

# CARMAT

## PRESS RELEASE

### 2010 annual results in line with the Company's expectations

- The total artificial heart project is progressing in line with the Company's business plan
- Cash position at January 2011: €14.9 million

Paris, February 21<sup>st</sup>, 2011

CARMAT (FR0010907956, ALCAR), the designer and developer of the world's most advanced total artificial heart project, providing an alternative to patients suffering from end-stage heart failure, today announced its annual results for the financial year to 31<sup>st</sup> December 2010.

- **2010 annual results \* \*\***

€ 000	2010 (12 months)	2009 (19 months)
Income		
Operating subsidies	5,049	4,823
<b>Total income</b>	<b>5,049</b>	<b>4,823</b>
Operating expenses		
- other external expenses	11,191	7,852
- other operating expenses	4,340	2,954
<b>Total operating expenses</b>	<b>15,531</b>	<b>10,806</b>
Operating profit	(10,482)	(5,984)
Financial income	(21)	78
Exceptionals	16	0
Research tax credit	2,751	1,184
<b>Net income</b>	<b>(7,736)</b>	<b>(4,722)</b>

*\*Annual accounts were approved by the Board of Directors on 17<sup>th</sup> February, 2011. Audit procedures relative to these accounts have been carried out. The auditor's report is currently being prepared.*

*\*\* Comparison of income statement items with the prior period is not representative, as there is no common reference period. Data for FY 2009, which ran for 19 months, is provided for informative purposes only.*

CARMAT recorded operating income of €5.0 million in 2010. This operating income corresponds to operating subsidies instalments of €4.3 million paid by OSEO and of €750k paid by the Yvelines County Council, for the achievement of agreed upon development milestones. These operating subsidies represent the totality of the Company's operating income over the period. In accordance with the business plan presented at the time of the IPO, the Company generated no income in 2010 given that CARMAT's artificial heart is currently in its development phase.

CARMAT also received in 2010 €1.5 million in repayable advances from OSEO. These repayable advances were written down on the balance sheet as “*Other Equity*”, the value of which has subsequently increased to €2.0 million, compared to €0.5 million at December 31<sup>st</sup> 2009.

Operating expenses amounted to €15.5 million over the year, of which €11.2 million concerned “*Other external expenses*”. This is in line with the Company’s expectations, with the increase reflecting the major progress made over the year in the development of CARMAT’s artificial heart project and, in particular, the industrial assembly of the artificial heart’s first two prostheses in view of the upcoming clinical trials.

After a research tax credit of €2.8 million is taken into account, 2010 net income amounted to a loss of €7.7 million.

- **Cash position**

The Company’s cash position results from the funds collected through the capital increase implemented at the time of CARMAT’s IPO on the Alternext market of NYSE Euronext Paris in July 2010. The Company thus had a cash position of €11.4 million on December 31<sup>st</sup> 2010.

It should also be noted that, on January 3<sup>rd</sup> 2011, CARMAT received, for the successful completion of the second milestone of its development programme relating to the industrial assembly of the first two prostheses, an additional operating subsidy instalment of €3.5 million from OSEO. Once this OSEO instalment is taken into account, the Company’s cash position stood at €14.9 million early January 2011.

CARMAT still stands to receive a further €20 million from OSEO subject to the completion of the next milestones.

- **2010 highlights and recent events**

In line with what was announced at the time of the IPO, important milestones were cleared in 2010 within the framework of the programme to develop CARMAT’s artificial heart. Concurrently, CARMAT strengthened its teams and adapted its organisation in the perspective of the first clinical trials on humans that should take place, subject to the granting of regulatory authorisations, before the end of 2011.

- Industrialisation of the development programme:
  - agreement signed with Edwards Lifesciences for the procurement of Carpentier-Edwards biological heart valves to be used in CARMAT’s artificial heart;
  - industrial assembly of the first two prostheses for its artificial heart in view of the clinical trials.

The payment, in January and February 2011, of a total of €3.8 million in operating subsidies by OSEO and the Yvelines County Council reflects the successful completion of these milestones.

- Strengthening of the Board: appointment of Henri Lachmann

Henri Lachmann is the Chairman of Schneider Electric’s Supervisory Board and the Chairman of the Board of Directors of the Marie Lannelongue surgical centre, a private health facility specialising in heart surgery and also a CARMAT shareholder.

- Strengthening of the teams: appointment of Valérie Leroy as Director of Marketing and Investor Relations

Her prime objective will be to raise CARMAT’s profile and impact with investors, the scientific community and the general public. Valérie Leroy was previously European Marketing Director for the surgical heart valve therapies product line at Edwards Lifesciences.

- Substantial success of the IPO

CARMAT has been listed on the Alternext market of NYSE Euronext Paris since July 13<sup>th</sup> 2010. The substantial success of the capital increase in conjunction with the stock market listing has enabled the company to increase shareholders' equity to €14.6 million.

Marcello Conviti, Chief Executive Officer of CARMAT, concludes: *"Our 2010 annual results are in line with our business plan. They reflect the important milestones reached by the CARMAT artificial heart project, in line with the plan presented to the market at the time of the IPO. They also reflect the confidence that our partners have in our project, whether it be OSEO or the Yvelines County Council. The first half of 2011 will be devoted to pursuing qualification and validation trials, as well as industrialising the production of the CARMAT heart. We are confident in our ability to meet our schedule leading to the first clinical trials in humans before the end of 2011.*

*Lastly, the end of this first year of the Company's stock market listing gives me an opportunity to thank all of CARMAT's staff, contractors and shareholders for their extraordinary enthusiasm, motivation and support, which enables CARMAT to pursue the development of the world's most advanced artificial heart project aiming to provide an alternative in the battle against heart failure."*

#### **About CARMAT: CARMAT, the world's most advanced total artificial heart project**

**The only credible response for all cases of end-stage heart failure, which is a real public health issue:** CARMAT's aim is to be able to provide a response to a major public health issue associated with heart disease, the world's leading cause of death: chronic and acute heart failure. Indeed, this disease currently affects over 100 million patients in developed countries. By pursuing the development of its total artificial heart project, CARMAT intends to overcome the well-known shortfall in heart transplants for the tens of thousands of people suffering from heart failure.

**The result of the combination of two types of unique expertise:** the medical expertise of Professor Carpentier, known throughout the world for inventing Carpentier-Edwards® heart valves, which are the most used in the world, and the technological expertise of EADS, world aerospace leader.

**Imitating the natural heart:** given its size, its weight, the choice of structural materials and its innovative physiological functions, CARMAT's total artificial heart project could, assuming upcoming clinical trials are successful, potentially benefit the lives of tens of thousands of patients a year whilst ensuring there is no risk of rejection and providing them with an unparalleled quality of life.

**A project leader acknowledged at a European level:** with the backing of the European Commission, CARMAT has been granted the largest subsidy ever given to an SME by OSEO; a total of €33 million.

**Substantial involvement of prestigious founders and shareholders:** Truffle Capital, the leading European venture capital firm, EADS, the Foundation Alain Carpentier (CARMAT'S co-founder) and thousands of institutional and individual shareholders who have also shown their confidence in CARMAT.

**CARMAT'S Board of Directors** is constituted by André-Michel Ballester, Jean-Claude Cadudal (Chairman), Professor Alain Carpentier, Marcello Conviti, Michel Finance, Henri Lachmann, and Philippe Pouletty MD.

**For more information:** [www.carmatsas.com](http://www.carmatsas.com)

**Disclaimer**

This press release and the information contained herein do not constitute an offer to sell or subscribe to, or a solicitation of an offer to buy or subscribe to, shares in Carmat ("the Company") in any country. This press release contains forward-looking statements that relate to the Company's objectives. Such forward-looking statements are based solely on the current expectations and assumptions of the Company's management and involve risk and uncertainties. Potential risks and uncertainties include, without limitation, whether the Company will be successful in implementing its strategies, whether there will be continued growth in the relevant market and demand for the Company's products, new products or technological developments introduced by competitors, and risks associated with managing growth. Unfavorable developments in connection with these and other risks and uncertainties described, in particular, in the Company's prospectus prepared in connection with its IPO and on which the French *Autorité des marchés financiers* ("AMF") granted its visa number 10-180 on June 14, 2010, could cause the Company to fail to achieve the objectives expressed by the forward-looking statements above.

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