

On February 14, 2023, the French financial markets authority (Autorité des marchés financiers) invited companies issuing equity securities or securities giving access to capital on a staggered basis to adopt a standard communication and warning on the associated risks. This warning is shown below:

Disclaimer

CARMAT is launching an operation aimed at equitizing its debt to the European Investment Bank, which will notably involve staggered issues of shares in the Company to a trust, followed by their sale on the market.

As the trust does not intend to remain a shareholder of the Company, the CARMAT shares issued in its favor will be sold on the market very shortly after their issuance, which could create strong downward pressure on the share price.

Shareholders may suffer a loss of their invested capital due to a significant decrease in the value of the Company's shares, as well as significant dilution due to the large number of shares issued to the trust. Investors are advised to exercise caution before deciding to invest in CARMAT securities.

Investors are invited to take note of the risks associated with this transaction, as set out in the press release below.



PRESS RELEASE

CARMAT announces the start of the equitization of the first tranche of its EIB loan

- **Equitization of the first tranche of the EIB loan will reduce its repayment in cash and optimize the Company's cash position**
- **Set-up of a trust and issuance of share warrants to the trustee, enabling it to subscribe shares of the Company to be then sold on the market, the proceeds of which being allocated to the repayment of the tranche**

Paris, June 13, 2024 – 6:00 pm (CEST)

CARMAT (FR0010907956, ALCAR), designer and developer of the world's most advanced total artificial heart, aiming to provide a therapeutic alternative for people suffering from advanced biventricular heart failure (the "**Company**" or "**CARMAT**"), today announces the equitization of the first tranche of its loan contracted with the European Investment Bank (EIB) by the set-up of a trust and issuance of share warrants to the trustee.

This implementation is part of the final agreement reached on March 22, 2024 by CARMAT with its financial creditors¹, including the EIB, on new repayment terms for its bank loans. The terms of the equitization are in all respects similar to those described when the agreement was announced.

Stéphane Piat, CEO of CARMAT, comments: "*The equitization of the first tranche of the loan contracted with the EIB is part of the agreement we reached last March with all our financial creditors on the rescheduling of our bank loans and their new repayment terms.*"

¹ [Press release March 22, 2024](#)

The effective start of this equitization is an important step and very good news, since it will enable us to significantly reduce the cash repayment of our debt, thereby contributing to contain our funding requirements.

As our cash runway currently extends to mid-August 2024, we continue to work on several options to strengthen our equity and cash position over the coming months; and remain fully mobilized to pursue the commercial development of our therapy, which at this stage is very encouraging."

Main terms and conditions of the equitization of the first tranche of the loan

Under the terms of an agreement entered into on December 17, 2018, the Company contracted a €30m loan with the EIB (the "**EIB Loan Agreement**"), paid in 3 tranches of €10 million respectively on January 31, 2019 (the "**First Tranche**"), May 4, 2020 (the "**Second Tranche**") and October 29, 2021 (the "**Third Tranche**" and, together with the other tranches, the "**Tranches**").

Under an agreement signed on March 22, 2024, the EIB agreed to extend the maturity of the First Tranche to July 31, 2026, and that of the other two Tranches to August 2027 and October 2028 respectively.

In order to reduce the cash repayment due under the EIB Loan Agreement, the Company and the EIB have also decided to launch an equitization of the First Tranche² to enable its gradual conversion into CARMAT shares via a management trust set up for the purposes of this operation and managed by IQEQ Management as a trustee, independent from the Company and the EIB (the "**Trust**").

Today, EIB transferred its principal and interest receivable in respect of the First Tranche to the assets of the Trust. For technical reasons, this receivable was immediately assigned by the Trust to the Company so that the latter could proceed with its cancellation by confusion of the qualities of creditor and debtor. This assignment of the claim to the Company did not give rise to a cash payment but to the creation of a vendor loan (*crédit vendeur*) on the Company, to the benefit of the Trust (the "**Vendor Loan**").

The Trust will progressively transform the aforementioned receivable into CARMAT shares through the exercise of share subscription warrants (the "**Warrants**") which were issued to it, free of charge, and can only be exercised by offsetting this receivable³. The shares so issued upon each exercise will then be progressively sold on the market by the Trust in accordance with predefined conditions, notably taking into account market volumes⁴; and the net proceeds of such sales will be paid by the Trust to the EIB until full repayment of the sums due to it under the First Tranche.

Payments by the Trust to the EIB will be made every two months until the earlier of July 31, 2026, or the date on which all amounts due to the EIB under the First Tranche have been paid. The first payment is scheduled on July 31, 2024.

Should the net proceeds from the sale of the shares not enable the EIB to be repaid in full by July 31, 2026 (maturity date of the First Tranche), the Company will repay the balance due to the EIB under the said tranche, in cash from its own treasury, on that date⁵. A partial repayment in cash by the Company of the sums due to the EIB under the First Tranche is therefore possible.

A similar mechanism to that applicable to the First Tranche should then be put in place for the equitization of the second and third tranches of the loan, unless the EIB decides to waive it, which the market would be informed of.

² The equitization concerns both the principal and the interest of the First Tranche (i.e. a total amount of around €18 million), so that the Company will have nothing further to disburse under this tranche before its maturity (except in the event of default or early repayment, which remain unchanged), i.e. July 31, 2026. The total amount to be repaid to the EIB under the three Tranches (principal and interest) is approximately €47 million.

³ The exercise of the warrants will not give rise to the receipt of funds by the Company insofar as the exercise price of the warrants will be paid by offsetting against the receivable that the Trust holds against the Company under the Vendor Loan.

⁴ The broker in charge of disposals is aiming to sell a daily volume of shares limited to 12.5% of CARMAT's daily traded volumes, and for the sale price to be as close as possible to the day's VWAP.

⁵ In this context, the Company has granted the EIB an autonomous first demand guarantee in the event of non-repayment, on the date agreed in the EIB Loan Contract, of the sums due to it under the First Tranche.

Main terms and conditions of the issue and exercise of the warrants, and of the sale of the shares resulting from the exercise of the warrants

Pursuant to the Trust agreement signed for the purposes of the equitization and on the basis of the delegation of authority granted by the Company's Combined General Meeting of May 30, 2024 under its nineteenth resolution, the Company has today issued, free of charge and without shareholders' preemptive subscription rights, 6 million warrants to the benefit of the trustee acting on behalf of the Trust⁶.

Each Warrant will entitle the holder to subscribe one share in the Company at an exercise price equal to the lowest volume-weighted average daily price of the Company's shares, observed over the trading days during which the Trust has not sold any CARMAT shares, out of the last fifteen consecutive trading days immediately preceding their exercise date. The Warrants may be exercised for a period of 4 years from their issue date, it being specified that any warrant not exercised will automatically lapse once the receivables to be "equitized" have been repaid in full to the EIB. The warrants will not be admitted to trading on the Euronext Growth Paris market, nor on any other financial market.

As of this date, the trustee is in charge of:

- exercising the warrants in accordance with the terms and conditions set out in the trust agreement, and paying their exercise price by offsetting the claim that the Trust has against the Company under the Vendor Loan; then
- selling progressively on the market the new shares resulting from the exercise of the warrants, in accordance with predefined terms and conditions, notably in terms of price and volume⁷.

The new shares issued upon exercise of the warrants will carry dividend rights. They will benefit from the same rights as those attached to the Company's existing ordinary shares and will be listed on the Euronext Growth Paris market on the same listing line as existing CARMAT shares under ISIN code FR0010907956.

At the beginning of each month, the Company will publish on its website a table including a follow-up of the number of warrants along with the number of shares issued upon their exercise. The Company will also publish the number of voting rights and shares making up its share capital, in accordance with article 223-16 of the general regulations of the AMF (French financial market authority).

Equitization-related costs

Equitization costs are in line with market practice for capital increases by listed companies in France, it being specified that the trustee will not receive any variable remuneration.

Conflicts of interest

To the best of the Company's knowledge, the implementation of equitization does not create any conflicts of interest for its executives and corporate officers.

Prospectus

The equitization does not give rise to the preparation of a prospectus subject to the approval of the AMF. This press release does not constitute a prospectus under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, as amended, or a public offering.

⁶ It is specified that additional Warrants may be issued at a later date by the Company to the trustee, acting on behalf of the Trust, should the number of Warrants initially issued be insufficient to fully complete the equitization of the First Tranche.

⁷ The broker in charge of disposals is aiming to sell a daily volume of shares limited to 12.5% of CARMAT's daily traded volumes, and for the sale price to be as close as possible to the day's VWAP.

Risk factors

Risk factors associated with Equitization

The public's attention is drawn to the risk factors relating to the Company and its business, presented in chapter 2 of its universal registration document 2023 filed under number D.24-0374 with the AMF on April 30, 2024, available free of charge on the Company's website (www.carmatsa.com) and the AMF website (www.amf-france.org).

Readers' attention is especially drawn to the fact that the Company's current cash runway is limited to mid-August 2024. The occurrence of any or all of these risks could have an adverse effect on the Company's business, financial situation, results, development or prospects.

In addition, investors are invited to consider the specific risks associated with the equitization:

- risk of dilution of the Company's shareholders: the Company's shareholders will suffer dilution when the warrants are exercised (see paragraph "Dilution linked to equitization" below);
- risk relating to changes in the share price: as the trustee acting on behalf of the Trust is not intended to remain a shareholder of the Company, sales of shares issued on exercise of the Warrants could create strong downward pressure on CARMAT's share price, and shareholders could thus suffer a loss of their invested capital due to a significant fall in the value of the Company's shares;
- risk of volatility and liquidity of the Company's shares: the sale on the market of shares issued on exercise of the Warrants is likely to have a significant impact on the volatility and liquidity of the Company's shares; and
- risk of the EIB not being fully repaid through the equitization of the First Tranche of the loan: the Company may be required to repay part of the First Tranche in cash if, by July 31, 2026, the net proceeds from the sale of shares have not enabled the EIB to be fully repaid in respect of the said Tranche.

Dilution related to the equitization

For illustrative purposes only, assuming (i) that the Warrants are exercised at an exercise price equal to the lowest volume-weighted average daily price of the Company's shares over the fifteen trading days preceding May 31, 2024 (i.e. €3.00) and (ii) the underlying shares sold at the closing price of the Company's shares on the day before the same date, 5.6 million warrants would have to be exercised in order to repay in full the sums due to the EIB under the First Tranche (i.e. around €18 million); on this assumption, a shareholder holding 1% of the Company's share capital before equitization of the First Tranche, would see his stake reduced to 0.86% of the share capital after equitization of this tranche.

On the basis of the same assumptions, 14.9 million Warrants would have to be exercised to repay in full the sums due to the EIB under the three tranches of the loan (i.e. around €47 million); under this assumption, a shareholder holding 1% of the Company's share capital before equitization of the three tranches would see his stake reduced to 0.74% of the share capital after equitization of the said tranches.

This example of dilution in no way prejudices the final number of shares to be issued, nor their issue or sale price, which will be determined on the basis of the stock market price prevailing at the time of exercise of the Warrants and sale of the underlying shares, as described in this press release.

About CARMAT

CARMAT is a French MedTech that designs, manufactures and markets the Aeson® artificial heart. The Company's ambition is to make Aeson® the first alternative to a heart transplant, and thus provide a therapeutic solution to people suffering from end-stage biventricular heart failure, who are facing a well-known shortfall in available human grafts. The world's first physiological artificial heart that is highly hemocompatible, pulsatile and self-regulated, Aeson® could

save, every year, the lives of thousands of patients waiting for a heart transplant. The device offers patients quality of life and mobility thanks to its ergonomic and portable external power supply system that is continuously connected to the implanted prosthesis. Aeson® is commercially available as a bridge to transplant in the European Union and other countries that recognize CE marking. Aeson® is also currently being assessed within the framework of an Early Feasibility Study (EFS) in the United States. Founded in 2008, CARMAT is based in the Paris region, with its head offices located in Vélizy-Villacoublay and its production site in Bois-d'Arcy. The Company can rely on the talent and expertise of a multidisciplinary team of circa 200 highly specialized people. CARMAT is listed on the Euronext Growth market in Paris (Ticker: ALCAR / ISIN code: FR0010907956).

For more information, please go to www.carmatsa.com and follow us on [LinkedIn](https://www.linkedin.com/company/carmat).

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Disclaimer

This press release and the information contained herein do not constitute an offer to sell or subscribe, nor a solicitation of an order to buy or subscribe to CARMAT shares in any country. This press release may contain forward-looking statements by the company regarding its objectives and prospects. These forward-looking statements are based on the current estimates and anticipations of the company's management and are subject to risk factors and uncertainties such as the company's ability to implement its strategy, the pace of development of CARMAT's production and sales, the pace and results of ongoing or planned clinical trials, technological evolution and competitive environment, regulatory changes, industrial risks, and all risks associated with the company's growth management. The company's objectives mentioned in this press release may not be achieved due to these elements or other risk factors and uncertainties.

The Company's material and specific risks are those described in its universal registration document filed with the Autorité des Marchés Financiers (AMF) under number D.24-0374. Readers' attention is particularly drawn to the fact that the Company's current cash runway is limited to mid-August 2024. Readers' and investors' attention is also drawn to the fact that other risks, unknown or not considered material and specific, may or may not exist.

Aeson® is an active implantable medical device commercially available in the European Union and other countries recognizing CE marking. The Aeson® total artificial heart is intended to replace the ventricles of the native heart and is indicated as a bridge to transplant for patients suffering from end-stage biventricular heart failure (INTERMACS classes 1-4) who cannot benefit from maximal medical therapy or a left ventricular assist device (LVAD) and who are likely to undergo a heart transplant within 180 days of implantation. The decision to implant and the surgical procedure must be carried out by healthcare professionals trained by the manufacturer. The documentation (clinician manual, patient manual, and alarm booklet) should be carefully read to understand the features of Aeson® and the information necessary for patient selection and proper use (contraindications, precautions, side effects). In the United States, Aeson® is currently exclusively available as part of an Early Feasibility Study approved by the Food & Drug Administration (FDA).