



## PRESS RELEASE

# **CARMAT launches a capital increase without shareholders' preferential subscription rights and with a 5-trading day priority subscription period on an irreducible basis to shareholders for an initial amount of €50 million which may be increased up to €57.5 million in the event of a full exercise of the increase option**

**Paris, February 26, 2021 – 7 am CET**

CARMAT (FR0010907956, ALCAR), the designer and developer of the world's most advanced total artificial heart<sup>1</sup>, aiming to fulfill an unmet medical need by providing a therapeutic alternative to people suffering from end-stage biventricular heart failure (the "**Company**"), today announces the launch of a capital increase without shareholders' preferential subscription rights by way of a public offering and with a priority subscription period, on an irreducible basis (à titre irréductible) only, to its existing shareholders and a global offering (the "**Offering**"), for an initial amount of €50 million. The Offering may be increased up to a maximum of €57.5 million in the event of the full exercise of the increase option (*clause d'extension*).

Completion of the Offering for the initial amount of €50m would enable Carmat to finance all of its activities until mid-2022<sup>2</sup>.

The Company is planning in particular to use the funds to be raised to:

- accelerate the ramp-up of its production and start the commercialization of its artificial heart in Europe in Q2 2021 under the brand name Aeson®<sup>1</sup>, given the obtention of the CE marking on December 22, 2020 for approximately 45% of the net proceeds;
- execute its clinical plan for approximately 15% of the net proceeds, notably including:
  - conducting in 2021 the early feasibility study (EFS) involving 10 patients in the United States, with first implants planned as soon as the end of the Q1 2021. This study was approved by the FDA (Food and Drug Administration, the US health authority) in February 2021 and, if successful, would be followed by a pivotal study in the United States;
  - the initiation of the EFICAS study within the 'Forfait Innovation' framework in France, with first implants expected in Q2 2021. This study is already fully approved and will involve 52 implants;
- ensure the continuity of its activities (R&D, regulatory, quality, support functions, etc.), even if the Covid-19 situation was to delay the Company's schedule, for approximately 40% of the net proceeds.

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<sup>1</sup> Aeson® is composed of the implantable bioprosthesis and its portable external power supply system to which it is continuously connected.

<sup>2</sup> In case of completion of the Offering, its net proceeds combined with the Company's current cash position, the €10 million balance of the loan granted by the European Investment Bank (for which drawing conditions are already met), and the €13 million financing from the French Health Authority that the Company announced on October 12, 2020 (but excluding the €16 million Kepler Cheuvreux equity line available until September 27, 2021), should allow CARMAT to fund its activities according to its current business plan, until mid-2022 and, in case the size of the Offering is limited to 75%, until March 2022.

ODDO BHF SCA and H.C. Wainwright & Co., LLC are acting as global coordinators, lead managers and joint bookrunners in connection with the Offering (together, the “**Placing Agents**”).

**Stéphane Piat, Chief Executive Officer of CARMAT, comments:** “Over the past few months CARMAT has written a new chapter in its history. The CE marking obtained at the end of 2020 has paved the way to the commercialization of our artificial heart as a bridge to transplant in Europe and other countries recognizing this certification. We are both very proud to have reached this milestone and aware that we are carrying the hopes of many patients suffering from end-stage bi-ventricular heart failure. We are today launching a €50 million capital increase to finance major steps necessary to succeed in our commercial strategy for Aeson®, the brand name of the CARMAT heart, for which first sales are expected in the 2<sup>nd</sup> quarter of 2021 in our two key markets, Germany and France. This involves investments in our production capacities which are sufficient for the moment but which will have to evolve to meet future demand. As our objective is to provide an answer to a world health issue, we also intend to allocate a part of the amount raised to the initiation of our large clinical programme, comprising the Early Feasibility Study (EFS) in the US where we have FDA clearance to start the first implants, and the EFICAS study in France. These studies will be complemented by a large post-market clinical follow-up which will include the first 95 patients treated in commercial setting, in order to generate robust data allowing us to both, support product adoption, but also, ultimately, achieve the “destination therapy” indication for Aeson®. Since our shareholders played a key role in the development of CARMAT as listed company, we wanted to give them the opportunity to participate in this financial transaction which includes a priority period allowing all our shareholders to subscribe in proportion to their share in the capital of CARMAT, thus avoiding dilution.”

## Terms of the Offering

The Company’s existing shareholders, registered as of February 26, will be granted a 5-trading day priority subscription period on an irreducible basis from March 1<sup>st</sup>, 2021 to March 5, 2021 (inclusive) on the initial amount of the Offering (excluding the exercise, if any, of the increase option). The shares not subscribed for in connection with the priority period and the new shares that may be issued pursuant to the exercise of the increase option will be subject to a global offering (the “**Global Offering**”) comprised of (a) a public offering in France (the “**Public Offering**”) primarily intended for retail investors and (b) an international private placement (the “**International Private Placement**”) (i) in the European Union (including France) and in certain other countries (excluding the United States, Canada, Australia and Japan); and (ii) in the United States.

Orders placed in the Global Offering will be subject to clawback depending on the results of the subscriptions on an irreducible basis within the priority period.

The maximum subscription price of the new shares will be €28 per share. This maximum price does not predetermine under any circumstances the subscription price that may be set.

The maximum number of new shares that may be issued in connection with the capital increase is 5,000,000 new shares (in the event of the full exercise of the increase option), in accordance with the 12th resolution of the Company’s extraordinary general meeting held on March 30, 2020 (the “**Shareholders’ Meeting**”).

The definitive number of shares to be issued as well as the final price of the Offering will be determined at the end of the International Private Placement, on March 8, 2021 (see section “**Offering structure and indicative timetable**” below).

### Subscription commitments of the main shareholders: €10 million

Lohas SARL (Pierre Bastid), a shareholder holding 1,331,479 shares in the Company (i.e. 10.2% of the share capital), has irrevocably undertaken to subscribe on an irreducible basis in the context of the priority subscription right for new shares for an amount of €2 million.

Corely Belgium SPRL (Gaspard Family), a shareholder holding 790,000 shares in the Company (i.e. 6.1% of the share capital), has irrevocably undertaken to subscribe on an irreducible basis in the context of the priority subscription right for new shares for an amount of €1.5 million.

Bratya SPRL (Gaspard Family), a shareholder holding 267,000 shares in the Company (i.e. 2.1% of the share capital), has irrevocably undertaken to subscribe (i) on an irreducible basis in the context of the priority subscription right for new shares for an amount of €1.03 million and (ii) on a reducible basis in the context of the Global Offering for new shares for an amount of €470 thousand, i.e. a total amount of €1.5 million.

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Santé Holdings SRL (Dr Antonino Ligresti), a shareholder holding 925,091 shares in the Company (i.e. 7.1% of the share capital), has irrevocably undertaken to subscribe (i) on an irreducible basis in the context of the priority subscription right for new shares for an amount of €3.55 million and (ii) on a reducible basis in the context of the Global Offering for new shares for an amount of €1.45 million, i.e. a total amount of €5 million.

Overall, the subscription undertakings described above account €10 million, ie. for 20% of the aggregate initial amount of the capital increase (17.4% of the maximum amount of the capital increase in the event of full exercise of the increase option).

The Company is not aware of the intentions of its other shareholders in relation to the capital increase.

### **Lock-up undertakings**

The Company has agreed on a lock-up period expiring 180 calendar days following the date of settlement of the new shares, subject to certain customary exceptions set out in the *note d'opération* and to a possible waiver by the Placing Agents.

Certain directors and/or certain shareholders with a significant stake in the Company, together holding 44.6% of the Company's share capital, have also signed lock-up commitments taking effect on the date these commitments were signed and continuing for 180 days from the date of settlement of the new shares, subject to certain customary exceptions and, with regard to the investment funds managed by Truffle Capital, any sale of Carmat shares that are necessary in order for such funds to meet their regulatory liquidation obligations.

### **Underwriting**

The Offering is not covered by an underwriting agreement.

Consequently, in the event of insufficient demand, the Offering may be cancelled or reduced to the subscription orders actually received as long as they represent at least 75% of the initial amount of the Offering, the Offering being cancelled below this threshold. If the Offering was to be cancelled, all subscription orders received would then become null and void and would be cancelled retroactively, and the Company would face a cumulative 12-month shortfall in financial resources, estimated at €31 million.

### **Key terms of the capital increase**

#### Issue amount and number of new shares to be issued

The initial amount of the capital increase (including the issue premium) is €50 million, which can be increased to a maximum amount of €57.5 million in the event of the full exercise of the increase option, representing a maximum of 15% of the initial amount. Pursuant to the 12<sup>th</sup> resolution of the Shareholders' Meeting, the maximum number of new shares that may be issued in connection with the capital increase is 5,000,000.

#### Offering structure and indicative timetable

##### *Priority subscription period*

The capital increase will be carried out without shareholders' preferential subscription rights but with an irreducible priority subscription period for the shareholders (only on the initial amount of the capital increase) of five consecutive trading days from March 1<sup>st</sup>, 2021 to March 5, 2021 (inclusive) at 5:00 pm (Paris time), granted to the shareholders registered as of February 26, 2021.

Within the priority subscription period, shareholders of the Company may subscribe on an irreducible basis, on the prorata of their participation in the Company's share capital, for the initial amount of the Offering (excluding the exercise of the increase option).

In practical terms, each shareholder may place a priority subscription order in Euro for a maximum amount equal to (i) Euro 50m multiplied by (ii) the number of shares of the Company held (and which have been blocked) by such shareholder as at February 26, 2021 divided by (iii) 13,022,484 (i.e. the number of outstanding shares as of today).

For illustration purposes, a shareholder holding 1,302 shares, i.e. 0.01% of the Company's outstanding share capital, may subscribe on an irreducible basis for a maximum amount equal to 0.01% of the initial amount of the

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Offering (excluding the exercise of the increase option), i.e. up to 5,000 euros, with the certainty of being served in full, whether the actual size of the Offering is 100%, 75%, or 115% of the initial amount.

### **International Private Placement and Public Offering**

The new shares not subscribed for within the priority period, as well as the new shares to be issued, if applicable, in the event of exercise in whole or in part of the increase option, will be subject to a Global Offering, comprised of:

- a Public Offering in France, primarily intended for individuals, open from March 1<sup>st</sup>, 2021 to March 5, 2021 (inclusive) at 5:00 pm (Paris time) for subscriptions made in person (*souscriptions aux guichets*) and at 8:00 pm (Paris time) for subscriptions made online (if this possibility is offered to them by their financial intermediary), and
- an International Private Placement intended for institutional investors open from March 1<sup>st</sup>, 2021 to March 8, 2021 (inclusive), at 12:00 pm (Paris time), comprised of:
  - an offering in the European Union (including France) intended for qualified investors; and
  - a placement in the United States.

Shareholders who wish to subscribe for more than the number of shares they can claim under the exercise of the priority period must place an order in the context of the Global Offering, it being specified that the existing shareholders do not benefit from any priority in such case.

Orders placed in the Public Offering and the International Private Placement will be subject to clawback depending on the results of the subscriptions on an irreducible basis during the priority period.

The subscription price of the new shares offered under the priority period and the Public Offering will be equal to the subscription price of the new shares offered under the International Private Placement (the "**Offering Price**"). The final number of shares to be issued as well as the final price of the Offering will be determined at the end of the International Private Placement, scheduled for March 8, 2021, it being specified that pursuant to the 12<sup>th</sup> resolution of the Shareholders' Meeting, the Offering Price will be at least equal to the volume weighted average price of the last five trading days preceding the day on which the price for the new shares will be fixed, with a maximum discount of 30%. The final number of shares to be issued as well as the final price of the Offering will be the subject of a subsequent press release.

#### Indicative timetable

03/01/2021	Launch of the priority period, the Public Offering and the International Private Placement
03/05/2021	Closing of the priority period and the Public Offering at 5pm (Paris time) for subscriptions at the counter and at 8pm (Paris time) for online subscriptions (if this is enabled by the financial intermediary)
03/08/2021	Closing of the International Private Placement at 12pm (Paris time)  Centralization  Determination of the final terms of the capital increase (including the exercise of the increase option, if applicable)  Company's press release announcing the results of the capital increase  Euronext notice on the results of the Offering
03/10/2021	Issuance and settlement and delivery if the new shares to be issued in the context of the Offering Admission to trading of such new shares on Euronext Growth Paris

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### Availability of the prospectus

CARMAT informs it has filed with the AMF its 2020 Universal Registration Document on February 24, 2021 under number D.21-0076 (the “URD”).

The URD is available free of charge on the Company’s website ([www.carmatsa.com](http://www.carmatsa.com)) and the AMF’s website ([www.amf-france.org](http://www.amf-france.org)).

The prospectus, which received the AMF approval n°21-047 on February 25, 2021 (the “Prospectus”), consists of (i) the URD, (ii) a *note d’opération* (the “**Note d’Opération**”) and (iii) a summary included in the *Note d’Opération*.

The Prospectus is available on the Company’s website ([www.carmatsa.com](http://www.carmatsa.com)) and the AMF’s website ([www.amf-france.org](http://www.amf-france.org)).

Investors are advised to carefully consider the risk factors described in section 2 of the URD, as well as in section 2 of the *Note d’Opération* before deciding whether to invest in the new shares. Should all or any part of these risk factors materialize, CARMAT’s businesses, financials, results, development or prospects may be negatively affected.

If the existing shareholders do not subscribe for shares within the priority period reserved for them, their percentage of participation in the capital and voting rights of the Company will be significantly reduced (and even more if the extension clause is exercised in whole or in part), without this dilution being able to be estimated at the date of the Prospectus, the price and the number of new shares being fixed at the end of the subscription period without being able to be determined on the date of the Prospectus. The priority period reserved for shareholders is neither negotiable nor transferable.

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### 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, Aeson®, composed of the implantable bioprosthesis and its portable external power supply system to which it is continuously connected, 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.

**The first physiologic heart replacement therapy:** given the use of highly biocompatible materials, its unique self-regulation system and its pulsatile nature, the CARMAT total artificial heart could, assuming a successful clinical development, potentially save the lives of thousands of patients each year with no risk of rejection and with an enhanced 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:** Matra Défense SAS (subsidiary of the Airbus Group), Professor Alain Carpentier, the Centre Chirurgical Marie Lannelongue, Truffle Capital, a leading European venture capital firm, ALIAD (Air Liquide’s venture capital investor), CorNovum (an investment holding company held 50-50 by Bpifrance and the French State), the family offices of Pierre Bastid (Lohas), of Dr. Antonino Ligresti (Santé Holdings S.R.L.), of the Gaspard family (Corely Belgium SPRL and Bratya SPRL) and of M. Pierre-Edouard Stérin (BAD 21 SPRL), Groupe Therabel as well as the thousands of institutional and individual shareholders who have placed their trust in CARMAT.

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

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*This press release and the information it contains are being distributed to and are only intended for persons who are (x) outside the United Kingdom or (y) in the United Kingdom who are qualified investors (as defined in the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) and are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) high net worth entities and other such persons falling within Article 49(2)(a) to (d) of the Order (“high net worth companies”, “unincorporated associations”, etc.) or (iii) other persons to whom an invitation or inducement to participate in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000) may otherwise lawfully be communicated or caused to be communicated (all such persons in (y)(i), (y)(ii) and (y)(iii) together being referred to as “**Relevant Persons**”). Any invitation, offer or agreement to subscribe, purchase or otherwise acquire securities to which this press release relates will only be engaged with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this press release or any of its contents.*

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*MIFID II Product Governance/Target Market: solely for the purposes of the requirements of Article 9.8 of the Delegated Directive (EU) 2017/593 relating to the product approval process, the target market assessment in respect of the shares of Carmat has led to the conclusion in relation to the type of clients criteria only that: (i) the type of clients to whom the shares are targeted is eligible counterparties and professional clients and retail clients, each as defined in Directive 2014/65/EU, as amended (“**MiFID II**”); and (ii) all channels for distribution of the shares of Carmat to eligible counterparties and professional clients and retail clients are appropriate. Any person subsequently offering, selling or recommending the shares of Carmat (a “**distributor**”) should take into consideration the type of clients assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the shares of Carmat and determining appropriate distribution channels.*

*UK MiFIR product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the shares of Carmat has led to the conclusion that: (i) the target market for the shares of Carmat is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the shares of Carmat are appropriate. Any person subsequently offering, selling or recommending the shares of Carmat (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the shares of Carmat (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.*

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*Aeson® is an active implantable medical device commercially available in Europe ONLY, CARMAT SA., CE0344. The Aeson® TAH is intended to replace ventricles of native heart and is indicated as a bridge to transplant in patients suffering from end-stage biventricular heart failure (INTERMACS classes 1-4) who are not amenable to maximal medical therapy or LVAD and are likely to undergo heart transplant in the 180 days following device implantation. The decision to implant and the surgical procedure must be executed by Health Care professionals trained by the manufacturer. Carefully read the documentation (clinician manual, patient manual & alarm booklet) for characteristics and information necessary for patient selection and good use (contraindications, precautions, side effects).*

*In the USA, Aeson® is currently exclusively available within the framework of clinical trials.*

*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. The Company's objectives as mentioned in this press release may not be achieved due to any of these risks and uncertainties. No guarantee can be given as to any of the events anticipated by the forward-looking statements, which are subject to inherent risks, including those described in its universal registration document filed with the AMF on February 24, 2021 under number D.21-0076, as well as changes in economic conditions, the financial markets or the markets in which Carmat operates.*