PRESS RELEASE

CARMAT announces a final agreement with all its financial creditors on new repayment terms for its bank loans

- **Final maturity of all bank loans extended by at least 2 years**
- **Equitization of the loan contracted with the EIB to reduce its repayment in cash and optimize the Company's cash position**

Paris, March 22, 2024 – 5:45 pm (CET)

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 a final agreement with all its financial creditors on new loan repayment terms.

This agreement follows the conditional agreements[1,2] in principle announced on January 12 and February 22. It covers all of the Company's bank loans, including the €30 million loan from the European Investment Bank ("EIB")[3] and the two State Guaranteed Loans ("PGE"), of a principal amount of €5 million each, from BNP Paribas ("BNPP") and Bpifrance ("BPI")[4].

Given this agreement and its cash position, the Company can, according to its current business plan, fund its activities until mid-May 2024, and estimates its financing needs over the next 12 months at approximately €35m.

The Company carries on working very actively on other initiatives to strengthen its equity and alleviate its cash constraints in the short term, in order to be able to continue its activities beyond mid-May 2024.

Stéphane Piat, CEO of CARMAT, comments: *"This agreement with the EIB, BNP Paribas and Bpifrance on new loan repayment terms is very good news for the Company.*

Its implementation enables us to extend the maturity of all our financial debts by at least two years, and thus reduce our loan repayments by more than €30 million over the period 2024-2025. During this period, we will therefore be able to allocate our financial resources primarily to support our growth, while also significantly reducing the Company's financing requirements.

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[1] Press release dated January 12, 2024, on the conditional agreement in principle with the EIB.
[2] Press release dated February 22, 2024, providing an update on the renegotiation of loan repayment terms with financial creditors.
[3] Under the terms of an agreement entered into on December 17, 2018, the Company has contracted a loan from the EIB for an amount of 30 million euros paid in 3 tranches of 10 million euros each, 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"), with each tranche initially to be repaid, in principal and interest, 5 years after its payment to the Company.
[4] Two PGEs contracted in the fourth quarter of 2020, with BNP Paribas and Bpifrance respectively, for a principal amount of €5 million each, repayable from the fourth quarter of 2022 to the fourth quarter of 2026.

I would like to thank our banking partners for their commitment to our project. Their support is a mark of confidence in the robustness of our project, and enables us to focus on our primary objective, which is to develop our sales and make Aeson® the reference therapy for advanced biventricular heart failure."

FINAL AGREEMENT WITH BNPP AND BPI ON NEW REPAYMENT TERMS OF THE PGE

The banks have granted CARMAT an additional 24-month grace period with subsequent postponement of final loan maturity:

- PGE with BNPP: maturity extended from October 27, 2026, to October 27, 2028;
- PGE with BPI: maturity extended from November 30, 2026, to November 30, 2028.

After the grace period, the PGE contracted from BPI will be repaid on a monthly basis, while the PGE contracted from BNPP will give rise to one initial half-yearly payment, followed by monthly payments[5].

The amounts borrowed will continue to bear interest at fixed rates adjusted versus those of the initial contracts, in order to reflect the evolution of the banks' refinancing rate[6]. The other terms and conditions of the loans will remain, in substance, unchanged; the credits will particularly remain unsecured and guaranteed at 90% by the French State.

FINAL AGREEMENT WITH THE EIB ON NEW LOAN REPAYMENT TERMS AND ON ITS EQUITIZATION

The new repayment terms of the EIB loan, as well as those of the planned equitization, are in all respects similar to those described in the conditional agreement in principle reached with the EIB in January 2024, which had been the subject of a detailed press release by the Company on January 12, 2024. Readers are invited to refer to said press release for more details on these terms.

Main new repayment terms of the loan

- 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 will continue to bear interest until their new maturity dates at fixed rates specified in the initial contract. Moreover, the initial royalty agreement associated with this loan is 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 remain, in substance, unchanged (this is notably the case regarding the events of default and early repayment clauses). The loan will remain unsecured.

Main terms of the equitization of the loan

An equitization operation of the first tranche of the loan[7] will be launched to allow its gradual transformation into CARMAT shares via a trust (*fiducie-gestion*) created for the requirements of this operation and managed by a trustee independent of the Company and EIB (the "Trust"). This equitization will 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.

[5] Repayments will resume in May 2025 for the PGE with BNPP and in December 2024 for the PGE with Bpifrance.
[6] As of the date of this press release, the new interest rate applicable to the PGEs is estimated to be in the range of 4 to 4.5%.
[7] The equitization will cover both the principal and the interest of the loan, so that the Company will not have to disburse anything for that tranche once equitization is initiated, up to its new term (except in cases of default or early repayment, which remain unchanged).

On the day of the implementation of the equitization[8], the Company will proceed with the issuance, free of charge and with the suppression of the preferential subscription right of the shareholders, of a certain number of warrants in favour of the trustee, acting on behalf of the Trust[9].

Each warrant will allow the subscription of one share of the Company. The Trustee will progressively exercise these warrants. The shares so issued from each exercise will then be gradually sold by the Trust on the market[10], and the net proceeds from the sale will be transferred by the Trust to the EIB until the complete repayment of the sums due to the bank for the first tranche of the loan.

Should the net proceeds from the sale of the shares not have allowed the total repayment of this tranche to the EIB by July 31, 2026 (the new maturity date of the first tranche), the Company would then repay the balance due to the EIB for this tranche, in cash from its own cash resources, on that date[11]. A partial cash repayment by the Company of the sums due to the EIB for the first tranche is therefore 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 not to do so, of which the market would be informed.

Investors are invited to consider the specific risks related to the planned equitization, detailed in the appendix to this press release.

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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.

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[8] Given the time required to set up the equitization, the Company anticipates that it should begin during the second quarter of 2024.
[9] Regarding the first tranche of the EIB loan, this issuance would be based on the delegation granted by the Assembly on January 5, 2024, under its eleventh resolution. It is specified that additional warrants may later be issued by the Company to the trustee, acting on behalf of the Trust, if the number warrants initially issued is insufficient to fully complete the Equitization.
[10] The conditions for exercising the warrants and selling the shares, particularly in terms of price and volumes, will be defined in the trust agreement.
[11] In view of this, the Company will grant an autonomous first-demand guarantee to the EIB, in case of non-repayment on the date agreed in the EIB Loan Agreement, of the sums due for the First Tranche. Conversely, it should be noted that the exercise of the warrants and the sale of the underlying shares will be halted should all the sums due for the First Tranche have been repaid to the EIB.

Name: **CARMAT**
ISIN code: **FR0010907956**
Ticker: **ALCAR**

Appendix

Risk factors associated with the planned 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, and (ii) in its amendment filed with the AMF on January 17, 2024 under number D.23-0323-A1. Both documents are 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 only extends to mid-May 2024. 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.

Moreover, 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 will suffer dilution when the Warrants are exercised;
- risk regarding the share price: as the trustee acting on behalf of the Trust will 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 could 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.

Dilution Related to the Planned Equitization

For illustrative purposes only, assuming (i) the warrants are exercised at a price equal to the lowest weighted average daily trading price of the Company's share observed over the fifteen trading days preceding January 31, 2024 (i.e., €4.06) and (ii) the underlying shares are sold at the closing price of the Company's share on the eve of that same date, 4.4 million warrants would need to be exercised to fully repay the sums due to the EIB for the first tranche (i.e., €18 million). Under this scenario, a shareholder holding 1% of the Company's capital before the equitization of the first tranche would see their stake reduced to 0.87% of the capital after the equitization of this tranche.
Based on the same assumptions, 11.6 million warrants would have to be exercised to fully repay the sums due to the EIB for the three tranches of the loan (i.e., €47 million); under this scenario, a shareholder holding 1% of the Company's capital before the equitization of the three tranches would see their stake reduced to 0.71% of the capital after the equitization of said tranches.

This example of dilution does not prejudge the final number of shares to be issued, nor their issuing price or sale price, which will be determined based on the prevailing market price at the time of the warrants' exercise and the sale of the underlying shares.