (Department 54).

- After announcing in February 2022 a collaboration between Carbios and Indorama Ventures to launch a project in France to build the world's first PET biorecycling plant in Longlaville, an MOU was signed in June 2023 between the two partners to build this plant and potentially extend the technology to other Indorama Ventures PET sites for future development.

#### **1.3. Going concern**

The going concern assumption is used insofar as the financial resources available to the Group enable it to continue its activity over a period of more than 12 months. Nevertheless, the management of the ongoing developments until the final marketing stage (including the complete construction of the industrial Unit) or even the application of the Group's processes to other markets may require new financing to be sought from institutional entities or industrial partners.

#### **1.4. Events after the reporting period**

On July 13, 2023, Carbios announced the success of a capital increase for a gross amount of €141 million before allocation of costs to the share premium.



## **Note 2 – Segment information**

### **2.1. Accounting principles**

According to IFRS 8, an operating segment is a component of a company:

- that engages in activities likely to generate income and incur expenses;
- for which the operating results are regularly monitored by the main operational decision-maker; and
- for which separate financial information is available.

Management considers that the Group's only operating segment is research and development, on enzymatic recycling processes and on biodegradation processes, with the ultimate aim of bringing them to an industrial scale and marketing them. The Group benefits from significant R&D synergies, which should continue to increase across all activities following the full consolidation of Carbiolice in the 2021 fiscal year and the creation of Carbios 54 in 2022. All of the Group's activities and assets are located in France.

## **Note 3 – Accounting principles and methods**

### **3.1. Principles applied in the preparation of the financial statements**

#### **General principles**

The condensed consolidated interim financial statements for the six months ended June 30, 2023 were prepared under the supervision of management and approved by the Chairman of the Company and reviewed by the Company's Board of Directors on September 27, 2023. Unless otherwise indicated, all amounts in the condensed interim consolidated financial statements are presented in thousands of euros. As figures have been rounded, the totals in some tables may not add up exactly to the sum of the previous figures.

Their preparation in accordance with the principles of International Financial Reporting Standards (or "IFRS") requires estimates and assumptions to be made that affect the amounts and information presented therein (see Note 3.2. Estimates and judgments). No significant modifications had taken place at June 30, 2023.

The Company's condensed consolidated financial statements were prepared in accordance with IAS 34 - "Interim Financial Reporting." As these are condensed interim financial statements, they do not contain all of the information required for annual consolidated financial statements and should therefore be read in conjunction with the Company's consolidated financial statements for the fiscal year ended December 31, 2022, as described below.

#### **Declaration of compliance**

The consolidated financial statements, prepared for the six-month period ended June 30, 2023, were prepared in accordance with the provisions of IAS 34 - "Interim Financial Reporting". The accounting principles used to prepare the interim consolidated financial statements comply with IFRS as adopted by the European Union, which is available on the European Commission website ([https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting_en)).

The new standards, amendments and interpretations adopted by the European Commission, and mandatory from January 1, 2023 are as follows:

- Amendments to IAS 1 and the guide to practical application of materiality - Presentation of financial statements - disclosures of accounting methods.
- Amendment to IAS 8 - Definition of an accounting estimate
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.

These new standards and interpretations did not have a significant impact on the Group's financial statements.

The Group has not opted for the early application of standards, amendments and interpretations whose application is not mandatory as of January 1, 2023.

#### **Seasonality of the Company's activities**

Under IAS 34 - "Interim Financial Reporting," an entity whose operations are extremely seasonal should present financial information for the twelve months preceding the end of the interim period as well as additional comparative information for the preceding twelve months in the condensed interim financial statements to enable better understanding and comparison of its interim financial statements. The Group's activities are not considered to be seasonal. Consequently, the following condensed interim financial statements and the corresponding notes do not include comparative information other than that mentioned in IAS 34-20.



#### 3.2. Use of estimates and judgments

The rules applied in terms of estimation and judgment are described in Section 3.3 of the notes to the annual consolidated financial statements at December 31, 2022. No significant modifications had taken place at June 30, 2023.

#### 3.3. Consolidation scope and methods

The scope of consolidation is identical to that presented in Section 3.3 of the notes to the annual consolidated financial statements for the year ended December 31, 2022.

Consequently, the scope of consolidation is as follows:

	Percentage holding	Consolidation method
Carbios	Parent company (from a legal point of view)	
Carbiolice	100.00%	Full consolidation
Carbios 54	100.00%	Full consolidation (1)

(1) SASU created in the RCS Val de Briey and integrated into the scope from 06/08/2022

The impacts of the change in the scope of consolidation and consolidation methods are described in Section 3.3 of the notes to the annual consolidated financial statements at December 31, 2022.

#### 3.4. Presentation currency

The Group's financial statements are prepared in euros (EUR).



## **Note 4 – Property, plant and equipment and intangible assets**

### **4.1. Intangible assets**

#### **Summarized accounting principles**

##### **◦ Research and development expenses**

Research costs are expensed as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are met:

- it is technically possible to complete the intangible asset so that it is available for use or sale;
- management plans to complete, use or sell the intangible asset;
- there is a possibility of using or selling the intangible asset;
- it can be demonstrated that the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources necessary to complete the development, use or sale of the intangible asset are available; and
- the expenses attributable to the intangible asset during its development can be measured reliably.

Otherwise, the costs are expensed as incurred. After initial recognition, development expenses are recognized at cost less accumulated depreciation and impairment losses.

The criteria are assessed on the basis of existing information at June 30, 2023.

##### **◦ Patents & software**

In accordance with IAS 38 criteria, costs related to the acquisition of software patents and licenses are recognized as assets on the basis of the costs incurred to acquire and use the software in question.

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 and over the duration of use of the patents. Additional costs and subsequent extensions on capitalized patents are amortized over the remaining term for the application to which they relate.

##### **◦ Goodwill**

In the event of an acquisition, the assets and liabilities assumed from the subsidiary are recognized at their fair value and the goodwill or residual difference represents the difference between the acquisition cost of the securities and the Group's share in the measurement of the fair value of the assets and liabilities identified. The standard provides for a period of twelve months after the acquisition date to identify the assets and liabilities assumed from the acquiree that are not recognized at the time of the initial recognition of the business combination and to retroactively modify the values initially allocated. The measurement of the purchase price ("consideration transferred" in IFRS 3R), including, where applicable, the estimated fair value of the earn-out payments and conditional compensation ("contingent consideration" in IFRS 3R), must be finalized within twelve months of the acquisition. In accordance with IFRS 3R, any adjustments to the purchase price beyond the twelve month period are recognized in the income statement. Direct costs related to the acquisition are recognized as expenses for the period.

The Goodwill recognized is the result of the takeover of Carbiolice by the Company in June 2021.

##### **◦ Masterbatch technology**

Since the creation of Carbiolice in 2016, the close collaboration between the Company and the SPI fund has enabled the industrial development of a unique solution: the creation of a new generation of PLA-based plastics that are 100% compostable under universal conditions (industrial, domestic composting or methanization). This innovation solves one of the main problems posed by the end-of-life of plastics: the pollution of our environment. This process developed by Carbiolice consists of introducing enzymes into plastic materials to make them 100% biodegradable.

In accordance with the recommendations of IFRS 3, this asset is an integral part of the net assets acquired from Carbiolice by the Company when it took control in June 2021, and must be valued using the royalty and reconstitution costs method.

##### **◦ Technology license**

According to IFRS 3, as part of a business combination, an acquiring company may record a right that it previously granted to the acquired company. The exclusive license agreement on French territory between Carbios and Carbiolice constitutes a pre-existing relationship giving the right to the recognition of an asset with reacquired rights.

In accordance with the recommendations of IFRS 3, this asset held by Carbiolice, and an integral part of the net assets acquired from Carbiolice by the Company when it took control in June 2021, must be valued based on the expected cash flows for the holder of the assets of this contract over the remaining term of the contract, without taking into account the possibility of renewal of the contract.



### 3. INTERIM FINANCIAL STATEMENTS

#### ° Subsequent impairment tests:

Goodwill is not amortized but is subject to an impairment test as soon as there is an indication of impairment and at least once a year in accordance with the procedures described in Note 5.4 to the annual financial statements at December 31, 2022.

Intangible assets break down as follows:

INTANGIBLE ASSETS (in thousands of euros)	12/31/2022	In- crease	Decrease	Reclassi- fication	06/30/2023
Goodwill	20,583	-	-	-	20,583
PET technology - assets under construction	980	631	-	-	1,611
Masterbatch technology	9,813	-	-	-	9,813
Concessions, patents and similar rights	3,023	317	-	(26)	3,314
Technology license (rights reacquired)	12,503	-	-	-	12,503
Software	66	118	-	26	210
Other intangible assets in progress	(0)	25	-	-	25
Advances and advance payments on intangible assets	3	-	-	-	3
<b>Total gross values</b>	<b>46,972</b>	<b>1,091</b>	<b>-</b>	<b>-</b>	<b>48,062</b>
Goodwill	-	-	-	-	-
PET technology - assets under construction	-	-	-	-	-
Masterbatch technology	(1,487)	(468)	-	-	(1,955)
Concessions, patents and similar rights	(1,215)	(232)	-	26	(1,421)
Technology license (rights reacquired)	(1,167)	(367)	-	-	(1,534)
Software	(63)	(5)	-	(26)	(94)
Other intangible assets in progress	-	-	-	-	-
Advances and advance payments on intangible assets	-	-	-	-	-
<b>Total depreciation and amortization</b>	<b>(3,932)</b>	<b>(1,073)</b>	<b>-</b>	<b>-</b>	<b>(5,005)</b>
Goodwill	20,583	-	-	-	20,583
PET technology - assets under construction	980	631	-	-	1,611
Masterbatch technology	8,326	(468)	-	-	7,858
Concessions, patents and similar rights	1,808	84	-	-	1,892
Technology license (rights reacquired)	11,336	(367)	-	-	10,969
Software	3	113	-	-	115
Other intangible assets in progress	-0	25	-	-	25
Advances and advance payments on intangible assets	3	-	-	-	3
<b>Total net values</b>	<b>43,040</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>43,057</b>

At December 31, 2022, impairment and sensitivity tests were performed (see Note 5.4 to the consolidated financial statements at December 31, 2022). No indication of impairment was identified in respect of the first half of 2023. Thus, the valuation of assets used at December 31, 2022 was not called into question.



#### 4.2. Property, plant and equipment

INTANGIBLE ASSETS (in thousands of euros)	12/31/2022	In- crease	Decrease	Reclassi- fication	06/30/2023
Buildings	82	-	-	-	82
Technical installations, equipment and tooling	4,265	30	-	-	4,295
Transport equipment	7	-	-	-	7
Office equipment	900	99	(122)	-	877
Other property, plant and equipment	17,451	1,733	-	348	19,532
Property, plant and equipment under construction	6,642	1,939	-	-348	8,232
Carbios 54 plant - assets under construction	2,095	7,357	-	-	9,452
Advances and advance payments on property, plant and equipment	-	-	-	-	-
<b>Total gross values</b>	<b>31,442</b>	<b>11,157</b>	<b>(122)</b>	<b>-</b>	<b>42,477</b>
Buildings	(80)	-	-	-	(80)
Technical installations, equipment and tooling	(3,136)	(101)	-	-	(3,237)
Transport equipment	(5)	(4)	-	-	(9)
Office equipment	(539)	(73)	120	-	(492)
Other property, plant and equipment	(2,719)	(851)	-	-	(3,570)
Property, plant and equipment under construction	-	-	-	-	-
Carbios 54 plant - assets under construction	-	-	-	-	-
Advances and advance payments on property, plant and equipment	-	-	-	-	-
<b>Total depreciation and amortization</b>	<b>(6,479)</b>	<b>(1,028)</b>	<b>120</b>	<b>-</b>	<b>(7,387)</b>
Buildings	2	-	-	-	2
Technical installations, equipment and tooling	1,130	(71)	-	-	1,059
Transport equipment	2	(4)	-	-	(2)
Office equipment	361	26	(2)	-	385
Other property, plant and equipment	14,732	882	-	348	15,963
Property, plant and equipment under construction	6,642	1,939	-	(348)	8,232
Carbios 54 plant - assets under construction	2,095	7,357	-	-	9,452
Advances and advance payments on property, plant and equipment	-	-	-	-	-
<b>Total net values</b>	<b>24,964</b>	<b>10,129</b>	<b>(2)</b>	<b>-</b>	<b>35,091</b>

During the first half of 2023, the company made investments in fixed assets worth €11.2 million, mainly attributable to the project to build the first PET biorecycling plant through Carbios 54 as well as to the continuation of investments in its industrial demonstration plant.



#### 4.3. Rights of use

Rights of use break down as follows:

CHANGES IN RIGHT-OF-USE ASSETS (in thousands of euros)	Premises	Technical installations, equipment & tooling	Vehicles	Total
<b>At December 31, 2022</b>	<b>4,506</b>	<b>1,962</b>	<b>297</b>	<b>6,765</b>
(-) Depreciation expense for the fiscal year	(471)	(242)	(87)	(800)
(+) Reversal of depreciation for the fiscal year	-	-	-	-
(+) Additions to "right-of-use" assets	1,936	-	65	2,001
(-) Disposals of "right-of-use" assets	-	-	-	-
<b>At June 30, 2023</b>	<b>5,971</b>	<b>1,720</b>	<b>275</b>	<b>7,966</b>

The corresponding liability breaks down as follows:

CHANGE IN LEASE LIABILITIES (in thousands of euros)	Current portion of lease liabilities	Non-current portion of lease liabilities	Total lease liabilities
<b>At December 31, 2022</b>	<b>1,346</b>	<b>5,142</b>	<b>6,489</b>
Non-monetary changes - New contracts	594	2,618	3,212
Non-monetary changes - Reclassifications and other impacts	(394)	(1,662)	(2,057)
Repayments lease liabilities	-	-	-
<b>At June 30, 2023</b>	<b>1,545</b>	<b>6,097</b>	<b>7,644</b>

#### **Note 5 - Non-current financial assets**

Financial assets break down as follows:

FINANCIAL ASSETS (in thousands of euros)	12/31/2022	In- crease	Decrease	Reclassi- fication	06/30/2023
Financial assets	905	-	(64)	-	841
<b>Total gross values</b>	<b>905</b>	<b>-</b>	<b>(64)</b>	<b>-</b>	<b>841</b>
Financial assets	-	-	-	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial assets	905	-	(64)	-	841
<b>Total net values</b>	<b>905</b>	<b>-</b>	<b>(64)</b>	<b>-</b>	<b>841</b>

The classification and fair value of financial instruments is described in Note 10.



### Liquidity contract

As part of the transactions relating to the liquidity contract that the Company has entered into with an independent financial intermediary, the cash paid to the financial intermediary and not yet used is recognized in the “Liquidity contract” account. It represented €563 thousand at December 31, 2022 and €515 thousand at June 30, 2022.

### Deposits and guarantees

These represented €325 thousand at December 31, 2022 and €309 thousand at June 30, 2023.

## **Note 6 – Provisions**

### **6.1. Accounting principles**

A provision is recognized when the Company has a legal or constructive obligation at the closing date that results from a past event that will probably result in an outflow of resources and the amount of which can be reliably estimated.

The amount recognized as a provision corresponds to the best estimate of the expenditure required to settle the present obligation at the closing date.

Apart from provisions for pension commitments (see Note 20), no provision has been recognized.

## **Note 7 – Trade receivables and other current assets**

Trade receivables and other current assets break down as follows:

<b>TRADE RECEIVABLES &amp; OTHER CURRENT ASSETS</b> (in thousands of euros)	<b>06/30/2023</b>	<b>12/31/2022</b>
Trade receivables	22	57
Other current assets	10,217	7,670
<i>Tax &amp; social security receivables</i>	8,618	5,613
<i>Advance payments made on orders</i>	627	638
<i>Prepaid expenses</i>	509	283
<i>Other receivables</i>	464	1,136
<b>Other current assets</b>	<b>10,240</b>	<b>6,164</b>

(1) Trade and other receivables are initially recognized at fair value and then at amortized cost, which generally corresponds to their nominal value due to their short-term maturity.

In accordance with IFRS 9, the Company applies the simplified method to measure trade receivables and recognizes expected impairment losses over their lifetime.

(2) Other current assets mainly include research tax credit (“CIR”) receivables and tax credit receivables in favor of collaborative research (“CICO”) for a total amount of €5.3 million (of which €3.2 million from 2022 and a provision of €2.1 million for 2023); as well as a VAT receivable of €3.1 million.

**Note 8 – Trade payables and other current liabilities**

<b>TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b> (in thousands of euros)	<b>06/30/2023</b>	<b>12/31/2022</b>
Trade payables	4,273	4,021
Other current liabilities	9,685	7,408
<i>Social security liabilities</i>	2,278	2,269
<i>Tax liabilities</i>	558	630
<i>Debts on fixed assets and related accounts</i>	6,338	3,673
<i>Other liabilities</i>	99	12
<i>Deferred income</i>	412	825
<b>Trade payables and other current liabilities</b>	<b>13,959</b>	<b>11,429</b>

**Trade payables**

At June 30, 2022, trade payables included unpaid invoices at the closing date for a total amount of €3.3 million, but also unreceived invoices related to the operating cycle for €1 million.

**Other current liabilities**

Other current liabilities concern:

- social security liabilities, including balances due to the various funds at the closing date, as well as provisions for awards and bonuses, paid leave and related social security contributions;
- tax liabilities mainly include VAT liabilities;
- deferred income consists of the following items:
  - deferred income related to subsidies for €197 thousand;
  - other deferred income related to re-invoicing for €43 thousand;
  - deferred income related to restatements of repayable advances and interest-free loans in accordance with IFRS 9 for €172 thousand.

Debts on fixed assets and related accounts, which mainly concern amounts invoiced and not yet paid in view of the construction of the industrial Unit.



### **Note 9 – Classification and fair value of financial instruments**

#### 9.1. Summarized accounting principles

There are three categories of financial instruments according to the consequences that their characteristics have on their valuation method. This classification is used to set out some of the disclosures required by IFRS 7:

- level 1 category: only quoted prices on an active market for an identical instrument and without any adjustment;
- level 2 category: fair value determined from observable data, either directly (such as a price) or indirectly (i.e., calculated on the basis of another price), but other than a price quoted on an active market falling within level 1;
- level 3 category: fair value determined on the basis of unobservable market data.

The Group's assets and liabilities are valued as follows at June 30, 2023:

SUMMARY OF FINANCIAL ASSETS AND LIABILITIES (in thousands of euros)	Total net carrying amount	Assets carried at amortized cost	Assets recognized at fair value through profit or loss	Liabilities carried at amortized cost	Fair value
Financial assets	841	841			841
Trade receivables and related accounts	22	22			22
Other current assets	10,217	10,217			10,217
Cash and cash equivalents	78,475	78,475			78,475
<b>Total assets</b>	<b>89,557</b>	<b>89,557</b>	<b>-</b>	<b>-</b>	<b>89,557</b>
Current and non-current borrowings and financial liabilities	35,005			35,005	35,005
Other non-current liabilities	491			491	491
Non-current lease liabilities	6,098			6,098	6,098
Current borrowings and financial liabilities	3,282			3,282	3,282
Current lease liabilities	1,545			1,545	1,545
Trade payables and related accounts	4,273			4,273	4,273
Other current liabilities	9,685			9,685	9,685
<b>Total liabilities</b>	<b>60,379</b>	<b>-</b>	<b>-</b>	<b>60,379</b>	<b>60,379</b>

**Note 10 – Cash and cash equivalents**

<b>CASH AND CASH EQUIVALENTS</b> (in thousands of euros)	<b>06/30/2023</b>	<b>12/31/2022</b>
Bank accounts	7,375	55,433
Term deposits	71,100	45,124
<b>Total cash and cash equivalents</b>	<b>78,475</b>	<b>100,557</b>

Cash and cash equivalents consist of cash at bank, cash on hand and term deposits with an initial maturity of less than three months. They are held to meet short-term cash commitments, are readily convertible into a known amount of cash and are exposed to an insignificant risk of change in value.

For the purposes of the cash flow statement, net cash includes cash and cash equivalents as defined above.

**Note 11 – Equity****Share capital**

<b>SHARE CAPITAL</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
Share capital (in thousands of euros)	7,895	7,870
Number of ordinary shares outstanding	11,278,517	11,242,666
Nominal value (in euros)	€0.70	€0.70

**Capital transactions carried out during the period ended June 30, 2023:**

At its meeting on February 7, 2023, the Board of Directors noted:

- the creation of 4,000 new shares from the exercise of 4,000 BCE-2017-1, subscribed for €7.86 (€0.70 in par value and €7.16 in share premium);
- the creation of 1,600 new shares from the exercise of 1,600 BSA-2013-1, subscribed for €11.22 (€0.70 in par value and €10.52 in share premium);

At its meeting on April 5, 2023, the Board of Directors noted:

- the creation of 10,000 new shares from the exercise of 10,000 BCE-2017-1, subscribed for €7.86 (€0.70 in par value and €7.16 in share premium);
- the creation of 7,563 new shares from the exercise of 7,563 BCE-2020-2, subscribed for €7.76 (€0.70 in par value and €7.06 in share premium);
- the creation of 1,500 new shares from the exercise of 1,500 BCE-2020-3, subscribed for €7.76 (€0.70 in par value and €7.06 in share premium);

At its meeting on June 19, 2023, the Board of Directors noted:

- the creation of 4,000 new shares from the exercise of 4,000 BCE-2020-2, subscribed for €7.76 (€0.70 in par value and €7.06 in share premium);
- the creation of 7,188 new shares from the exercise of 7,188 BCE-2020-5, subscribed for €20.61 (€0.70 in par value and €19.91 in share premium);

Thus, as of June 30, 2023, the share capital amounting to €7,894,961.90 consisted of 11,278,517 ordinary shares, with a par value of €0.70 each, entirely subscribed and fully paid up.



### 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.

Capital issue costs are recognized in the statement of financial position as a deduction from the share premium.

At June 30, 2023, the share premiums paid after deducting capital increase costs amounted to €147,316,664.32.

### Capital management

The Group's policy is to maintain a sufficient financial base to preserve the confidence of investors and creditors and to support the Company's future growth.

Following the IPO of the Company on Euronext Growth, the Company entered into a liquidity contract in order to limit the intraday volatility of the Company's shares.

Under this agreement, 5,171 treasury shares representing €208 thousand were recognized as a deduction from equity at June 30, 2023.

Cash paid to the intermediary and not yet used is recognized as non-current financial assets and represented €515 thousand at June 30, 2023.

## **Note 12 – Share-based payments**

### **12.1. Summarized accounting principles**

The Company has set up several equity-settled compensation plans in the form of share subscription warrants ("BSAs") and founders' warrants ("BSPCEs" or "BCEs") allocated to employees and directors.

In accordance with IFRS 2, the grant-date fair value of equity-settled share-based payments is recognized as an expense with a corresponding increase in equity over the vesting period of the awards.

For plans whose vesting is not linked to the achievement of a market performance condition, the valuation model used is that of Black & Scholes.

For plans whose vesting is linked to the achievement of a market performance condition, Monte Carlo simulations were carried out in order to project the Carbios share price and thus estimate the fair value of the options.

The valuation methods used to estimate the fair value of the options are described below:

- The maturity of plans with only a presence condition was estimated by tranche by considering an exercise half-life (corresponding to the mid-period between the vesting date of the tranche and the plan's end-of-life date). That of plans with performance conditions was estimated based on the most likely date of the achievement of each performance condition for the vesting date, plus the remaining half-life of the exercise.
- For plans granted prior to 2019, the expected volatility was determined on the basis of a panel of comparable listed companies in the sector, over a period equivalent to the expected duration of the option. For plans granted after 2019, the expected volatility was determined on the basis of the Carbios price history restated for values deemed not representative of future volatility.

**12.2. Share subscription warrants (BSAs)**

The table below shows the status of the BSAs issued since the creation of the Company that were still outstanding at June 30, 2023, as well as additional information regarding their status at that date.

	BSA EIB
<b>Date of shareholders' meeting</b>	Decision of the Shareholders' Meeting of 02/02/2022
<b>Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased (1)</b>	318,158
<b>Warrant exercise start date</b>	05/27/2022
<b>Expiration date</b>	05/26/2030
<b>Price of subscription or purchase of warrant</b>	0.01
<b>Warrant exercise method</b>	The subscription must be recognized by a subscription form which must be given to the Company.
<b>Exercise price</b>	€40 for 50% of the BSA EIB €38.8861 for 50% of the BSA EIB
<b>Number of shares subscribed at June 30, 2023</b>	0
<b>Cumulative number of subscription or purchase warrants canceled or null and void</b>	0
<b>Share subscription warrants that could be exercised at June 30, 2023</b>	296,928

(1) By decision dated August 4, 2023, the Chief Executive Officer of the Company, after noting the definitive completion of the capital increase and amending the Company's bylaws on July 13, 2023, decided to proceed with the adjustment of the securities already issued by the Company in accordance with Article L.228-99 of the French Commercial Code, and consequently decided to increase the number of shares that may be subscribed by the holder of warrants by an additional 21,230 shares on the exercise of the 296,928 BSAs and to subject them to the terms of the BSA-EIB-1 and BSA-EIB-2 plan regulations.

During the first half of 2023, 1,600 BSA 2013-1 were exercised.

At June 30, 2023, 296,928 BSAs giving rights to 296,928 shares were still exercisable. At the date of this report, there are 296,928 exercisable BSAs, giving entitlement to 318,158 shares.



### 12.3. Founder share subscription warrants (BSPCEs)

The table below shows the status of the BSPCEs issued since the creation of the Company that were still outstanding at June 30, 2023, as well as additional information regarding their status at that date.

	BCE 2015-2	BCE-2020-3	BCE-2020-6
Date of Shareholders' Meeting	Shareholders' Meeting of 06/24/2015	Shareholders' meeting of 06/19/2019	Shareholders' meeting of 06/18/2020
Date of Board of Directors' meeting	Decision of the Board of Directors of 06/24/2015	Decision of the Board of Directors of 03/12/2020	Decision of the Board of Directors of 07/9/2020
Number of shares that may be subscribed or purchased(1)	16,073	42,592	30,806
Warrant exercise start date	06/24/2016	03/12/2020	07/09/2020
Expiration date	06/24/2025	03/12/2030	07/09/2030
Price of subscription or purchase of warrant	Free	Free	Free
Warrant exercise method	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: $x = (\text{total nb of BCEs 2015-2 allocated to the beneficiary} * \text{nb. of months since 06/24/2015}) / 48$ .	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated. In the event of acquisition of the entire Company by a manufacturer, an accelerated vesting is provided for according to the acquisition price per share.	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise one fourth of the BSPCEs allocated. In the event of acquisition of the entire Company by a manufacturer, an accelerated vesting is provided for according to the acquisition price per share.  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 (in euros)	12.4581	7.75934	20.6050
Number of shares subscribed at June 30, 2023	16,000	6,500	0
Cumulative number of subscription or purchase warrants canceled or null and void	0	0	0
Share subscription warrants that could be exercised at June 30, 2023	15,000	39,750	28,750

(1) In a decision dated August 4, 2023, the Chief Executive Officer of the Company decided to adjust the securities already issued by the Company in accordance with Article L.228-99 of the French Commercial Code, and consequently decided to increase by 45,812 additional shares the number of shares that may be subscribed by holders on exercise of the 640,686 BSPCEs and to subject them to the terms of their respective plan regulations.



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	BCE-2021-1, BCE-2021-3 to BCE-2021-5 and BCE-2021-7 to BCE-2021-14	BCE 2021-16	BCE 2021-17	BCE-2022-1 to BCE-2022-2
Date of Shareholders' Meeting	Shareholders' Meeting of 06/18/2020	Shareholders' meeting of 06/18/2020	Shareholders' meeting of 06/18/2020	Shareholders' meeting of 06/22/2022
Date of Board of Directors' meeting	Decision of the Board of Directors of 01/15/2021	Decision of the Board of Directors of 11/05/2021	Decision of the Board of Directors of 11/05/2021	Decision of the Board of Directors of 06/29/2022
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by: (1)	61,703	39,362	6,847	201,726
Emmanuel LADENT	-	39,362	-	148,151
Warrant exercise start date	01/15/2022	12/01/2022	11/05/2022	06/29/2025
Expiration date	01/15/2032	12/01/2032	11/05/2032	06/29/2032
Price of subscription or purchase of warrant	Free	Free	Free	Free
Warrant exercise method	<p>Possibility of exercising a number x of warrants per full monthly period, and for the first time from 01/15/2022, calculated according to the following rule: <math>x = \text{total number of BCE-2021 granted to the beneficiaries} * (\text{number of months since 01/15/2021})/48</math>.</p> <p>In the event of acquisition of the entire Company by a manufacturer, an accelerated vesting is provided for according to the acquisition price per share.</p>	<p>For the first 18,367 warrants: possibility of exercising x warrants per full monthly period beginning on 12/01/2021, and for the first time from 12/01/2022, calculated according to the following rule: <math>x = 18,367 * (\text{number of months since 12/01/2021})/48</math>.</p> <p>The remaining 18,368 warrants are subject to four performance conditions to be exercised. Each condition met gives the right to exercise 5,510 warrants, 6,429 warrants, 2,755 warrants and 3,677 warrants, respectively.</p> <p>In the event of acquisition of the entire Company by a manufacturer, an accelerated vesting is provided for according to the acquisition price per share.</p> <p>In the event of acquisition of the entire Company by a manufacturer, an accelerated vesting is provided for according to the acquisition price per share.</p>	<p>Possibility of exercising a number x of warrants per full monthly period, and for the first time from 11/05/2022, calculated according to the following rule: <math>x = \text{total number of BCE-2021 granted to the beneficiaries} * (\text{number of months since 11/05/2021})/48</math>.</p>	<p>To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise 40%, 20%, 20% and 20% of the warrants respectively.</p>
Exercise price (in euros)	44.5049	37.7340	39.7863	30.1316
Number of shares subscribed at June 30, 2023	0	0	0	0
Cumulative number of subscription or purchase warrants canceled or null and void	27,414	0	0	0
Share subscription warrants that could be exercised at June 30, 2023	57,586	36,735	6,390	188,265(2)

(1) In a decision dated August 4, 2023, the Chief Executive Officer of the Company decided to adjust the securities already issued by the Company in accordance with Article L.228-99 of the French Commercial Code, and consequently decided to increase by 45,812 additional shares the number of shares that may be subscribed by holders on exercise of the 640,686 BSPCEs and to subject them to the terms of their respective plan regulations.

(2) May be exercised from June 29, 2025.



	BCE-2022-4	BCE-2022-5 to BCE 2022-6 and BCE-2022-13 to BCE-2022-14	BCE-2022-7 to BCE-2022-11	BCE-2022-12
<b>Date of Shareholders' Meeting</b>	Shareholders' meeting of 06/18/2020	Shareholders' meeting of 06/19/2019	Shareholders' meeting of 06/18/2020	Shareholders' meeting of 06/22/2022
<b>Date of Board of Directors' meeting</b>	Decision of the Board of Directors of 09/29/2022	Decision of the Board of Directors of 12/13/2022	Decision of the Board of Directors of 12/13/2022	Decision of the Board of Directors of 12/13/2022
<b>Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by: (1)</b>	53,575	111,503	88,307	34,004
<b>Emmanuel LADENT</b>	-	-	2,168	34,004
<b>Warrant exercise start date</b>	09/29/2025	12/13/2025	12/13/2025	12/13/2025
<b>Expiration date</b>	09/29/2032	12/13/2032	12/13/2032	12/13/2032
<b>Price of subscription or purchase of warrant</b>	Free	Free	Free	Free
<b>Warrant exercise method</b>	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise 40%, 20%, 20% and 20% of the warrants respectively.	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise 40%, 20%, 20% and 20% of the warrants respectively.	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise 40%, 20%, 20% and 20% of the warrants respectively.	To be exercised, these warrants must satisfy four performance conditions. Each condition met gives the right to exercise 40%, 20%, 20% and 20% of the warrants respectively.
<b>Exercise price (in euros)</b>	26.59321	33.27455	33.27455	33.27455
<b>Number of shares subscribed at June 30, 2023</b>	0	0	0	0
<b>Cumulative number of subscription or purchase warrants canceled or null and void</b>	0	0	0	0
<b>Share subscription warrants that could be exercised at June 30, 2023</b>	50,000(3)	104,062(4)	82,413(4)	31,735(4)

(1) In a decision dated August 4, 2023, the Chief Executive Officer of the Company decided to adjust the securities already issued by the Company in accordance with Article L.228-99 of the French Commercial Code, and consequently decided to increase by 45,812 additional shares the number of shares that may be subscribed by holders on exercise of the 640,686 BSPCEs and to subject them to the terms of their respective plan regulations.

(3) May be exercised from September 29, 2025.

(4) May be exercised from December 13, 2025.

During the first half of 2023, 14,000 BCE-2017-1, 11,563 BCE-2020-2, 1,500 BCE-2020-3 and 7,188 BCE-2020-5 were exercised.

At June 30, 2023, 640,686 BSPCEs giving rights to 640,686 shares were still exercisable. At the date of this report, there are still 640,686 BSPCEs that may be exercised, giving entitlement to 686,498 shares.



#### 12.4. Breakdown of expense recognized in accordance with IFRS 2

In thousands of euros								
06/30/2023					12/31/2022			
Type	Probabi- lized cost of the plan to date	Cumu- lative expense at the begin- ning of the period	Ex- pense for the period	Cumu- lative expense to date	Probabi- lized cost of the plan to date	Cumu- lative expense at the begin- ning of the period	Expense for the period	Cumu- lative expense to date
BSA-2016-1	31	31	-	31	31	31	-	31
BCE 2015-2	175	175	-	175	175	175	-	175
BCE-2016-1	69	69	-	69	69	69	-	69
BCE-2017-1	148	148	-	148	148	148	-	148
BCE-2019-1	52	52	-	52	52	45	7	52
BCE 2020	2,312	1,445	152	1,597	2,312	1,113	333	1,445
BCE 2021	2,096	1,581	194	1,775	2,096	926	655	1,581
AGM	148	148	-	148	148	148	-	148
BCE 2022	6,792	460	955	1,415	6,792	-	460	460
Total	11,825	4,110	1,301	5,411	11,825	2,655	1,455	4,110

#### Note 13 – Loans and financial liabilities

BORROWINGS AND CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (in thousands of euros)		06/30/2023	12/31/2022
Loans from credit institutions		29,100	29,841
Conditional advances		5,905	5,553
Lease liabilities (1)		6,098	5,142
<b>Current and non-current borrowings and financial liabilities</b>		<b>41,103</b>	<b>40,537</b>
Loans from credit institutions		2,362	1,943
Conditional advances		920	838
Lease liabilities (1)		1,545	1,346
<b>Current borrowings and financial liabilities</b>		<b>4,827</b>	<b>4,128</b>
<b>TOTAL LOANS AND FINANCIAL LIABILITIES</b>		<b>45,930</b>	<b>44,665</b>

(1) Information on lease liabilities is discussed in Note 4.3 "Right of use."



### 13.1. Loans from credit institutions

LOANS (in thousands of euros)	Fixed/floating rate	Nominal value	Year of maturity	06/30/2023	12/31/2022
Bpifrance Innovation loan	Fixed	1,500	2025	900	1,050
Bpifrance Innovation loan	Fixed	1,500	2026	1,200	1,350
State-guaranteed loan (PGE)	Fixed	1,000	2026	864	966
Loan from TZ BPI DOS0068879/00	Fixed	500	2025	240	286
Loan from TZ BPI DOS0096740/00	Fixed	250	2027	177	199
Loan from TZ BPI (Region) DOS0096739/00	Fixed	250	2027	177	199
CEPAL loan €177 thousand 031231E	Fixed	177	2024	69	87
CEPAL loan €334 thousand 278044E	Fixed	334	2026	197	230
CEPAL loan PGE €950 thousand 189838E	Fixed	950	2026	696	807
BPI loan PGE €950 thousand	Fixed	950	2026	761	876
EIB loan €30,000 thousand - Debt component	Fixed	30,000	2030	26,139	25,717
Accrued interest	N/A	N/A	N/A	43	16
<b>TOTAL</b>		<b>37,563</b>		<b>31,463</b>	<b>31,784</b>

#### **Bpifrance Innovation loans:**

Two innovation loans were granted by Bpifrance in 2018 and 2019. The two loans provide for a payment deferral of 2 years, and annual straight-line repayment over the following 5 years.

They bear interest at 3.21% and 4.45% respectively and were subject to a guarantee deposit of €75 thousand, each recognized in financial assets.

#### **State-guaranteed loan (PGE):**

On August 31, 2020, receipt of a loan guaranteed by the French State in the amount of €1,000 thousand for a period of 12 months. On June 26, 2021, the Company decided to extend the PGE for an additional 5 years.

The PGE bears interest at the rate of 0.25% and will be repaid in 8 equal and consecutive half-yearly installments of principal of €125 thousand from 2023.

#### **EIB loan:**

In June 2022, Carbios received the loan of €30 million granted by the European Investment Bank (EIB) to the Company as announced on December 20, 2021<sup>37</sup>. Supported by the European Commission's InnovFin energy demonstration program, the contract provides for annual repayments at constant capital, from June 29, 2025 to June 29, 2030.

As a reminder, the objective of this type of financing is to support innovative projects with high potential, developed by companies aiming to achieve major changes in line with the EU's climate objectives and contributing to the leadership of European industry in the development of sustainable technologies. This loan of €30 million, disbursed in a single tranche by the EIB, carries a fixed annual interest of 5%, with a maturity of 8 years and an annual repayment at constant capital to begin in 2025. This agreement is supplemented by a warrant issuance

<sup>37</sup> Please refer to the press release of December 20, 2021.



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agreement where Carbios will issue 2.5% of the fully diluted share capital in warrants to the benefit of the EIB, of which 1.25% with an exercise price of €40 per share, and 1.25% with an exercise price of €38.8861 per share, corresponding to the volume-weighted average of the trading price of an ordinary share of the Company over the last three (3) trading days preceding the fifth day prior to the signing date. The creation and issue of these EIB share subscription warrants, and therefore the disbursement of the loan of €30 million, were subject to a vote by Carbios' extraordinary shareholders' meeting of February 2, 2022 of a delegation of authority to the Board of Directors, and a decision of the Company's Board of Directors using this delegation of authority.

Moreover, after analysis of the plan and its characteristics, given that these are instruments with a fixed parity, (1 BSA for 1 Ordinary Share with a fixed exercise price) where the issuer has the unconditional right to never pay cash, such as a special dividend or a repurchase obligation (in the context of a put/call), the share subscription warrants issued are qualified as equity instruments.

Instruments should, therefore, be valued on the issue date and not subsequently revalued at each reporting date.

The calculation of the fair value is as follows:

PLAN FEATURES	BSA BEI-1	BSA BEI-2
Grant date	05/27/2022	05/27/2022
Plan end-of-life date	06/29/2030	06/29/2030
Vesting date	Immediately, at the grant date	Immediately, at the grant date
Start date of exercise period	From the disbursement date, i.e., 06/29/2022	From the disbursement date, i.e., 06/29/2022
Number of options granted	148,464	148,464
Exercise price	€40.00	€38.8861
Price of the underlying	€34.12	€34.12
Estimated maturity	8.09 years	8.09 years
Volatility	39.35%	39.35%
Dividend rate	0.00%	0.00%
Risk-free rate	1.258%	1.258%
Subscription price	€0.01	€0.01
Fair value	€13.9	€14.18
Total expenses	€2,064 thousand	€2,105 thousand

As the instruments are classified as equity, the fair value is not intended to be updated at the next closing dates.

The total fair value of the following instruments is to be taken as a deduction from the total debt which will be recognized at amortized cost:

In thousands of euros	06/30/2023	12/31/2022
BSA EIB-1	2,064	2,064
BSA EIB-2	2,105	2,105
<b>TOTAL</b>	<b>4,169</b>	<b>4,169</b>



#### Interest-free loans:

Subscription of three interest-free loans for a total amount of €1,000 thousand with BPI France. These loans were received in 2018 for €500 thousand and then in 2019 for €500 thousand. They entered into the scope of consolidation with the takeover of Carbiolice in June 2021.

#### State-guaranteed loans (PGE) CEPAL and BPI (€950 thousand each):

Subscription of two State-guaranteed loans (PGE) in 2020 in the amount of €950 thousand each. The first one bears interest at the rate of 1.09% with a two-year grace period. The second bears interest at a rate of 2.09% with a two-year grace period. They entered into the scope of consolidation with the takeover of Carbiolice in June 2021.

#### Change in cash flows on loans:

LOANS FROM CREDIT INSTITUTIONS (in thousands of euros)	12/31/2022	Part courante			06/30/2023
		Cash flows - receipt of new debts	Cash flows - repay- ment of debts	Non- monetary changes	
Bpifrance Innovation loan	300	-	(150)	150	300
Bpifrance Innovation loan	300	-	(150)	150	300
State-guaranteed loan (Société Générale)	240	-	(125)	125	240
Bpifrance interest-free loan	93	-	(50)	50	93
Bpifrance interest-free loan	45	-	(25)	25	45
Bpifrance interest-free loan	45	-	(25)	25	45
CEPAL loan	36	-	(18)	18	37
CEPAL loan	68	-	(33)	33	68
State-guaranteed loan (CEPAL)	223	-	(118)	118	223
State-guaranteed loan (Bpifrance)	231	-	(119)	119	231
EIB loan	319	-	-	415	734
<b>TOTAL</b>	<b>1,898</b>	<b>-</b>	<b>(813)</b>	<b>1,228</b>	<b>2,314</b>



Part non courante					
LOANS FROM CREDIT INSTITUTIONS (in thousands of euros)	12/31/2022	Cash flows - receipt of new debts	Cash flows - repay- ment of debts	Non- monetary changes	06/30/2023
Bpifrance Innovation loan	750	-	-	(150)	600
Bpifrance Innovation loan	1,050	-	-	(150)	900
State-guaranteed loan (Société Générale)	726	-	-	(102)	625
Bpifrance interest-free loan	194	-	-	(46)	148
Bpifrance interest-free loan	154	-	-	(22)	132
Bpifrance interest-free loan	154	-	-	(22)	132
CEPAL loan	51	-	-	(18)	33
CEPAL loan	161	-	-	(33)	128
State-guaranteed loan (CEPAL)	584	-	-	(111)	473
State-guaranteed loan (Bpifrance)	645	-	-	(115)	530
EIB loan	25,399	-	-	-	25,399
<b>TOTAL</b>	<b>29,868</b>	<b>-</b>	<b>-</b>	<b>(769)</b>	<b>29,099</b>

### 13.2. Repayable advance

#### Summarized accounting principles

The Group benefits from public subsidies granted in the form of subsidies or conditional advances.

They were recognized in accordance with IAS 20 Accounting for Government subsidies. As these financial advances are granted at interest rates below the market rate, they are remeasured in accordance with IFRS 9 at amortized cost. The treatment is as follows:

- the initial difference between the advance received and its amortized cost is a subsidy recognized in the income statement in accordance with IAS 20;
- the financial cost of repayable advances calculated at the effective interest rate is then recorded in financial expenses.

If the project benefiting from the repayable advance fails, the repayable advance is generally canceled.

LOANS (in thousands of euros)	Fixed/floa- ting rate	Nominal value	Year of maturity	06/30/2023	12/31/2022
Repayable advance ADI BPI	/	265	2023	-	57
Repayable and conditional advance ADEME	Fixed	2,482	2026	3,004	2,433
Conditional advance OSEO THANAPLAST™	Fixed	3,707	2031	3,652	3,671
Repayable advance BPI €500K (DOS0060297)	/	400	2024	167	230
<b>TOTAL</b>		<b>6,854</b>		<b>6,824</b>	<b>6,393</b>



### 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 income 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 income threshold.

As the Company's forecast is not expected to reach this threshold before 2026, no provision has been recorded to recognize the difference between the discounted debt, as provided for in the contract, and the debt actually recognized. 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 (KS) 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
<b>TOTAL</b>	<b>1,447,600</b>	<b>1,034,000</b>	<b>827,200</b>	<b>827,200</b>	<b>4,136,000</b>



### 3. INTERIM FINANCIAL STATEMENTS

At June 30, 2023, the project was successful, and the Company therefore received:

(In euros)	1 <sup>st</sup> payment	2 <sup>nd</sup> payment	3 <sup>rd</sup> payment	4 <sup>th</sup> payment	5 <sup>th</sup> payment	TOTAL
Date of payment	06/07/2019	10/21/2019	06/30/2020	12/06/2021	04/17/2023	
Subsidy	€155,100	€206,800	€258,500	€206,800	€206,800	€1,034,000
Repayable advance	€465,300	€620,400	€775,500	€620,400	€620,400	€3,102,000
<b>TOTAL</b>	<b>€620,400</b>	<b>€827,200</b>	<b>€1,034,000</b>	<b>€827,200</b>	<b>€827,200</b>	<b>€4,136,000</b>

#### Subsidy

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

Eligible expenses were fully incurred and the Company collected all of the program funds.

#### 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.

The Company received all the conditional advances from ADEME (see table above).

#### **> BPI repayable advance**

A repayable advance obtained from Bpifrance to finance an innovation project for a total amount of €500 thousand, of which €400 thousand paid in November 2017 and the balance of €100 thousand in October 2018. The acknowledgment of program success will make it eligible for the repayment of the full amount. With an initial repayment period of 5 years with deferral and a deferral of maturities of 6 months following the COVID-19 government provisions, the quarterly repayments began on March 31, 2019 and will end on June 30, 2024. As of June 30, 2022, the remaining amount to be repaid was €300 thousand.



#### > LIFE aid: Life cycle of PET

On October 25, 2021, the Company obtained aid consisting exclusively of subsidies for a total amount of €3,300 thousand for the LIFE CYCLE OF PET project from the European Agency of Climate and the Environment. The program includes the participation of DELOITTE and TECHNIP ZIMMER, whose total share represents €296 thousand. CARBIOS is the project coordinator.

The total amount of expenses to be incurred by Carbios under the project amounts to €9,777 thousand, of which €7,967 thousand is eligible. Carbios' share of the subsidy is €3,004 thousand (€3,300 thousand - €296 thousand), i.e., a financing rate of 30.72% of total estimated costs and a subsidy rate of 37.7% of eligible expenses. The program starts on October 1, 2021 and ends on June 30, 2025.

The payments are planned as follows:

- 1<sup>st</sup> pre-financing of 40% within 30 days following the signature of the contract, i.e., €1,320 thousand received on December 5, 2021, of which €119 thousand goes to the partners and €1,201 thousand to Carbios;
- 2<sup>nd</sup> pre-financing of 40%, provided that 100% of the pre-financing deposit previously paid has been used to cover project costs; and
- the balance of 20% at the end of the project.

Expenses incurred at June 30, 2023 were estimated at approximately €4,413 thousand. The corresponding theoretical subsidy amounts to €1,356 thousand (€4,413 thousand x 30.72%). No subsidy receivable has been recognized.

#### > Other public and private grants obtained

- 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 period of 8 quarters of deferred amortization, repayments at constant capital of €75 thousand began on September 30, 2021 for the first loan and will begin with a one-year delay for the second. In this respect, the total amount outstanding was €2,100 thousand at June 30, 2023;
- a subsidy from the European Commission for the WhiteCycle project, led by Michelin (lead partner), starting on July 1, 2022, for a period of 48 months, with an amount of eligible expenses for Carbios of €805 thousand (total project of €9 million), and for which the Company will be able to obtain a subsidy of up to €564 thousand (out of the €7 million allocated to the complete project). In this respect, the Company received €197 thousand (35%) as an advance, but recognized the entire amount as prepaid income in accordance with the progress of the project;

#### • PRESERVE subsidy:

- aid obtained from the European Commission in the total amount of €8,000 thousand, including €331 thousand for Carbiolice, to finance the collaborative R&D project named PRESERVE,
- the amount of eligible expenses amounts to €331 thousand and the subsidy rate granted is therefore 100%. The project began on January 1, 2021 for a period of 48 months. A net pre-financing of 48.33% (53.33% gross less 5% transferred to the European guarantee fund) is planned, and 85% of this has been collected, i.e., €163 thousand on February 4, 2021, and the balance of €24 thousand was initially expected before June 30, 2022. Interim payments based on the expenditure commitment are also planned, and the balance and the sums withheld from the European guarantee fund will be paid at the end of the project.
- the expenses incurred at June 30, 2023 amounted to €344 thousand, corresponding to the theoretical subsidy (€344 thousand x 100%). Deferred income was therefore recognized for an amount of €195 thousand (€331 thousand - €136 thousand).

#### • SISTERS subsidy:

- aid obtained from the European Commission in the total amount of €8,340 thousand, of which €86 thousand for Carbiolice, to finance the collaborative R&D project named SISTERS,
- the amount of eligible expenses amounts to €123 thousand and the subsidy rate granted is therefore 70%. The project began on November 1, 2021 for a period of 54 months. A net pre-financing of 48.33% (53.33% gross less 5% transferred to the European guarantee fund) is planned, and 50% of this has been received, i.e., €21 thousand on October 28, 2021, and the balance of €21 thousand was initially to be received 9 months after the first payment. Interim payments based on the expenditure commitment are also planned, and the balance and the sums withheld from the European guarantee fund will be paid at the end of the project.
- the expenses incurred at June 30, 2023 amounted to €5 thousand, corresponding to a theoretical subsidy of €4 thousand (€5 thousand x 70%). Deferred income was therefore recognized for an amount of: €42 thousand - €4 thousand = €38 thousand.



### 3. INTERIM FINANCIAL STATEMENTS

#### Change in cash flows on repayable advances:

	REPAYABLE ADVANCES (in thousands of euros)	At December 31, 2022	Cash flows - receipt of new debts	Cash flows - repayment of debts	Non- monetary changes	At June 30, 2023
Current portion	Repayable advance ADI BPI	57	-	(57)	-	(0)
	Repayable and conditional ADEME advance	576	-	-	176	752
	Conditional advance OSEO THANAPLAST	60	-	-	(60)	0
	BPI repayable advance	146		(65)	87	167
	<b>TOTAL</b>	<b>838</b>	<b>-</b>	<b>(122)</b>	<b>203</b>	<b>919</b>
Non- current portion	Repayable advance ADI BPI	-	-	-	-	-
	Repayable and conditional ADEME advance	1,858	620	-	(226)	2,253
	Conditional advance OSEO THANAPLAST	3,612	-	-	41	3,653
	BPI repayable advance	84	-	-	(84)	-
	<b>TOTAL</b>	<b>5,555</b>	<b>620</b>	<b>-</b>	<b>(269)</b>	<b>5,906</b>

#### Note 14 - Income

##### Summarized accounting principles

The principle of IFRS 15 “Revenue from Contracts with Customers” is based on the transfer of control of goods and services to the customer.

The standard defines a general approach for revenue recognition in five stages:

- Step 1: Contract identification;
- Step 2: Identification of “performance obligations” within the contract. “Performance obligations” serve as a unit of account for revenue recognition;
- Step 3: Evaluation of the contract price;
- Step 4: Allocation of the contract price to each “performance obligation”;
- Step 5: Recognition of revenue when the “performance obligation” is satisfied, either on a given date or on a percentage-of-completion basis.

For the period ended June 30, 2023, the income recognized concerns:

- on the one hand, feasibility studies, tests and research services with a performance obligation: income is recognized when the study report is submitted;
- on the other hand, deliveries of raw materials and Masterbatch samples to various customers: income is recognized upon delivery.



### **Note 15 – Breakdown of income and expenses by function**

#### **Summarized accounting principles**

The Group presents its income statement by function in the following categories:

- Research and development expenses
- Sales and marketing expenses
- General and administrative expenses
- Other operating income and expenses

The research tax credit and other operating subsidies are presented as a deduction from the expenses to which they are related.

In addition, the Company entered into contracts with its subsidiary Carbiolice (before the takeover and the transition to full consolidation) and industrial partners for various re-invoicing and research services. These products are analyzed as contributions to the Company's expenses. They do not fall within the definition of income (see Note 14) insofar as they do not involve any performance obligation. Carbios recognizes as expenses the costs that these rebillings are intended to offset. All these income items are identified in the details below under "Other rebillings."

#### **15.1. Research and development expenses**

<b>RESEARCH AND DEVELOPMENT</b> (in thousands of euros)	<b>06/30/2023</b>	<b>06/30/2022</b>
Raw materials and consumables	(581)	(325)
Stored production	-	(253)
Studies and research	(1,508)	(1,872)
Subcontracting	(7)	(6)
Employee expenses	(3,711)	(2,355)
Maintenance and repairs	(396)	(182)
Depreciation, amortization and impairment	(2,573)	(2,072)
Others (1)	(662)	(1,904)
<b>Research and development expenses</b>	<b>(9,438)</b>	<b>(8,970)</b>
Research tax credit	1,947	2,110
Subsidies	52	636
Other rebillings	518	78
<b>Subsidies and other income from activities</b>	<b>2,517</b>	<b>2,825</b>
<b>Capitalization of development costs</b>	<b>1,202</b>	<b>604</b>
<b>Research and development expenses</b>	<b>(5,719)</b>	<b>(5,540)</b>

(1) At June 30, 2023, this item includes compensation for intermediaries for €433 thousand. At June 30, 2022, this item includes engineering costs incurred for the construction of the Company's biorecycling plant, which amounted to €1,419 thousand. Pending the actual creation of Carbios 54, these costs were initially borne by Carbios and then re-invoiced to Carbios 54.

During the first half of 2023:

- concerning "Research and Development costs," the Group incurred €9,438 thousand in expenses, in line with its industrialization goals. The increase in R&D expenses was mainly related to the work undertaken on the industrial demonstration plant, the various studies (including engineering) for the construction of the Company's biorecycling plant, and lastly, the R&D expenses of Carbiolice. The main changes are explained by the increase in personnel costs with a strong growth in the workforce, particularly at the industrial demonstration plant;
- concerning "Subsidies and other income from operations," the Group recorded €2,517 thousand, partially offsetting its R&D expenses. This item includes research tax credits of €1,721 thousand for Carbios and €418 thousand for Carbiolice for the first half of 2023;
- lastly, the Group continued to capitalize "Development costs" relating to the PET enzymatic recycling project in the amount of €806 thousand, in accordance with the activation criteria of IAS 38.



### 15.2. Sales and marketing expenses

SALES AND MARKETING EXPENSES (in thousands of euros)	06/30/2023	06/30/2022
Purchases and supplies not held in inventories	(9)	(3)
Employee expenses	(1,392)	(721)
Rental expenses	(2)	(5)
Maintenance and repairs	(2)	(2)
Consulting fees	(753)	(719)
Advertising	(77)	(15)
Transport, travel	(108)	(42)
Depreciation, amortization and impairment	(20)	(9)
Other rebillings	82	160
<b>Sales and marketing expenses</b>	<b>(2,280)</b>	<b>(1,354)</b>

Sales and marketing expenses amounted to €2,280 thousand for the first half of 2023, compared to €1,354 thousand in 2022. This increase was mainly due to the strengthening of the Group's sales teams to support the acceleration of its developments and be able to meet market expectations by offering an efficient and widely available recycling solution.

### 15.3. General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (in thousands of euros)	06/30/2023	06/30/2022
Travel expenses and missions	(212)	(146)
Fees	(1,409)	(1,417)
Insurance	(78)	(43)
Taxes and duties	(73)	(79)
Employee expenses	(2,671)	(2,245)
Depreciation, amortization and impairment	(324)	(335)
Others	(524)	(371)
<b>General and administrative expenses</b>	<b>(5,290)</b>	<b>(4,637)</b>

General and administrative expenses amounted to €5,290 thousand for the first half of 2023, compared to €4,637 thousand in 2022. This increase was mainly due to the increase in personnel costs as a result of recruitments made by the Group.



### **Note 16 – Related parties**

#### **Executive compensation**

The compensation recognized as expenses for the main executives, corresponding to the members of the Board of Directors and the Executive Management, is as follows:

<b>EXECUTIVE COMPENSATION</b> (in thousands of euros)	<b>06/30/2023</b>	<b>06/30/2022</b>
Short-term employee benefits	441	431
Post-employment benefits (1)	(4)	4
Share-based payments	375	145
<b>Total Executive compensation</b>	<b>812</b>	<b>581</b>

Compensation recognized as expenses for the Company's main executives includes their salaries and bonuses, benefits in kind and directors' fees. In addition, compensation includes post-employment benefits (Note 20) as well as share-based compensation (Note 12).

(1) For 2023, the amount is positive due to the impact of the pension reform.

#### **License agreement with Carbiolice**

The Company entered into a patent license and know-how agreement with 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 for the 2022 and 2023 fiscal years.

From June 4, 2021, this license agreement was reassessed and taken into account in the Group's assets (see Note 3.5).

 **Note 17 – Net financial income**

<b>NET FINANCIAL INCOME/(EXPENSES)</b> (in thousands of euros)	<b>06/30/2023</b>	<b>06/30/2022</b>
Foreign exchange gains	1	0
Other financial income	909	26
<b>Financial income</b>	<b>910</b>	<b>26</b>
Cost of borrowing	(1,301)	(249)
<i>Interest expense on loans</i>	(39)	(98)
<i>Interest expense on EIB loans</i>	(1,109)	
<i>Interest expense on repayable advances</i>	(38)	(137)
<i>Interest expense on lease liabilities IFRS 16</i>	(111)	(12)
<i>Interest expense on employee benefit obligations IAS 19</i>	(4)	(1)
Other financial expenses	(0)	(93)
<b>Financial expenses</b>	<b>(1,301)</b>	<b>(342)</b>
<b>Net financial income/(expenses)</b>	<b>(391)</b>	<b>(316)</b>

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.

Financial expenses come from interest expenses on loans and repayable advances.



## Note 18 – Income tax

### Summarized accounting principles

Tax assets and liabilities due in respect of the fiscal year and prior years are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and tax rules applied to determine these amounts are those adopted or substantially adopted at the closing date.

The income tax expense for the fiscal year includes current tax payable and deferred tax. Tax is recognized in the income statement, unless it is related to items recognized in “Other comprehensive income” or directly in equity. In this case, the tax is also recognized in “Other comprehensive income” or directly in equity, respectively.

### Deferred tax liabilities recognized as part of the Carbiolice purchase price allocation exercise:

For Carbiolice, deferred tax liabilities were recognized as follows in connection with the purchase price allocation exercise:

RECOGNITION OF DEFERRED TAX LIABILITIES (in thousands of euros)	06/30/2023	12/31/2022
Tax losses	2,103	2,242
Right-of-use assets	8	11
Provision - employee benefits	0	5
<b>Deferred tax assets</b>	<b>2,111</b>	<b>2,258</b>
Intangible assets	(3,804 )	(3,952)
<b>Deferred tax liabilities</b>	<b>(3,804)</b>	<b>(3,952)</b>
<b>Deferred tax liabilities recognized</b>	<b>(1,693)</b>	<b>(1,693)</b>

No change took place during the first half of 2023.

### Tax rate and tax loss carryforwards

The income tax rate applicable to the Group is the rate currently in force in France, i.e., 25.83%.

The Group has tax losses that can be carried forward indefinitely in France. At December 31, 2022, they amounted to:

- €73,712 thousand for Carbios;
- €27,606 thousand for Carbiolice;
- €3,283 thousand for Carbios 54.

No tax payable was recognized in the first half of 2023 or in the 2022 fiscal year.

As the recoverability of these tax losses is not considered probable over the coming periods due to the uncertainties inherent to the Group's business, no deferred tax assets were recognized in this respect at June 30, 2023 and December 31, 2022.

Carbiolice recognized deferred tax assets up to the cap on the use of tax losses carried forward as part of the purchase price allocation exercise. At December 31, 2022, the amount of tax losses relating to unrecognized deferred tax assets amounted to €17,243 thousand.

**Note 19 – Earnings per share**

EARNINGS PER SHARE	06/30/2023	06/30/2022
Weighted average number of shares outstanding	11,278,517	11,186,702
Number of diluted shares	12,216,131	12,207,938
Net income for the period - attributable to shareholders of the parent company (in thousands of euros)	(13,660)	(11,811)
<b>Basic earnings per share (€/share)</b>	<b>(1.21)</b>	<b>(1.06)</b>
<b>Diluted earnings per share (€/share) (*)</b>	<b>(1.21)</b>	<b>(1.06)</b>

\* For the first half of 2022 and 2023, diluted earnings per share are identical to basic earnings per share. Potentially dilutive shares for the first half of 2023 (937,614 shares - 296,928 share subscription warrants [BSAs] and 640,686 founder share subscription warrants [BSPCEs]) were excluded from the calculation of diluted earnings per share, as these shares had an anti-dilutive effect due to the reported losses.

**Note 20 – Employee benefit obligations****Summarized accounting principles**

The main actuarial assumptions used to measure retirement benefits are as follows:

ACTUARIAL ASSUMPTIONS	06/30/2023	12/31/2022
Retirement age	63 years	
Duration of commitments	Carbios: 19 years Carbiolice: 25 years	
Collective bargaining agreement	Chemicals: Industry	
Discount rate	3.80%	3.75%
Mortality table	INSEE 2016-2018	
Rate of salary increases	3.00%	
Exit rate	Decreasing curve by age group Void from the age of 65 Average rate 2%	
Departure procedures at the end of a career	At the initiative of the employee, with payment of an indemnity subject to the employer's social security contributions	
Social security contribution rate		
Carbios	45%	
Carbiolice	40%	



The provision for retirement commitments changed as follows:

(In thousands of euros)	Pension commitment
<b>At December 31, 2022</b>	<b>184</b>
Cost of services rendered	30
Interest expense	4
Actuarial gains or losses	(1)
<b>At June 30, 2023</b>	<b>216</b>

#### **Note 21 – Off-balance sheet commitments**

##### **21.1. Risk hedging set up for the benefit of funders**

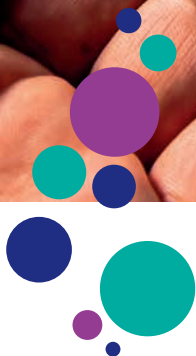
The two Bpifrance loans are covered by life insurance policies - PTIA underwritten for Alain MARTY (50%) and Martin STEPHAN (50%). The term of loans provides for a 2.5-year deferred repayment and annual straight-line repayment over the following 5 years.

##### **21.2. Other commitments**

Due to the impact of IFRS 16, the off-balance sheet commitments existing at June 30, 2023 are not considered to be significant.



## 4. ADDITIONAL INFORMATION





## LIQUIDITY CONTRACT

Under the liquidity contract 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, 2023:

- Number of shares: 5,171 Carbios securities
- Cash balance of the liquidity account: €514,893.59

It is noted that at December 31, 2022, the following resources comprised the liquidity account:

- Number of shares: 3,729 Carbios securities
- Cash balance of the liquidity account: €563,058.69

On June 30, 2023, the Company held 5,171 Carbios shares, or a carrying amount of €208 thousand. The closing net asset value was €208 thousand. As the net asset value was lower than the carrying amount, a provision for impairment in the amount of €1 thousand was recognized.

The cash paid to the intermediary and not yet used is recognized under "Liquidity contract" and represents €515 thousand.

## PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

### PERSONS RESPONSIBLE FOR THE INTERIM REPORT

**Emmanuel Ladent**, Chief Executive Officer

### DECLARATION OF THE PERSON RESPONSIBLE FOR THE INTERIM REPORT

I certify that, to the best of my knowledge, the financial statements presented for the past six months 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 all companies included in the consolidation, and that the interim management report (pages 9 to 30) 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.

**Emmanuel LADENT**  
Chief Executive Officer

## FINANCIAL COMMUNICATIONS

### SHAREHOLDER INFORMATION

Carbios shares are listed on the Euronext Growth Paris market.

ISIN code: FR0011648716

Ticker code: ALCRB LEI: 969500M2RCIWO4NO5F08

CARBIOS is listed on the Euronext Growth All-share, Euronext Growth Bpifrance innovation, Euronext Tech Croissance, CAC PME, Euronext PEA-PME 150 and Euronext Tech Leaders. 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 2023, the Company organized an analyst/investor videoconference to present its annual results for 2022 (in collaboration with SFAF, the French Society of Financial Analysts) and a Strategic Update. 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](http://www.carbios.com)

## CONTACT

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## GLOSSARY

- **Biodegradation**

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

- **Bioprocess**

Production process using micro-organisms or enzymes.

- **Biorecycling**

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

- **Depolymerization**

Degradation of a polymer into its constitutive monomers.

- **Enzyme**

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

- **Micro-organism**

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

- **Monomer**

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

- **Polymer**

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

- **Polymerization**

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

- **PLA - Polylactic Acid**

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

- **PET - Poly(ethylene terephthalate)**

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



# CARBIOS

Biotechnology **powering**  
plastic and textile **circularity**

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