*On February 14, 2023, the French Financial Market Authority (*Autorité des Marchés Financiers – *AMF) invited companies that issue equity securities or securities giving access to capital over a period of time to adopt a standard communication and warning on the associated risks. This warning is shown below:*

Disclaimer

CARMAT has reached an agreement in principle with the EIB (European Investment Bank) notably aimed at 'equitizing' its debt contracted from this bank. If implemented, this would notably involve staggered issues of shares of the Company, to a trust, followed by their sale on the market.

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

Shareholders could thus 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 urged to be extremely cautious before deciding to invest in CARMAT securities.

Investors are invited to take note of the risks associated with this planned equitization operation, as set out below.

Risk factors associated with the envisaged Equitization

The public's attention is drawn to the risk factors associated with the Company and its activity, as described (i) in Chapter 2 of its 2022 Universal Registration Document filed with the AMF (French Financial Market Authority) on April 21, 2023, which is available free of charge on the Company's website (www.carmatsa.com) and the AMF website (www.amf-france.org) and (ii) in paragraph 2.4 of the Interim Financial Report for the six months to June 30, 2023 published on the Company's website on September 25, 2023. Readers' attention is especially drawn to (i) the fact that the Company's current cash runway only extends to end-January 2024, (ii) the risk of failing to finalize a final agreement with the EIB, notably due to one of the Conditions Precedent not being met. The occurrence of all or some of these risks could have a negative impact on the Company's activity, financial situation, results, development or outlook.

Additionally, investors are invited to take into consideration the following specific risk factors associated with the envisaged Equitization:

- risk of dilution for the Company's shareholders: shareholders would suffer dilution when the Warrants are exercised;

- risk regarding the share price: as the trustee acting on behalf of the Trust would not be intending to remain a shareholder in the Company, the divestments of shares issued upon exercise of the Warrants could result in significant downward pressure on CARMAT's share price, and shareholders could thus experience a loss of their invested capital due to a significant reduction in the value of the Company's shares;

- risk regarding the volatility and liquidity of the Company's shares: the divestment, on the market, of shares issued upon exercise of the Warrants would be liable to have significant consequences on the volatility and liquidity of its shares; and

- risk should the EIB not be fully repaid via the Equitization operation: the Company could have to repay part of the various tranches of the loan in cash if, by the new due dates of each of these tranches, the net proceeds of the share divestments had not enabled the EIB to be fully repaid with respect to each of these tranches.

PRESS RELEASE

CARMAT announces a conditional agreement in principle with the EIB on new loan repayment terms, as part of the management of its short-term financing challenge

- **The implementation of this agreement would lead to a significant extension of the maturity date of each of three tranches of the loan**
  - Extension of the maturity date of the first tranche of the loan (for an amount, in principal and interest, of approximately €15 million) to July 31, 2026
  - Extension of the maturity date of the two other tranches to August 2027 and October 2028, respectively

- **An equitization of the loan would reduce repayments in cash and therefore optimize the Company's cash**
  - Equitization of the first tranche of the loan via the set-up of a trust (*fiducie-gestion*): issuance of warrants to the trustee thus enabling it to subscribe to Company's shares, which would then be sold on the market, with the net proceeds being used to repay this tranche[1]
  - Similar equitization of the second and third tranches, unless the EIB decides not to do it

- **The signing of the final contract relating to this agreement in principle could take place by the end of the first quarter of 2024**

Paris, January 12, 2024 – 7:00 am (CET)

CARMAT (FR0010907956, ALCAR, eligible for PEA-PME equity saving plans), 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 that it has reached an agreement in principle with the European Investment Bank (EIB) on the terms of repayment of the loan entered into with the latter in December 2018, to extend its repayment schedule and limit the cash flows associated with its repayment.

This agreement in principle covers all three tranches of the loan and, should it be implemented, would allow CARMAT, to avoid having to repay this loan before July 31, 2026[2]. As a reminder, the first tranche of the loan (total amount of c. €15 million[3] in principal and interest) was initially due to be repaid on January 31, 2024, and the second and third tranches in 2025 and 2026, respectively.

[1] In the event that the net proceeds from the sale of shares would not enable the EIB to be fully repaid on the new maturity date of the first tranche, the Company would repay the balance in cash on that date.
[2] Except in the event of default or early repayment, where the dates remain unchanged.
[3] Principal of €10m and interests of around €5m

This agreement in principle is not binding, its implementation requiring the negotiation and execution of a final agreement by the parties. This execution is subject to final approval by the EIB, and to reaching a rescheduling agreement regarding the State-Guaranteed Loans entered into by the Company with BNP Paribas and Bpifrance, for a total of €10 million in principal **(the "Conditions Precedent").** The Company hopes to transform this agreement in principle into a final agreement by the end of the first quarter of 2024, it being specified that – in order to facilitate these discussions – the Company has been granted a standstill regarding the principal of these loans by the EIB, BNP Paribas and Bpifrance until February 22, 2024.

Given this agreement and its cash position, the Company can finance its activities, according to its current business plan, until the end of January 2024.

As a reminder, in this respect the Company estimates its financing needs to approximately €50 million until the end of 2024[4]. The Company is therefore continuing to work very actively on other initiatives to, in the very short term, strengthen its capital and alleviate its cash constraints, and thus be in a position to continue its activities beyond the end of January 2024.

Stéphane Piat, Chief Executive Officer of CARMAT, comments: "*This agreement in principle with the EIB on new repayment terms for the loan is a positive signal for the Company.*

Subject to the fulfilment of the conditions precedent, this agreement will enable us to avoid any repayment under this loan, at least until July 31, 2026, and to dedicate our financial resources to our growth over the next few years. I would like to thank the EIB for its commitment by our side, which it has renewed today.

The Company's management and teams are more determined than ever to continue moving forward to make Aeson® the reference therapy for advanced biventricular heart failure, to enable CARMAT to become the leader in this segment, and to offer a solution to the very large number of patients who are currently at a therapeutic impasse".

AGREEMENT IN PRINCIPLE WITH THE EIB ON NEW TERMS FOR THE REPAYMENT OF ITS LOAN

The envisaged new terms for the loan repayment

Under the terms of a contract entered into on December 17, 2018, the Company took out a loan with the EIB for €30 million paid in 3 tranches of €10 million on January 31, 2019 (the "**first tranche**"), May 4, 2020 (the "**second tranche**") and October 29, 2021 (the "**third tranche**" and, with the other tranches, the "**tranches**"), each Tranche (principal plus accrued interest) to be repaid 5 years after the Company received it[5].

Under the terms of an agreement in principle reached with the EIB, and subject to the lifting of the aforementioned Conditions Precedent, the maturity of the various tranches of the loan entered into with the EIB would be extended as follows:

- Tranche 1: maturity extended from January 31, 2024, to July 31, 2026
- Tranche 2: maturity extended from May 4, 2025, to August 4, 2027
- Tranche 3: maturity extended from October 29, 2026, to October 29, 2028

The amounts borrowed would continue to bear interest until their new maturity dates at fixed rates indicated in the initial contract. Moreover, the initial royalty agreement associated with this loan would be modified to begin with respect to 2024 sales and for a duration of 15 years (versus a duration of 13 years in the initial contract).

The other terms and conditions of the loan would remain, in substance, unchanged (this would notably be the case regarding the events of default or regarding early repayment clauses). The loan would remain unsecured.

[4] To this amount, would have to be added €15m for the first tranche of the EIB loan if the agreement in principle was not implemented, notably due to the non-fulfillment of a condition precedent.
[5] See the Company's 2022 Universal Document (Section 3.1.7) for further details on the characteristics of this loan.

Given this agreement, the amounts (principal and interest) payable at maturity date regarding each of the tranches would be approximately €18 million at the end of July 2026 for the first tranche, €17 million in early August 2027 for the second tranche and €13 million at the end of October 2028 for the third tranche (namely an aggregate of €48m, including principal and interests, to be reimbursed).

However, in order to reduce the cash payments due with respect to the EIB loan, an equitization operation would be launched with the EIB[6] to enable the loan to be gradually transformed into CARMAT shares in accordance with the terms detailed below in the paragraph entitled "Terms of the equitization of the EIB loan". It is specified that if, on the new maturity date for each tranche, this equitization did not enable the EIB to be repaid in full (principal plus interest) for that tranche, the balance would be repaid by CARMAT to the EIB on that date from its own cash resources.

Based on the number of CARMAT shares traded on Euronext Growth in 2023, the expected duration of the equitization of the first tranche (i.e. 27 months) and assuming a CARMAT share price of €6.70[7], the Company anticipates that the entirety of this tranche would be equitized by July 31, 2026, and thus that the amount it would need to pay the EIB in cash to reimburse this tranche in full would be nil[8]. Regarding the second and the third tranche, the maturity dates being further away and the equitization periods being potentially shorter (around 12 and 15 months, respectively), the degree of certainty regarding the portion of each tranche that could be equitized is lower. However, the Company thinks that it is reasonable to estimate – based on the same assumptions – that the second and third tranches of the loan could be equitized for up to €10 and 13 million respectively, so that the Company would only have to pay in cash approximately €7 million[9] with respect to the second tranche in August 2027 and less than €1 million with respect to the third tranche in October 2028. It should however be noted, that the EIB could unilaterally decide in due time not to proceed with the equitization of the second and/or third tranches: in such a case, the Company would have to repay in cash to the EIB the total amount of each tranche (i.e. around €18 million for the second tranche and €13 million for the third tranche), at the new maturity date of each of these tranches.

Envisaged terms of the equitization of the loan

According to the agreement in principle reached between the Company and the EIB's teams, an equitization operation of the first tranche of the loan[10] would be launched to enable the loan to be gradually transformed into CARMAT shares under the terms described below via a trust (*fiducie-gestion*) created for the requirements of this operation and managed by a trustee independent of either the Company or the EIB (the "trust"). This equitization would successively cover the three tranches of the loan, but the EIB could unilaterally decide in due time not to proceed with the equitization of the second and/or third tranches, of which the market would be informed.

The EIB would transfer its receivable (principal plus interests) with respect to the first tranche of the loan to the Trust[11]. For technical reasons, this receivable would immediately be assigned by the Trust to the Company to enable the latter to extinguish it by confusion of the qualities of creditor and debtor. This assignment of the receivable to the Company would not be the subject of a payment in cash, but would give rise to the creation of a vendor loan (*crédit-vendeur*) on the Company to the benefit of the trustee, acting on behalf of the trust (the "vendor loan").

The trustee, acting on behalf of the trust, would gradually transform the above receivable into CARMAT shares by exercising the warrants (the "Warrants") issued to it by the Company for free, which could

[6] The equitization would cover both the loan's principal and interests, so that the Company – once the equitization is launched for a tranche – would not have to pay anything with respect to that tranche before its new maturity date (except in the event of default or early repayment, for which the dates remain unchanged).
[7] Corresponding to CARMAT's share price on December 31, 2023.
[8] Readers' attention is drawn to the fact that this figure could vary significantly, notably depending on changes in CARMAT's share price and the number of CARMAT shares traded on the market.
[9] Readers' attention is drawn to the fact that this figure could vary significantly, notably depending on changes in CARMAT's share price and the number of CARMAT shares traded on the market.
[10] The equitization would concern both the loan's principal and its interest, so that the Company – once the equitization is launched for one tranche – would not have to pay anything with respect to that tranche before its new maturity date (except in the event of default or early repayment, for which the dates remain unchanged).
[11] It is envisaged that this transfer would take place at the time of, or soon after, the contractualization of the agreement between the EIB and CARMAT.

only be exercised via the offsetting of the receivable[12]. The shares thus issued for each exercise would then be gradually divested on the market taking into consideration market volumes[13]; and the net proceeds of their divestment would then be paid by the trust to the EIB until the sums due to it with respect to the first tranche had been fully repaid.

Should the net proceeds of these share divestments not enable the EIB to be fully repaid with respect to this tranche by July 31, 2026 (the new maturity date for the first tranche), the Company would repay the balance due from its cash resources on that date[14]. A partial repayment of the sum due to the EIB by the Company with respect to the first tranche would therefore be possible.

A mechanism identical to that used for the first tranche would then be put in place for equitizing the second and third tranches of the loan, unless the EIB decided to waive it, which the market would be informed of.

Envisaged terms of the issue and exercise of the Warrants and divestment of the underlying CARMAT shares

The Company would, on the day of the implementation of the equitization, issue, for free and with shareholders' preferential subscription rights waived, a certain number of warrants to the trustee, acting on behalf of the Trust[15].

Each Warrant would give the holder the right to subscribe to one Company share at an exercise price at least equal to the lowest volume-weighted average daily share price over the trading sessions during which the Trust would not have sold its Company shares among the last fifteen consecutive trading sessions immediately preceding their exercise date. Any warrants not exercised would become null and void once the receivables to be equitized were fully repaid to the EIB. The Warrants would not be admitted to trading on the Euronext Growth market in Paris, nor on any other financial market.

In substance, the trustee acting on behalf of the Trust would be responsible for:

- exercising the Warrants in strict accordance with the terms laid out in the Trust agreement and paying their exercise price by set-off against the receivable the trustee, acting on behalf of the Trust, holds against the Company with respect to the Vendor Loan; then
- progressively divesting, on the market, the new shares resulting from the exercise of the Warrants, mainly taking into consideration market volumes. The objective of the broker appointed to do this would be to divest a daily volume of shares limited to 12.5%[16] of the daily volume of CARMAT shares traded.

The new shares issued through the exercise of the Warrants would carry dividend rights. They would benefit from the same rights as those attached to the Company's existing ordinary shares and would be admitted to trading on the Euronext Growth market in Paris on the same listing line as existing CARMAT shares under ISIN code FR0010907956.

The trustee would pay the EIB every two months – until each tranche's new maturity date (i.e. July 31, 2026 for the first tranche, for example) or, should this date come first, until the date on which all the

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[12] Please note that the exercise of the warrants would not result in any funds being received by the Company as the exercise price of the warrants would be settled by offsetting the receivable that the trustee, acting on behalf of the trust, has on the Company with respect to the Vendor-Loan.

[13] The broker who would be appointed for this purpose would, in particular, aim to sell a daily volume of sales that the Company estimates would be limited to 12.5% of the daily volume of CARMAT shares traded. The broker would be asked to execute orders according to the best execution policy ("careful order"), with the aim of getting as close as possible to the VWAP of the day.

[14] Within this framework, the Company would grant, to the benefit of the EIB, an autonomous first-call guarantee should it not have repaid, by the date specified in the EIB Loan contract, the sums due with respect to the First Tranche. Conversely, it should be noted that the exercise of the warrants and sale of the underlying shares would be interrupted should all the sums due with respect to the First Tranche have been repaid to the EIB.

[15] Regarding the first tranche of the EIB loan, this issue would be based on the delegation of powers granted by the Shareholders' Meeting of January 5, 2024, under the terms of its eleventh resolution. It is specified that additional warrants could be issued by the Company for the Trustee, acting on behalf of the Trust, at a later date should the initial number of warrants issued not be sufficient to fully implement the Equitization.

[16] The percentage is not defined in the agreement in principle between the EIB and CARMAT; it will be the subject of a discussion as part of the contractualization of this agreement but – base on its discussions with the EIB – the Company does not expect this figure to exceed 12.5%.

sums due to the EIB with respect to the First Tranche were paid – the net proceeds of the divestment on the market of the Company shares issued upon exercise of the Warrants.

Dilution associated with the envisaged Equitization

Purely for indicative purposes, assuming (i) the warrants were exercised on the basis of an exercise price equal to the lowest average volume-weighted Company share price observed over the last fifteen trading sessions prior to December 31, 2023 (i.e. 5.77 euros), and (ii) that the underlying shares are sold at the closing price of the Company's shares on the day before that date, 2.7 million warrants would have to be exercised in order to repay in full the sums owed to the EIB under the first tranche (namely €18m), resulting in dilution of 11% for shareholders (and 7.2 million warrants would have to be exercised (i.e. dilution of 29%) in order to repay in full the sums owed to the EIB under the three tranches, namely €48m). For information purposes only, assuming (i) that the BSAs are exercised on the basis of a theoretical exercise price equal to half of the aforementioned exercise price (i.e. 2.89 euros) and (ii) that the underlying shares are sold at the closing price of the Company's shares on the day before that same date, 5,4 million warrants would have to be exercised in order to repay in full the sums owed to the EIB under the first tranche (namely €18m), resulting in dilution of 22% for shareholders (and 14.4 million warrants would have to be exercised (i.e. dilution of 58%) in order to repay in full the sums owed to the EIB under the three tranches, namely €48m). This dilution example does not in any way prejudge the final number of shares to be issued, nor their exercise or divestment price, which would be set depending on the prevailing share price at the time of the exercising of the Warrants and the divestment of the underlying shares.

Costs associated with the envisaged Equitization

The Company expects the costs associated with the Equitization operation to be in line with market practice for capital increases by listed companies in France, it being specified that the Trustee would not receive any variable remuneration.

Conflicts of interest

The implementation of the Equitization would not create, to the best of the Company's knowledge, any conflicts of interest for its executives and corporate officers.

Prospectus

The Equitization would not be subject to a prospectus requiring an approval from the French Financial Market Authority (AMF).

This press release does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, as amended, nor an offer to the public.

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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 may contain forward-looking statements that relate to the Company's objectives and prospects. Such forward-looking statements are based solely on the current expectations and assumptions of the Company's management and involve risk and uncertainties including, without limitation, the Company's ability to successfully implement its strategy, the rate of development of CARMAT's production and sales, the pace and results of ongoing and future clinical trials, new products or technological developments introduced by competitors, changes in regulations and risks associated with growth management. The Company's objectives as mentioned in this press release may not be achieved for any of these reasons or due to other risks and uncertainties.

*The significant and specific risks pertaining to the Company are those described in the Universal Registration Document ("*Document d'Enregistrement Universel") *filed with the* Autorité des Marchés Financiers *(AMF, the French stock market authorities) under number D. 23-0323. Readers' attention is drawn in particular to the financing risk of the Company, whose cash runway currently extends until end-January 2024. Readers and investors' attention is also drawn to the fact that other risks, unknown or not deemed to be significant or specific, may or could exist.*

Aeson® is an active implantable medical device commercially available in the European Union and other countries that recognize 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 in patients suffering from end-stage biventricular heart failure (INTERMACS classes 1-4) who are not amenable to maximal medical therapy or a left ventricular assist device (LVAD) and are likely to undergo a heart transplant within 180 days of the device being implanted. 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 read carefully to understand the characteristics of Aeson® and information necessary for patient selection and the proper use of Aeson® (contraindications, precautions, side effects). In the United States, Aeson® is currently exclusively available within the framework of an Early Feasibility Study authorized by the Food & Drug Administration (FDA).