

PRESS RELEASE



Affluent Medical announces the launch of a capital increase of around €13 million with preferential subscription rights maintained by shareholders

- **Public offering through ABSAR: New shares with redeemable share warrants (BSARs)**
- **Subscription price: 1.35 euro per ABSAR**
- **Subscription exchange rate: 13 ABSAR for 28 existing shares**
- **Trading period for preferential subscription rights: from February 10 to 23, 2023 (inclusive)**
- **Subscription period: from February 14 to 27, 2023 (inclusive)**
- **Subscription commitments for €11,845m, i.e. 91,07% of the transaction**

Aix-en-Provence, February 9, 2023 - 7:30 am - Affluent Medical (the "Company" - ISIN code: FR0013333077 – ticker: AFME), a French medtech specializing in the international development and industrialization of innovative medical prostheses, at a clinical stage, to treat urinary incontinence and mitral valve disease, announces today the launch of a capital increase with preferential shareholder subscription rights ("PSR") for a gross amount of approximately €13.0 million through the issue of Redeemable Share Subscription Warrants ("ABSARs"), likely to be increased to approximately €14.3 million in the event of full exercise of the extension clause (the "**Capital Increase**").

Sébastien Ladet, Chief Executive Officer of Affluent Medical, said: "Affluent Medical enters 2023 with a clear roadmap and strong ambitions. We are on track, backed by a strong and experienced management team, to take the next clinical steps to bring our three innovative medical devices to market. This capital increase is an essential milestone in accelerating the progress of current studies and targeting CE mark for Artus and Kalios™ by the end of 2024, followed by their commercial launch in 2025. Every day, millions of patients around the world suffer from mitral insufficiency and urinary incontinence, severe and disabling conditions, without truly effective and lasting treatment to date. Our primary objective remains to be able to offer these millions of patients a long-term therapeutic solution to restore a quality of life significantly affected by these diseases."

The proceeds of the Capital Increase are intended to provide the Company with some of the resources necessary to continue financing its requirements over the 12 months following the approval of the Prospectus relating to the ABSAR issue. However, the Company will continue to face the critical challenge of its 12 months financing, the maximum residual uncovered need is estimated at 5.0 million euros.

The net proceeds will be used to finance the clinical development of Affluent Medical's various medical devices and will be used to:

- finalize the recruitment of patients in the Optimise II clinical study and the preparation of the industrialization of the Kalios™ medical device for mitral valve repair;
- finalize the validations of the Artus medical device for the treatment of moderate to severe urinary incontinence and the start of the Dry pilot study;
- start the recruitment of patients for the Minerva pilot study of the Epygon medical device for mitral valve replacement by transcatheter and the development of associated accessories;



- repay the Group's financial debts (Bpifrance innovation loan, Bpifrance repayable advances for the Minerva project and various state-guaranteed loans).

In the event that the Capital Increase is only subscribed for 91,07% (i.e. estimated net income of €11.845 million), the funds raised would be allocated mainly to the finalization of the Kalios™ clinical study, the start-up of the Epygon and Artus pilot studies, and the repayment of the Group's financial debts. The development of accessories for Epygon and the industrialization of medical devices Epygon and Artus would be postponed.

Main terms and conditions of the Capital Increase

The purpose of this public offering is to issue new shares, each with one (1) redeemable share subscription warrant (the "BSARs" and, together with the new shares, the "ABSARs"), to be subscribed in cash, as part of a capital increase with preferential subscription rights maintained by shareholders, a gross amount of €13.0 million per issue of 9,634,022 BSARs, likely to be increased to a maximum of €14.3 million per issue of 10,597,424 ABSARs in the event of full exercise of the extension clause, at the unit price of €1.35 per ABSAR at the rate of 13 ABSAR for 28 existing shares.

BSARs may be exercised at any time until December 31, 2025 (inclusive). 8 BSARs shall give the right to subscribe for one (1) new share (the "Exercise Parity"), subject to payment of an exercise price of:

- €1.50 between March 6, 2023 and December 5, 2023; then
- €1.95 between December 6, 2023 and December 31, 2025.

In addition, the Company may, at its sole discretion, carry out, at any time, from the issue of the BSAR until the end of their exercise period on December 31, 2025, the early redemption of all of the BSARs remaining in circulation at the unit price of €0.01; however, such early redemption will only be possible if the volume-weighted average of Affluent Medical shares over the 10 trading days preceding the date of publication of the early redemption notice multiplied by the Exercise Parity in force exceeds 140% of the exercise price of the BSARs on that date. In the event that the Company implements the redemption of the BSARs at a price of €0.01, BSAR holders may avoid such redemption by exercising their BSARs on the basis of the exercise price set on this date per new share before the date fixed for redemption and thus benefit economically from the exercise of the BSARs.

In the event that all of the BSARs are exercised for the respective exercise prices of €1.50 and €1.95 per new share, the gross amount of the capital increase would reach €14.8 million and €16.3 million respectively, likely to be increased to the maximum amounts of €15.4 million and €16.9 million in the event of full exercise of the extension clause in connection with the issue of the ABSARs.

Each shareholder of the Company will receive one (1) preferential subscription right per share recorded in his/her securities account at the end of the accounting day of February 9, 2023. Each shareholder of Affluent Medical may subscribe for 13 ABSARs on an irreducible basis for 28 existing shares held, i.e. 28 PSRs shall entitle each shareholder to subscribe to 13 ABSARs at a price of €1.35 per ABSAR.

At the same time as they deposit their irreducible subscriptions, the holders of PSRs may subscribe on a reducible basis for the number of ABSARs they wish to acquire, in addition to the number of ABSARs resulting from the exercise of their preferential PSRs on an irreducible basis. Any ABSARs not subscribed on an irreducible basis shall be distributed and allocated to the subscribers on a reducible basis. Reducible subscription orders will be served within the limit of their requests and in proportion to the number of existing shares whose rights will have been used in support of their subscription on an irreducible basis.

In addition to the possibility of subscribing on an irreducible and reducible basis according to the terms and conditions specified above, any natural or legal person, whether or not they hold preferential subscription rights, may subscribe to this Capital Increase free of charge. Persons wishing to subscribe freely must send their request to their authorized financial intermediary at any time during the subscription period and pay the corresponding subscription price. In accordance with the provisions of Article L. 225-134 of the French Commercial Code, free subscriptions shall only be taken into account if the irreducible and reducible subscriptions have not absorbed the entire Offering, it being specified that the Board of Directors shall have the right to freely distribute the ABSARs not subscribed, in whole or in part, among the persons (shareholders or third parties) of its choice having made requests for subscriptions on a free basis.



Based on the closing price of the Affluent Medical share on 7 February 2023, i.e. €1.642:

- the subscription price of the ABSARs of €1.35 per ABSAR shows a nominal discount of 17.78% to the market price and a discount of 12.33% to the theoretical value of the ex-right share (€1.539),
- the theoretical value of a New Share (€1.32), excluding the theoretical value of the BSAR attached to the New Share (€0.03), represents a nominal discount of 19.63% to the share price and a discount of 14.29% to the theoretical value of the ex-right share (€1.539);
- the theoretical value of the ex-right share (€1.539), shows a discount of 6.22% compared to the share price;
- the theoretical value of the preferential subscription right is €0.102.

Preferential subscription rights will be traded on Euronext Paris from February 10, 2023 to February 23, 2023, inclusive, under ISIN code FR001400FL20. The subscription period will be open from February 14, 2023 to February 27, 2023, inclusive, according to the indicative timetable.

New shares and BSARs will be admitted to trading on the regulated market of Euronext Paris on March 6, 2023. The new shares will be admitted on the same quotation line as existing shares under the ISIN code: FR0013333077, and BSARs will be admitted to a separate quotation line under the ISIN code: FR001400FL38. New shares resulting from the exercise of BSARs will be subject to periodic requests for admission to trading on the Euronext Paris market on the same quotation line as the Company's existing shares under the same ISIN code FR0013333077.

The offering is open to the public in France only.

Indicative timetable for the Capital Increase

January 30, 2023	- Date of entry into force of the suspension of the option to exercise BSPCEs and BSAs granted or issued by the Company
February 7, 2023	- Determination of the characteristics of the Capital Increase by the Company's Board of Directors
February 8, 2023	- Approval of the Prospectus by the AMF - Signing of the Placement Contract
February 9, 2023	- Availability of the Prospectus on the website of the Company and the AMF - Distribution by the Company of a press release describing (i) the main characteristics of the Capital Increase, (ii) the approval of the Prospectus and (iii) its availability - Publication by Euronext of the notice relating to the Capital Increase announcing the listing of preferential subscription rights
February 9, 2023	- Accounting day at the end of which holders of existing shares registered on an accounting basis shall be granted preferential subscription rights ¹
February 10, 2023	- Detachment of preferential subscription rights and opening of the trading period for preferential subscription rights on Euronext Paris
February 14, 2023	- Opening of the subscription period for the Capital Increase
February 23, 2023	- End of the PSR trading period

¹ I.e. on the last day on which an investor who acquired a share of the Company on the market will be entitled to a preferential subscription right



February 27, 2023	- Closing of the subscription period for the Capital Increase
March 2, 2023	<ul style="list-style-type: none">- Decision of the Chief Executive Officer acting on the delegation of the Board of Directors to (i) record the amount of subscriptions on an irreducible and reducible basis and (ii) where applicable, call on the Investors guarantee (as defined below) or, in the event of over-subscription to the Capital Increase, implement the extension clause- Distribution of a press release from the Company announcing the result of subscriptions for the Capital Increase and the exercise, where applicable, of the extension clause- Notice of admittance to trading of the ABSARs issued by Euronext Paris, indicating the final amount of the Capital Increase and the distribution scale for subscriptions on a reducible basis
March 6, 2023	<ul style="list-style-type: none">- Decisions of the Chief Executive Officer, acting on the delegation of the Board of Directors, recording the subscription of ABSARs and therefore the finalization of the Capital Increase through the creation and issue of ABSARs- Issue of ABSARs; Settlement of ABSARs issued under the Capital Increase- Admission of the new shares to trading on Euronext Paris- Opening of the exercise period of the BSARs based on an exercise price of €1.50 for the subscription of one new Affluent Medical share
March 6, 2023	- Early date of resumption of the option to exercise the BSPCEs and BSAs granted or issued by the Company
December 6, 2023	- Date of change in the exercise price of the BSARs; Opening of the exercise period of the BSARs based on an exercise price of €1.95 for the subscription of a new Affluent Medical share
December 31, 2025	<ul style="list-style-type: none">- End of the BSAR exercise period- Lapse of unexercised BSARs

Subscription commitments and guarantee received

As of the date of approval of the Prospectus, the Company has the following subscription and guarantee commitments:

Truffle Capital has irrevocably undertaken to participate in the Offering up to a maximum amount of €9,75 million by subscribing on an irreducible basis per exercise of the preferential subscription rights it holds, up to €6.0 million and by placing an additional order on a reducible basis for ABSARs, for a maximum amount of €3.75 million, which will be served in whole or in part in the event that all of the ABSARs have not been subscribed on a irreducible basis at the end of the subscription period.

Mr. Sébastien Ladet, CEO of the Company, who does not hold any Affluent Medical shares as of the date of the Prospectus, has committed to participate in the Offer up to 20,000 euros.

Mr. Christophe Giot, VP Clinical Operations, who does not hold any Affluent Medical shares as of the date of the Prospectus, has committed to participate in the Offer up to 15,000 euros.

In addition, 10 investors (the "Investors") have irrevocably undertaken, within the framework of free subscriptions, to subscribe, for a total amount of €2,060,000, for the ABSARs which would not have been subscribed for at the end of the irreducible, reducible or free subscription period, in order to carry out the Capital Increase with 100% DPS, i.e. the issuance of 9,634,022 ABSARs, corresponding to an Offer of approximately €13.0 million.



Guarantee commitments	Amount
Market Wizard	€500.000
Diede Van Ouden	€500.000
Friedland Gestion	€300.000
Nice & Green	€300.000
Jérôme Marsac	€200.000
Sully Patrimoine Gestion	€150.000
4 other investors	€110.000
TOTAL	€2.060.000

In consideration of their underwriting commitments, the Investors will receive a commission equal to 5% of the amount of their underwriting commitments, to which will be added an amount equal to 2% of the amount actually subscribed in the framework of the Capital Increase with DPS, if the Offer is effective.

All the subscription and guarantee commitments received thus concern a total amount of 11,845,000 euros, corresponding to 91.07% of the Offer.

The preferential subscription rights that would not be used by the funds managed by Truffle Capital to subscribe to the operation on an irrevocable basis could be sold on the market in order to increase the liquidity of the preferential subscription rights.



Lock-up commitments of the Company

From the date of the Prospectus and until 180 calendar days following the date of settlement-delivery of the ABSARs, subject to certain exceptions and until December 31, 2023, the Company has undertaken not to issue shares or securities giving access to the capital in the context of financing through Equity Line or OCABSA.

Lock-up retention and non-exercise commitments

Truffle Capital has undertaken to retain, subject to certain usual exceptions, the Affluent Medical shares that it holds prior to the Capital Increase for a period ending 270 calendar days following the settlement date of the Capital Increase and the Affluent Medical ABSARs that may be subscribed in connection with the transaction for a period ending 180 calendar days following the settlement date of the Capital Increase.

Capital Increase Partners

	Financial Advisor of the Company
	Lead Arranger and Bookrunner
	Legal counsel
	Auditor
	Auditor
	Financial communication consulting
	Corporate communication consulting

Information available to the public



The terms of the Capital Increase with the maintenance of shareholders' preferential subscription rights are described in the prospectus approved by the Autorité des Marchés Financiers ("**AMF**") under number 23-029 dated February 8, 2023 (the "**Prospectus**"). This Prospectus is composed of Affluent Medical's 2021 Universal Registration Document approved by the AMF on April 29, 2022 under number R.22-017 (the "**2021 Universal Registration Document**"), the amendment to the 2021 universal registration document approved by the AMF on February 8, 2023 under the number 23-003 (the "**Amendment**"), and the offering notice (including the summary of the prospectus) relating to the Capital Increase.

The Company draws the public's attention to the risk factors set out in section 2 of the offering notice and in sections 3 of the 2021 Universal Registration Document and the Amendment, including liquidity risk, which states that Affluent Medical does not have sufficient net working capital to meet its obligations and operating cash requirements over the next twelve months, as its cash to date enables it to finance its operations until March 2023. Thus, including in the event of completion of the Capital Increase with PSR, the 12-month working capital will continue to be insufficient to meet the Group's obligations and operating cash requirements.

Statement on net working capital at 12 months

As of the approval date of the Prospectus, the Group does not have sufficient net working capital to meet its obligations and cash requirements over the next 12 months. The Group's cash position as of the date of approval of the Prospectus allows it to finance its activities until March 2023.

After deducting the Company's current resources and before taking into account the proceeds of the issue, the net unfunded amount necessary for the continuation of the Group's activities over the 12 months following the date of approval of the Prospectus, according to the Group's current development plan, is estimated at €16.2 million. It consists of (i) a financing need to ensure the continuity of operations and expenses related to preclinical studies and clinical trials on Kalios™, Artus and Epygon for €19.4 million, and (ii) repayments of the Bpifrance innovation loan, Bpifrance repayable advances concerning the Mivana project, and the various loans guaranteed by the State for €1.4 million, and (iii) investments of €0.5 million.

After taking into account the Group's cash position at the date of approval of the Prospectus (€0.4 million), payments of VAT receivables refunds (€2.1 million), the research tax credit (€1.0 million), and Bpifrance subsidies and repayable advances for the Artus project (€1.6 million) that the Company believes it has a reasonable chance of receiving, the net amount required to continue the Group's activities over the 12 months following the date of approval of the Prospectus is estimated at €16.2 million.

The Offering is intended to provide Affluent Medical with the resources necessary to finance its development for at least the next 7 months. Thus, including in the event of completion of the Capital Increase with PSR, the 12-month working capital will continue to be insufficient to meet the Group's obligations and operating cash requirements.

In the absence of the exercise of the BSARs attached to the New Shares issued as part of the Offering, the net proceeds of the Offering, the shortfall in the 12-month working capital requirement remaining after the Capital Increase with PSR and the Group's cash horizon would be as follows if the Offering is limited to 91,07%, in the event of completion of the Offering at 100% or in the event of full exercise of the Extension Clause bringing the Offer up to 110% of its initial amount:



Offer	Net proceeds of the Offering before the potential exercise of BSARs	Shortfall in the remaining 12-month working capital requirement	Cash horizon
- Completion of the Offering at 91.07%	€11.2m	€5.0m	September 2023
- Completion of the Offering at 100%	€12.2m	€4.0m	October 2023
- Completion of the Offering at 110% (full exercise of the Extension Clause)	€13.5m	€2.7m	November 2023

It is also specified that the exercise of the BSARs attached to the New Shares as part of the Offering could enable additional fundraising of €1.6 million, €1.8 million, and €2.0 million euros respectively, in the event of the exercise of all of these BSARs in the 9 months following the completion of the Offering on the basis of a subscription price for new shares of the Company of €1.50 in the event of completion of the Initial Offer at 91.07%, 100%, and 110%.

Additional financing, amounting to between €5.0 million in the event of completion of the Offering at 91.07% and €2.7 million in the event of completion of the Offering at 110%, will therefore be necessary after taking into account the net proceeds of the Offering and before the potential exercise of the BSARs so that the Group can finance its obligations and operating cash flow requirements over the 12 months following the date of approval of the Prospectus.

The Group intends primarily to remedy the shortfall in its net working capital over 12 months as of the date of approval of the Prospectus by a maximum amount of €5.0 million by seeking new dilutive and/or non-dilutive financing solutions. The Group could therefore proceed with another capital increase according to market conditions or other alternative sources of financing. As a result, the Group initiated discussions on the establishment of a *Venture Loan* amounting to around €6 million and initiated steps to obtain non-dilutive financing in the form of subsidies and repayable advances to finance its clinical programs as part of an innovation aid scheme.

Since its inception, Affluent Medical has demonstrated its ability to effectively implement its various financing options when necessary. However, in the absence of the necessary financing, the Group will consider cost-cutting solutions by focusing on its clinical activity and thus deferring its projects relating to the preparation of regulatory files and the industrialization of its medical devices for an estimated cost savings of €4.2 million. However, these reductions will make it possible to maintain the Kalios™ clinical program, its most advanced medical device, as well as the pilot clinical studies for Artus and Epygon. The submission of the Kalios™ CE marking application would be postponed by six months, and the pivotal phases of the Artus and Epygon clinical studies and the filings of the CE marking applications would be postponed by one year. The reduction in costs over the 12 months following the date of approval of the Prospectus would reduce the net amount necessary for the continuation of the Group's activities over the 12 months following the date of approval of the Prospectus to €12.0 million instead of €16.2 million.

If Affluent Medical implements its cost reduction plan and the Group fails to raise additional funds on top of this Capital Increase with PSR, the shortfall of its net working capital at 12 months on the date of approval of the Prospectus would be of a maximum amount of €0.8 million, corresponding to the completion of the Offering up to 91.07% before the exercise of the BSARs, as applicable. This additional requirement would be financed through the financial support of Truffle Capital, the Group's main shareholder, up to a limit of €3.0 million.



About Affluent Medical

Affluent Medical is a French player in MedTech, founded by Truffle Capital, with the ambition of becoming a global leader in the treatment of structural heart diseases, which are the world's leading cause of mortality, and urinary incontinence which currently affects one in four adults.

Affluent Medical develops next-generation, mini-invasive, innovative, adjustable, and biomimetic implants to restore critical physiological functions in these areas. The major technologies developed by the company are currently in preclinical and clinical studies.

Kalios™, the first mitral annuloplasty device, should be the first medical device to be marketed.



PRESS RELEASE

Provided funding is obtained to finance its strategy and the results of the ongoing clinical studies are positive, the Company aims to gradually start marketing its products in 2025.

For more information: www.affluentmedical.com

Contacts:

AFFLUENT MEDICAL

Sébastien Ladet
Chief Executive Officer
investor@affluentmedical.com

ACTIFIN, financial press relations

Isabelle DRAY
+33 (0)1 56 88 11 29
idray@actifin.fr

ACTIFIN, financial communications

Ghislaine Gasparetto
+33 (0)6 21 10 49 24
affluentmedical@actifin.fr

PRIMATICE, public relations France

Thomas Roborel de Climens
+33 (0)6 78 12 97 95
thomasdeclimens@primatice.com



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