



– Press release –

CARBIOS: 2016 annual results

- ✓ **Operational launch of the joint-venture CARBIOLICE**
- ✓ **€8 million licensing revenues**
- ✓ **Cash position of €4 million at year-end 2016**

Clermont-Ferrand, March 22, 2017 (7:00AM CET) – CARBIOS (Alternext Paris : ALCRB/ Eligible PEA-PME), an innovative green chemistry company specializing in enzymatic bioprocesses applied to plastic and textile polymers, today announces its annual results for the year ending December 31, 2016, which were approved by the Board of Directors on March 21, 2017.

- **INCOME STATEMENT:**

(in thousand euros)	December 31, 2015 (12 months)	December 31, 2016 (12 months)
Operating revenues	837	8,870
Operating expenses	4,899	5,319
Including research & development expenses	3,261	3,427
Including general and administrative expenses	1,638	1,892
Operating income	(4,062)	3,551
Financial income	78	75
Current income before tax	(3,984)	3,626
Extraordinary profit (loss)	(23)	(27)
Income tax (research tax credit)	(936)	(1,321)
Net income (loss)	(3,071)	4,920

As of December 31, 2016, the operating income stood at €8.870 million versus €837,000 for the previous financial year. The projects led by the Company generated first revenues corresponding to an 8 million euros upfront subsequent to a licensing agreement covering patent and know-how conceded to CARBIOLICE, other operating income coming mainly from public subsidies.

During the 2016 period, CARBIOS generated €640,000 grant from Bpifrance (program ISI), corresponding to the completion of key stage four (€459,000) of the THANAPLAST™ project and the

launch of the fifth and final stage (€181,000) of this research and development program led by the Company since 2012.

Due to sustained development policy supporting the ongoing R&D results, operating expenses stood at €5.319 million for 2016, of which 64% were dedicated to R&D, as opposed to €4.899 million in 2015. The evolution of operating expenses reflects the Company's efforts to implement strategic and structuring partnerships to conduct the industrial development of its bioprocesses.

Operating activities generated a positive result of €3.551 million in 2016, against a net loss of €4.062 million for the previous exercise.

Therefore, the Company's net result, after taking into account the research tax credit of €1.321 million, is for the first time beneficiary and settles at €4.920 million in 2016, against a net loss of €3.071 million observed in 2015.

- **BALANCE SHEET :**

ASSETS (in thousand euros)	2015	2016	LIABILITIES (in thousand euros)	2015	2016
Intangible assets	231	371	Share Capital	2,645	2,677
Tangible assets	1,258	1,211	Additional paid-in-capital	13,698	13,736
Financial assets	176	9,688	Retained earnings	(5,168)	(8,240)
Fixed Assets	1,664	11,270	Investment subsidies	22	20
Inventory	12	15	Current year profit (loss)	(3,071)	(4,920)
Receivables	1,224	1,945	Shareholders' equity	8,125	13,113
Cash and marketable securities	9,011	3,987	Conditional advances	3,008	3,151
Prepaid expenses	131	215	Loans	222	178
Current Assets	10,378	6,162	Trade payables and related accounts	337	494
TOTAL ASSETS	12,042	17,432	Other liabilities	350	496
			Payables	909	1,168
			TOTAL LIABILITIES	12,042	17,432

The evolution of the Company's financial assets reflects CARBIOS' decision to reinvest into CARBIOLICE, the €8 million operating income received from the licensing agreement to which a €1.5 million cash contribution has been added at the launch of operational activities. The partners' global contribution to the project, which includes the industrial assets, the licence concession and cash, results in a total of €29.5 million, with the cash element to be released in three phases over four years. Thus, at the term of this period, CARBIOS will have invested €6 million in cash to reach a 47.5% shareholding in CARBIOLICE. These investments initiated in September 2016 will help to ensure activity growth by progressively acquiring additional industrial capacity. They will also help to support the industrial and commercial development of the new plastic materials derived from CARBIOS technology.

The 61% increase in intangible assets is primarily due to the addition of 5 new patents applications to the portfolio in 2016 and to the territorial extension of licences acquired or submitted previously.

CARBIOS' equity totalled €13.113 million at year-end 2016 against €8.125 million at year-end 2015, mainly due to the impact of the 2016 positive result.

- **CASH FLOW :**

Cash flow (in thousand euros)	2015	2016
Cash at start of year	11,099	9,011
Net cash generated by operations	(2,517)	4,636
Net cash from investments	(786)	(9,829)
Net cash from financing operations	1,215	169
Change in cash	(2,088)	(5,024)
Cash at year-end	9,011	3,987

The €4 million cash position at year-end 2016 enables to pursue current developments for the next 12 months.

The cash flow gap between both exercises is primarily due to the €1.5 million cash investment made in CARBIOLICE and reflects in the meantime, the impact of the sequential release of Bpifrance subsidies to the THANAPLAST™ project. As a matter of fact, CARBIOS received €443,000 subsidies in 2016 against €1.604 million in 2015, and should further receive €1.022 million in 2017 for the completion of the last and fifth key stage of this project according to plan.

- **2016 FACTS :**

Appointment of Jean FALGOUX as Chairman of the Board of Directors (April 2016)

Member of the Board since 2015, Jean FALGOUX developed his 40-year career in three life sciences companies, notably within the Japanese group Ajinomoto, the world leader in biochemically-produced amino acids where he was CEO, then President of Ajinomoto Eurolysine, Vice President of Ajinomoto Europe and Corporate Executive Officer of Ajinomoto Inc., and served as an Executive Committee member of several of Ajinomoto's European affiliates. He succeeded Alain Chevallier, whose mandate has enabled CARBIOS to address major strategic and technical challenges in conducting its development.

Grant of two key US patents and exercise of the worldwide licensing options on these patent families (May 2016)

These licences concern two key patent families for CARBIOS. The first is for the proprietary process of enzyme inclusion in plastics for which patents have been granted in France and in the USA. The second covers a PLA-degrading strain for which requests have also been granted in France, Europe, the USA, Mexico, China and Japan. With these licences, CARBIOS secures its proprietary technologies for the production of a new generation of biodegradable plastics with a controlled lifespan. Previously acquired by CARBIOS in 2012 from the CNRS, the University of Poitiers and VALAGRO Carbone Renouvelable as part of the THANAPLAST™ collaborative research and development project, these exclusive licences provide CARBIOS with the ability to grant sub-licences to industrials on its biodegradation process.

Signing of a letter of intent for the creation of the joint-venture CARBIOLICE with Limagrain Cereales Ingredients and the SPI fund operated by Bpifrance (June 2016)

This company, launched in September 2016, will operate the first innovation licensed by CARBIOS and support the industrial and commercial development stage of this technology. The company will progressively integrate to its bioplastic production unit (of 4000 tons capacity), the patented enzymatic biodegradation technology developed by CARBIOS.

Opening of a new biological pathway with the development of a one-step PLA production process (July 2016)

CARBIOS takes a major step forward with the validation of its *in vivo* enzymatic polymerisation process of lactic acid into a high-molecular weight homo-polymer of PLA. The technological breakthrough brought by CARBIOS cuts out this intermediary step and produces, with greater competitiveness.

Operational launch of the joint-venture CARBIOLICE (September 2016)

The creation of the joint-venture CARBIOLICE with Limagrain Céréales Ingrédients and the SPI fund operated by Bpifrance is the first tangible industrial project stemming from the R&D work underway since 2011 with all partners involved in THANAPLAST™. This company, which overtook Limagrain Céréales Ingrédients' bioplastics activity (Biolice® producer) will progressively integrate the technological innovations licensed by CARBIOS over time. Through its 4,000 tons annual production unit, CARBIOLICE will operate CARBIOS' patented enzymatic biodegradation technology by producing enzymated pellets to be used for the production of a new generation of bio-sourced and biodegradable plastics. CARBIOLICE will target the markets of flexible films (mulch films, bags and sacks, industrial films, etc.) and rigid plastics (in the field of agriculture and for disposable tableware).

Beyond the €8 million upfront payment converted in shares of the joint-venture, this agreement includes royalties on sales of products using CARBIOS' patented enzymatic biodegradation technology.

Grant of a key patent in China for CARBIOS' enzymatic biodegradation process of PLA (November 2016)

This patent grant further strengthens CARBIOS' strategic position in China, as one of the objectives set within CARBIOLICE, its joint venture with Limagrain Céréales Ingrédients and Bpifrance, is focusing on biodegradable PLA-based agricultural mulching films as well as other materials. This step demonstrates the industrial application potential of CARBIOS' biodegradation processes and comforts the international expansion strategy of the technology licensed to CARBIOLICE.

Development of a depolymerization process at 100% of plastic bottles (November 2016)

CARBIOS announces major step forward in the development of its enzymatic biorecycling process of polyesters by rendering it applicable to crystalline PET (polyethylene terephthalate), and therefore to all kind of plastic waste containing PET, namely bottles (transparent, opaque or multi-layer), packaging and films. This follows CARBIOS' previous announcement that it had successfully depolymerized 100% amorphous PET based commercial products into its original monomers, TPA (terephthalic acid) and MEG (mono ethylene glycol).

Transfer of the liquidity contract from Invest Securities to Gilbert Dupont (December 2016)

Following the initiation of a new analyst coverage, CARBIOS has transferred its liquidity contract to the company Gilbert Dupont.

Completion of the fourth key stage of the THANAPLAST™ project (December 2016)

Successful completion of key stage four of the THANAPLAST™ project and payment of €443,000 from Bpifrance for having achieved this new milestone and the targets initially set for the bioprocesses developed in the field of biodegradation, biorecycling and PLA bioproduction.

Reinforcement of intellectual property rights

In 2016, CARBIOS' intellectual property portfolio gained five new patent applications. These new demands are covering PET biorecycling and biodiversity associated to PLA and PET biodegradation. In addition, CARBIOS has granted a licence to CARBIOLICE to operate its patented enzymatic biodegradation technology which makes plastics biodegradable. This licence agreement covers specific areas such as the markets of flexible films (mulch films, bags and sacks, industrial films, etc.) and rigid plastics (in the field of agriculture and for disposable tableware). At year-end 2016, CARBIOS' portfolio included 22 patents families (including two with world-exclusive licences), representing 64 granted patents and pending applications covering the three development areas of the Company: biodegradation, biorecycling, and bioproduction. CARBIOS is now able to ensure its current and future industrial partners a strategic and competitive advantage on expansive markets.

Jean-Claude Lumaret, CEO of CARBIOS, said, *"In 2016, we were able to demonstrate the relevance of our solutions with the setting-up of an €8 million agreement for the licensing of a first technology dedicated to the biodegradation of soft and single use plastics. We maintain solid financial visibility while keeping cash burn under control. We are moving forward with confidence to the next step of our PET biorecycling process that should enter its pilot stage and for which we are already in discussion with several leading market players."*

About CARBIOS:

[CARBIOS](#) is a young, innovative green chemistry company, whose mission is to find biological solutions to the environmental and sustainable development issues faced by industrial businesses today. CARBIOS acquired the rights to research that was conducted over a number of years by various public and private sector laboratories. By leveraging the unique properties of biological catalysts (enzymes), it has used this research as the foundation for developing innovative industrial bioprocesses that optimize the technical, economic and environmental performance of polymers (thermoplastic materials and synthetic or food-based fibers). The company has focused its efforts on a strategic application sector: plastics. CARBIOS' growth strategy is based on a clear business model of industrial value creation that targets attractive markets, develops innovative and competitive bioprocesses and licenses them to major industrial stakeholders for commercialization. CARBIOS benefits from the financial support of the leading European venture capital firm [Truffle Capital](#). CARBIOS was founded in 2011 and has been managed, since its inception, by the *Holding Incubatrice Chimie Verte* fund. CARBIOS was granted the label "Young Innovative Company" by Bpifrance (former OSEO) and is eligible for investments by private equity mutual funds (FCPIs).

For more information, please visit: www.carbios.fr

CARBIOS is eligible for the PEA-PME, a government program allowing French residents investing in SMEs to benefit from income tax rebates.



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