



PRESS RELEASE

50.0 Million Euro Equity Financing to Reinforce CARMAT's Cash Resources

- Reserved capital increase to finance the industrial and clinical development and seek CE Mark approval for CARMAT's artificial heart
- New investors are ALIAD, Air Liquide's venture capital investor, CorNovum, an investment holding company that will be held 50-50 by Bpifrance and the French State within the framework of the *Programme des Investissements d'Avenir*, and the family offices of Pierre Bastid (ZAKA) and of Dr. Antonino Ligresti (Santé Holdings S.R.L.)
- Core shareholders Airbus Group (Matra Défense) and Truffle Capital will also commit to subscribe €18.0 million

Paris, February 26, 2016

CARMAT (FR0010907956, ALCAR), the designer and developer of the world's most advanced artificial heart project, aiming to provide a therapeutic alternative for people suffering from end-stage biventricular heart failure, today announces, on the occasion of the publication of its annual results, a capital increase plan for a minimum of 50.0 million euros (issue premium included), entirely subscribed to by a pool of strategic investors and its core shareholders. CARMAT had a cash position of €3.0m as of December 31, 2015.

• Financing of further industrial and clinical development to seek CE Mark approval

With the completion of the First in Man study of its bioprosthetic heart, CARMAT has decided to reinforce its shareholders' equity via a 50.0 million euro reserved capital increase. A pool of strategic investors comprised of ALIAD, Air Liquide's venture capital investor, CorNovum, an investment holding company that will be held 50-50 by Bpifrance and the French State (*Programme des Investissements d'Avenir* - PIA), the family offices of Pierre Bastid (ZAKA) and of Dr. Antonino Ligresti (Santé Holdings S.R.L.), and core shareholders Airbus Group (Matra Défense) and Truffle Capital (via an existing fund and a number of new funds) will fully subscribe the 50.0 million euro equity financing. This reserved capital increase may be potentially supplemented by a private placement among qualified investors

of a size yet to be determined. The round of financing should allow CARMAT to finance further industrial and clinical development in order to file for CE Mark.

CARMAT is currently finalizing the protocol of the Pivotal clinical study that will be submitted to the *Comité de Protection des Patients* (CPP, the patient protection committee) and the *Agence Nationale de Sécurité du Médicament et des Produits de Santé* (ANSM, the French health authority).

Marcello Conviti, Chief Executive Officer of CARMAT, comments: *“We are delighted by the interest our project has aroused among corporate and financial investors as prestigious and selective as Air Liquide, Bpifrance, the French State via the PIA, Pierre Bastid and Doctor Antonino Ligresti, alongside our core shareholders, Airbus Group (Matra Défense) and Truffle Capital, who have been supporting us since inception. This major financing, adapted to the current financial market environment, will provide CARMAT with sound financial resources. It will support the industrial expansion (securing of the key elements of the supply chain, manufacturing scaling-up) and clinical trials in France and abroad to seek CE Mark approval. We are more confident than ever in CARMAT’s development and in our ability to market a real alternative to heart transplants for patients suffering from end-stage biventricular heart failure.”*

- **Terms and conditions of the financing**

The investment agreement was signed on February 26, 2016 between CARMAT, its core shareholders and the pool of strategic investors. It foresees the implementation of a 50.0 million euro reserved capital increase and, potentially, a private placement among qualified investors of a size yet to be determined.

The issue price of the new shares of the reserved capital increase and, if applicable, the private placement will be equal to the lower of the two following prices:

- 40 euros; or
- The volume-weighted average price during the five trading sessions preceding the date of the Board meeting that approves, as authorized by the Shareholders’ Meeting, the reserved capital increase and, if applicable, the private placement. The Board should meet after the Shareholders’ Meeting scheduled for April 12, 2016.

Subscriptions to the reserved capital increase would break down as follows:

Investors	Size of the investment (€)	% of the Total
Airbus Group (Matra Défense)	11.0 million	22.0%
TRUFFLE funds	7.0 million	14.0%
CorNovum (Bpifrance & French State)*	17.0 million	34.0%
ALIAD (Air Liquide)	1.0 million	2.0%
ZAKA (Pierre Bastid)	7.0 million	14.0%
Santé Holdings S.R.L. (Dr. Ligresti)	7.0 million	14.0%
TOTAL	50.0 million	100%

* This amount could be reduced depending on the size of the private placement

The implementation of the reserved capital increase and, if applicable, the private placement will be subject to the usual conditions, including approval by the Shareholders' Meeting of a delegation of authority enabling completion of the reserved capital increase and a delegation of authority to enable the private placement (rendering obsolete the 11th resolution of the Shareholders' Meeting of June 24, 2015 which provided for the delegation of authority enabling the Board to carry out a private placement). A Shareholders' Meeting should be held on April 12, 2016, and will also vote on the appointment of the Board members listed below.

To avoid delays in the availability of funds, Airbus Group (Matra Défense) and Truffle Capital have accepted to immediately subscribe to bonds issued by CARMAT for 2 million euros, whose repayment would be offset against the subscription price of the shares issued within the framework of the reserved capital increase with a 12% annual interest rate. The bond issue could, at CARMAT's request, be increased to 4 million euros. Its reimbursement is guaranteed by a lien on the Company's patents and trademarks.

Following the Shareholders' Meeting, the Board of Directors will use the abovementioned delegation of authority to define the final size of the capital increase and set the subscription price based on the abovementioned rule. Subject to the identification of additional qualified investors by this date, this Board meeting may also decide the completion of a private placement.

CorNovum's investment will be reduced if the total size of the financings (reserved capital increase and private placement) were to exceed 50.0 million euros.

- **Capital allocation**

As of January 31, 2016, the breakdown of share capital and voting rights was as follows:

	Shares		Voting rights	
	Number	% of capital	Number	% of voting rights
Airbus Group (Matra Défense)	1,036,983	22.6%	2,018,883	28.4%
Truffle Capital	877,559	19.1%	1,746,477	24.5%
Pr. Carpentier & Association	663,583	14.4%	1,327,166	18.6%
Public	2,014,810	43.9%	2,026,231	28.5%
TOTAL	4 592 935	100%	7,118,757	100%

As an example, CARMAT's shareholding breakdown post-reserved capital increase would be the following, based on an issue price equal to CARMAT's volume-weighted average price during the five trading sessions to February 23, 2016, i.e. €32.60:

	Shares		Voting rights	
	Number	% of capital	Number	% of voting rights
Airbus Group (Matra Défense)	1,374,406	22.4%	2,356,306	27.2%
Truffle Capital	1,092,282	17.8%	1,961,200	22.7%
Pr. Carpentier & Association	663,583	10.8%	1,327,166	15.3%
CorNovum (Bpifrance & French State)	521,472	8.5%	521,472	6.0%
ZAKA (Pierre Bastid)	214,723	3.5%	214,723	2.5%
ALIAD (Air Liquide)	30,674	0.5%	30,674	0.4%
Santé Holdings S.R.L. (Dr. Ligresti)	214,723	3.5%	214,723	2.5%
Public	2,014,810	32.9%	2,026,231	23.4%
TOTAL	6,126,673	100%	8,652,495	100%

A shareholder with 1% of the capital ex-ante would see their stake diluted to 0.75% of the capital following the reserved capital increase.

Should the issue price of the new shares be €40, CARMAT's shareholding breakdown post-reserved capital increase would be the following:

	Shares		Voting rights	
	Number	% of capital	Number	% des droits de vote
Airbus Group (Matra Défense)	1,311,983	22.5%	2,293,883	27.4%
Truffle Capital	1,052,559	18.0%	1,921,477	23.0%
Pr. Carpentier & Association	663,583	11.4%	1,327,166	15.9%
CorNovum (Bpifrance & French State)	425,000	7.3%	425,000	5.1%
ZAKA (Pierre Bastid)	175,000	3.0%	175,000	2.1%
ALIAD (Air Liquide)	25,000	0.4%	25,000	0.3%
Santé Holdings S.R.L. (Dr. Ligresti)	175,000	3.0%	175,000	2.1%
Public	2,014,810	34.5%	2,026,231	24.2%
TOTAL	5,842,935	100%	8,368,757	100%

A shareholder with 1% of the capital ex-ante would see their stake diluted to 0.79% of the capital following the reserved capital increase.

The dilutive impact and shareholding breakdown post-reserved capital increase, depending on the issue price, do not take into account the completion of a potential private placement.

• Governance

To take into account the entry of new investors, CARMAT's governance would be modified in accordance with the following principles, and in compliance with the AFEP-MEDEF code:

- CARMAT's Board of Directors would have a maximum of 11 members, including a representative of each of the following shareholders: Airbus Group (Matra Défense), Truffle Capital, Pierre Bastid, Dr. Antonino Ligresti, and Pr. Alain Carpentier (it being specified that Pierre Bastid will not be appointed immediately);
- CARMAT's Chief Executive Officer would be a Board member;
- The Board of Directors would also include four independent members;

- The composition of the Board's committees (recruitment and compensation board, audit committee and scientific advisory board) would also be modified, given the new composition of the Board of Directors;
- The Board of Directors would be expanded to include two independent board members, recognized for their international expertise in the targeted markets;
- Moreover, the investment agreement conditions a number of decisions to prior approval by the Board of Directors, notably in the fields of strategic agreements, investments, divestments and acquisitions, debt policy, recruitment, etc.

Reminder: no strategic and/or core investor would act in concert vis-à-vis CARMAT.

- **Investor and shareholder lock-up agreement**

The investors (CorNovum – an investment holding company that will be held 50-50 by the French State and Bpifrance), ZAKA (Pierre Bastid), ALIAD (Air Liquide's venture capital investor), Santé Holdings S.R.L (Dr. Ligresti's vehicle) and longstanding shareholders (Airbus Group (Matra Défense), Truffle funds, Pr Carpentier & Association) have pledged not to divest their CARMAT shares (existing or subscribed to the operation), either directly or indirectly, unless they receive prior approval from the Company's investors and shareholders, until the earlier of the two following dates: (i) 2 years from the settlement-delivery of the reserved capital increase or (ii) the date on which the CARMAT artificial heart receives the CE Mark.

Truffle Capital's lock-up commitment would not apply to certain funds (*FCPI* innovation UCITS) managed by Truffle, for which the divestment of CARMAT shares would become necessary to meet their regulatory obligations. In particular, the lock-up commitment would not apply to UFF Innovation 5 and Europe Innovation 2006 UCITS. These two funds would represent between 9.1% and 9.5% of the share capital post-reserved capital increase, depending on whether the issue price is €32.60 or €40.

Altogether, post-reserved capital increase, the proportion of shares subject to a lock-up commitment would represent 58% or 56% of the share capital respectively, depending on whether the issue price is €32.60 or €40.

The Company's CEO and the other Board members will be subject to similar lock-up agreements.

- **CARMAT lock-up commitment**

CARMAT has pledged, for a period of 180 days following the settlement-delivery of the reserved capital increase, not to carry out a public offer of shares, securities or any other rights giving access to its share capital.

- **Indicative timetable**

- February 29, 2016: resumption of trading when the markets open

- March 7, 2016: Publication in the *BALO* official legal notices bulletin of the convening of the Shareholders' Meeting
- No earlier than March 11, 2016: Filing of the 2015 reference document with the AMF
- April 12, 2016: CARMAT Shareholders' Meeting
- April 15, 2016: Settlement-delivery of the new shares issued within the framework of the reserved capital increase and, if applicable, the new shares issued within the framework of the private placement.

Natixis will act as CARMAT's financial advisor for this reserved capital increase.



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

A credible response to end-stage heart failure: CARMAT aims to eventually 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. By pursuing the development of its total artificial heart, CARMAT intends to overcome the well-known shortfall in heart transplants for the tens of thousands of people suffering from irreversible end-stage heart failure, the most seriously affected of the 20 million patients with this progressive disease in Europe and the United States.

The result of combining 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 Airbus Group, world aerospace leader.

Imitating the natural heart: given its size, the choice of structural materials and its innovative physiological functions, CARMAT's total artificial heart could, assuming the necessary clinical trials are successful, potentially benefit the lives of thousands of patients a year with no risk of rejection and with a good 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 Bpifrance; a total of €33 million.

Strongly committed, prestigious founders and shareholders: [Airbus Group](#) (Matra Défense), Professor [Alain Carpentier](#), the [Centre Chirurgical Marie Lannelongue](#), [Truffle Capital](#), a leading European venture capital firm, and the thousands of institutional and individual shareholders who have placed their trust in CARMAT.

For more information: www.carmatsa.com



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