2024 ANNUAL FINANCIAL STATEMENTS*

* This is a free translation into English of the 2024 annual financial report issued in French (on April 29, 2025), provided solely for the convenience of English-speaking readers.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

1. 2024 FINANCIAL STATEMENTS

INCOME STATEMENT

Income statement *(in thousands of euros)*		**Year ended December 31, 2024**		**Year ended December 31, 2023**
	France	**Export**	**Total**	**Total**
OPERATING INCOME				
Sale of goods for resale	65		65	
Production sold – goods (note 2.5)	3,318	3,586	6,904	2,797
Production sold – services	-	-		
NET REVENUE	**3,383**	**3,586**	**6,969**	**2,797**
Inventoried production			(4,122)	6,001
Capitalized production				
Operating subsidies (note 2.5)			375	1,040
Reversals of impairment, depreciation/amortization and provisions, expense transfers			12,536	8,707
Other income			31	51
TOTAL OPERATING INCOME (I)			**15,789**	**18,596**
OPERATING EXPENSES				
Purchases of goods for resale (including customs duties)			28	1,202
Change in inventories (goods for resale)			470	(988)
Purchases of raw materials and other supplies			5,524	8,958
Change in inventories (raw materials and other supplies)			1,687	(3,171)
Other purchases and external expenses			22,850	27,818
Taxes, duties and other levies			312	390
Wages and salaries			14,522	14,669
Social security contributions			6,364	6,961
Depreciation/amortization and impairment				
- of non-current assets: depreciation/amortization (note 2.4.2)			2,010	1,694
- of non-current assets: impairment				
- of current assets: impairment			9,132	11,545
Additions to provisions for contingencies and losses			1,622	1,312
Other expenses			508	726
TOTAL OPERATING EXPENSES (II)			**65,029**	**71,116**
1 – NET OPERATING INCOME (EXPENSE) (I-II)			**(49,241)**	**(52,519)**
SHARE IN INCOME FROM JOINT VENTURES				
Income allocated or loss transferred (III)				
Loss incurred or income transferred (IV)				
FINANCIAL INCOME				
Investment income				
Income from other marketable securities and non-current asset receivables				
Other interest income			121	373

Reversals of impairment and provisions, expense transfers		0
Foreign exchange gains	4	3
Net income on sales of marketable securities		
TOTAL (V)	**125**	**375**
FINANCIAL EXPENSES		
Depreciation/amortization, impairment and provisions		
Interest expense	3,292	3,421
Foreign exchange losses	25	28
Net expenses on sales of marketable securities		
TOTAL (VI)	**3,316**	**3,449**
2 – NET FINANCIAL INCOME (EXPENSE) (V-VI)	**(3,191)**	**(3,074)**
3 – RECURRING INCOME (EXPENSE) BEFORE TAX (I-II+III-IV+V-VI)	**(52,432)**	**(55,593)**
Non-recurring income (note 2.5)		
Non-recurring income on management transactions	50	41
Non-recurring income on corporate actions	347	210
Reversals of impairment and provisions, expense transfers		
TOTAL (VII)	**397**	**251**
NON-RECURRING EXPENSES (NOTE 2.5)		
Non-recurring expenses on management transactions	761	123
Non-recurring expenses on corporate actions	257	98
Depreciation/amortization, impairment and provisions		3
TOTAL (VIII)	**1,018**	**225**
4 – NET NON-RECURRING INCOME (EXPENSE) (VII-VIII)	**(621)**	**26**
Employee profit-sharing (IX)		
Income tax (X) (note 2.5)	(1,658)	(1,698)
TOTAL INCOME (I+III+V+VII)	**16,310**	**19,223**
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	**67,705**	**73,092**
5 – NET PROFIT (LOSS) (TOTAL INCOME – TOTAL EXPENSES)	**(51,395)**	**(53,869)**

BALANCE SHEET

Assets *(in thousands of euros)*	Dec. 31, 2024			Dec. 31, 2023
	Gross	Depreciation, amortization and impairment	Net	Net
UNCALLED SUBSCRIBED CAPITAL (TOTAL I)				
Non-current assets				
Intangible assets (notes 2.4.1 and 2.4.2)				
Start-up costs				
Development costs				
Licenses, patents and similar rights	2,177	2,104	73	0
Goodwill[1]				
Intangible assets not yet available for use				72
Advances and downpayments				
Property, plant and equipment (notes 2.4.1 and 2.4.2)				
Land				
Buildings				
Technical plant, equipment and tooling	14,522	11,450	3,073	3,526
Other property, plant and equipment	6,754	2,586	4,168	2,632
Property, plant and equipment in progress	2,131		2,131	3,794
Advances and downpayments				
Financial assets[2] (notes 2.4.1 and 2.4.2)				
Equity-accounted investments				
Other equity interests				
Other long-term investments				
Loans				
Other financial assets	621		621	613
TOTAL II	**26,206**	**16,140**	**10,066**	**10,637**
Current assets				
Inventories and work in progress (note 2.4.3)				
Raw materials, supplies	7,403	918	6,486	8,273
Work in progress – goods	1,630	461	1,168	1,684
Semi-finished and finished goods	16,205	6,091	10,113	9,220
Goods for resale	6,713	4,666	2,046	4,767
Advances and downpayments on orders	2,546		2,546	4,071
Receivables[3]				
Trade notes and accounts receivable	1,540		1,540	1,348
Other receivables (note 2.4.5)	2,979	269	2,710	3,797
Share capital subscribed, called and unpaid				
Marketable securities				
Cash instruments				
Cash	4,701		4,701	8,013
Prepaid expenses[3] (note 2.4.9)	1,043		1,043	1,222
TOTAL III	**44,760**	**12,406**	**32,354**	**42,394**
ACCRUAL ACCOUNTS				
Deferred loan issuance costs (IV)				
Bond redemption premiums (V)				
Unrealized foreign exchange losses (VI)	12		12	38
GRAND TOTAL (I+II+III+IV+V+VI)	**70,977**	**28,546**	**42,431**	**53,069**
[1] Including lease rights.				
[2] Of which are due in less than one year.			*47*	*115*
[3] Of which are due in more than one year.				

Equity and liabilities *(in thousands of euros)*	**Dec. 31, 2024**	**Dec. 31, 2023**
EQUITY (note 2.4.6)		
Share capital (of which paid-up: €1,781,663)	1,782	992
Additional paid-in capital	44,471	9,038
Revaluation adjustments		
Reserves		
Legal reserve		
Statutory or contractual reserves		
Untaxed reserves		
Other reserves	107	106
Retained earnings (losses carried forward)	(47,097)	(1,228)
Net profit (loss) for the year	**(51,395)**	**(53,869)**
Investment subsidies	1,001	1,199
Tax-driven provisions		
TOTAL I	**(51,132)**	**(43,762)**
OTHER EQUITY		
Proceeds from issues of equity securities		
Conditional advances (note 2.4.9)	16,825	16,825
TOTAL II	**16,825**	**16,825**
PROVISIONS		
Provisions for contingencies (note 2.4.4)	1,583	798
Provisions for losses (notes 2.4.4 and 2.4.9)	561	1,096
TOTAL III	**2,144**	**1,894**
LIABILITIES[(1)]		
Debt		
Convertible bonds		
Other bonds		
Bank loans and borrowings	34,323	47,709
Bank overdrafts		
Sundry loans and borrowings (note 2.4.5)	23,478	9,940
Advances and downpayments received on orders in progress		
Accounts payable (note 2.4.5)		
Trade notes and accounts payable	5,231	9,608
Tax and social security payables	7,210	5,928
Amounts payable on non-current assets and other		
Other payables	4,343	4,908
ACCRUAL ACCOUNTS		
Deferred income[(1)]		
TOTAL IV	**74,585**	**78,094**
Unrealized foreign exchange gains	9	18
TOTAL V	**9**	**18**
GRAND TOTAL (I+II+III+IV+V)	**42,431**	**53,069**
[(1)] Liabilities and deferred income due in less than one year.	*16,281*	*37,616*

CASH FLOW STATEMENT

Cash flow statement ***(in thousands of euros)***	**Year ended Dec. 31, 2024**	**Year ended Dec. 31, 2023**
NET OPERATING EXPENSE	(49,241)	(52,519)
ELIMINATION OF INCOME AND EXPENSES WITH NO CASH IMPACT OR UNRELATED TO OPERATIONS		
Depreciation/amortization and provisions	12,764	14,551
Reversals of depreciation/amortization and provisions	(12,526)	(8,656)
Change in expenses on share-based payment plans		
Gains or losses on disposals of assets	(9)	
Operating items included in cash flow from (used in) financing activities	(349)	(1,028)
OTHER ITEMS WITH AN IMPACT ON CASH OR CASH FLOW FROM OPERATIONS	1,004	1,619
CASH FLOW FROM OPERATIONS BEFORE CHANGE IN WORKING CAPITAL	**(48,358)**	**(46,033)**
CHANGE IN WORKING CAPITAL	**5,046**	**(7,446)**
NET CASH USED IN OPERATING ACTIVITIES	**(43,311)**	**(53,479)**
Acquisitions of property, plant and equipment and intangible assets	(1,512)	(5,026)
Proceeds from disposals of property, plant and equipment and intangible assets	3	
Other changes in non-current assets	64	110
NET CASH USED IN INVESTING ACTIVITIES	**(1,446)**	**(4,915)**
Capital increases	41,894	6,983
Increase in repayable advances		2,318
Repayment of repayable advances (including interest)		
New borrowings		
Repayment of bank loans and borrowings (including interest)	(831)	(1,100)
Subscription of BSA share warrants, net		110
Subsidies received	349	6,340
Financial income received and financial expenses paid	32	315
Purchase/disposal of treasury shares[1]		15
NET CASH FROM FINANCING ACTIVITIES	**41,445**	**14,981**
CHANGE IN CASH AND CASH EQUIVALENTS	**(3,316)**	**(43,414)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**8,013**	**51,427**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**4,701**	**8,013**

(1) Under the liquidity agreement.

2 NOTES TO THE 2024 FINANCIAL STATEMENTS

Notes to the balance sheet at December 31, 2024, which shows total assets of €42.431 million, and to the income statement for the year then ended, presented in list form and showing total revenue of €6.969 million and a net loss of €51.395 million.

The financial statements cover the 12-month period to December 31, 2024, and the comparative 12-month period to December 31, 2023.

The notes and tables presented below are an integral part of the financial statements for the year ended December 31, 2024 as approved by the Board of Directors on Friday, April 25, 2025. They are presented in thousands of euros unless otherwise stated.

2.1 Significant events during the year

Activity

Carmat recorded revenue of €7.0 million in 2024 (a 2.5-fold increase on 2023 revenue). The 2024 revenue figure corresponds to the sale of 42 artificial hearts (compared with 17 in 2023), 17 of which were commercial implants (in Germany, Italy, Spain and Poland) and 25 were part of the EFICAS clinical study in France.

The rate of implants averaged 3.5 Aeson® hearts per month over 2024, and almost five per month over the last four months of the year.

Sales were generated for the first time in Poland and in Spain, bringing the number of countries in which Carmat has a commercial activity to four (Germany, Italy, Spain and Poland).

This positive trend reflects the encouraging take-up of Carmat's artificial heart therapy in Europe.

Cash, financing and cash runway

- Debt restructuring:

In March 2024, Carmat reached an agreement with all of its lenders (the EIB, BNP Paribas and Bpifrance) on new repayment terms for its bank loans. In particular, the agreement provides for the final maturity of each of the loans to be extended by between 24 and 30 months, and for the equitization of the EIB loan[1].
This agreement provides the Company with the certitude of reducing its loan repayments by more than €30 million between 2024 and 2025[2] and it also means that Carmat can expect to see a limitation of its cash repayments between 2026 and 2028 as a result of the equitization process (which effectively began on June 13, 2024 as regards the first tranche of the EIB loan).

- New financing:

Carmat carried out three capital increases in 2024, in January, May and September, representing a total gross amount of €43 million. Carmat's major shareholders, Sante Holdings, and Lohas/Les Bastidons (Pierre Bastid), took up a significant number of the shares issued, demonstrating their strong support of the Company.
In addition, on July 5, 2024, the Company set up a flexible equity financing line with Vester Finance, involving the issue of up to 3,500,000 shares over a 24-month period, with Carmat receiving €2.2 million upon signing.

- Cash flows and cash runway[3]:

In line with its objective, Carmat has reduced its cash burn (amount of cash used in operating and investing activities) by more than 23%, reaching an average monthly cash burn of €3.7 million in 2024 (compared with €4.9 million in 2023). At December 31, 2024, Carmat had €4.7 million in cash and cash equivalents, enabling it to fund its operations until February 2025.

Since then, in January 2025, after the 2024 reporting date, the Company raised gross funds of €9.7 million, allowing it to extend its cash runway, according to its current business plan, to mid-June 2025.

[1] See section 3.1.7 of the 2024 Universal Registration Document and section 2.4.5 of this document for further details on the Company's borrowings and their repayment terms.

[2] Compared with the original repayment schedules

[3] See section 2.3 for further information regarding the factors underlying the going concern principle used by the Board of Directors.

Results and outlook

Against a backdrop of controlled expenses, the net loss for 2024 was €51.4 million, a slight improvement on the loss recorded for 2023.

Based on its current forecasts, the Company estimates that it will be able to reach break-even, starting from sales of around 500 hearts per year, by increasing revenue and gradually reducing by a significant amount the production cost of the Aeson® artificial heart.

2.2 Significant events after the reporting date

No events occurred after the reporting date that are liable to alter the presentation or the valuation of the financial statements as approved by the Board of Directors on April 25, 2025.

However, the reader's attention is drawn to the fact that in January 2025, the Company raised gross funds of €9.7 million, and that on March 27, 2025, put in place a flexible equity financing line with IRIS Capital Investment for a maximum of 9 million shares over a 24-month period.

2.3 Significant accounting policies

General principles and conventions

The Company’s financial statements have been prepared in accordance with French generally accepted accounting rules and principles as set out in the French General Chart of Accounts (ANC Standard 2014-03 on the Chart of Accounts issued by the French accounting standards-setter – *Autorité des Normes Comptable* [ANC]). The historical cost method is used as the basis for measuring accounting items.

The accounting conventions have been applied in accordance with the provisions of the French Commercial Code (*Code de commerce*) and the CRC regulations concerning the new French General Chart of Accounts applicable at the end of the reporting period.

The financial statements for the year ended December 31, 2024 have been prepared in accordance with French generally accepted accounting principles, including the principles of prudence and accrual-based accounting. They are presented on a going concern basis and accounting methods have been applied consistently from one period to the next.

Going concern basis

Given its stage of development, Carmat is not yet cash flow positive, and based on its current business plan, does not expect to be self-financing for several years yet. At this stage, it is therefore dependent on external financing (capital increases, subsidies and other types of financing).

There is a significant risk that the Company will not be able to source the funds it needs to continue as a going concern in the next few months, particularly in view of the current geopolitical, political, economic and financial context, which could in the short term make it more difficult for Carmat to secure the financing it requires. In addition, securing such financing is partly contingent on the Company successfully rolling out its business plan, especially in terms of sales growth.

Based purely on its current confirmed financial resources, Carmat can fund its operations (on the basis of its updated business plan) until the middle of June 2025 without the need for any further financing. The Company estimates its financing requirements over the next 12 months at around €35 million.

The Company intends to extend its cash runway to 12 months. This will potentially take place over several stages, with a capital increase in the near term, which should enable Carmat to strengthen its cash position and therefore continue as a going concern beyond June 2025, and subsequently by launching additional financing (including further capital increases) enabling it to further extend its cash runway. Moreover, Carmat’s forecast continued sales growth, combined with strict financial discipline, should allow it to gradually reduce the amount of cash used in its operating and investing activities.

The Company has an ongoing active investor relations policy targeting both French and international investors, and is constantly on the lookout for new financing opportunities (notably equity financing). In addition, the financing line set up on March 27, 2025 with IRIS Capital Investment ("IRIS"), for a maximum of 9,000,000 shares over a 24-month period, could contribute to partially financing the aforementioned working capital deficit, although the level of this contribution cannot be precisely determined as it will depend on the rate at which IRIS subscribes to the Company's shares, as well as on changes in the Company's share price during the period of the agreement.

The Company believes it has solid fundamentals, including steady sales growth, positive feedback and genuine interest shown by physicians for its device, the positive results of Aeson® clinical trials, its production potential, and its previous financing.

More specifically, based on the current state of its negotiations and exchanges with various potential investors, the Company believes that it should be in a position to carry out a capital increase by mid-June 2025, enabling it to extend its cash runway by several months. Furthermore, Carmat believes that its recent developments (2.5x increase in sales between first-quarter 2024 and first-quarter 2025, the upcoming finalization of enrollment for the EFICAS study, the conditional approval obtained from the FDA in early April 2025 to initiate the second cohort of patients forming part of the EFS in the United States, recent publications in renowned scientific journals, etc.) are likely to enhance the Company's attractiveness to investors.

Based on these factors, the Board of Directors believes that the going concern basis is appropriate. However, there is no guarantee that the financing required for the Company to continue as a going concern will be obtained until at least the end of 2025. This gives rise to significant uncertainty, which could jeopardize the Company's ability to continue as a going concern. For example, if it is unable to secure the financing it needs within the relevant timeframes, application of French accounting principles could prove inappropriate in the normal course of business, in particular with regard to the measurement of assets and liabilities, and the Company could become insolvent in the short or medium term.

ADDITIONAL INFORMATION

Applied research and development costs

Research and development costs are recognized as expenses in the year in which they are incurred.

Intangible assets

Patents, licenses and other intangible assets have been measured at their cost of acquisition, excluding the expenses incurred in acquiring them.

The methods and periods of amortization used are as follows:

Category	Method	Useful life
Licenses and software	Straight line	1 to 3 years
Patents	Straight line	15 years

Property, plant and equipment

The gross value of property, plant and equipment corresponds to their initial book value, inclusive of any expenditure required to render the items usable but excluding costs incurred in their acquisition.

The methods and periods of amortization used are as follows:

Category	Method	Useful life
Fixtures and fittings	Straight line	9 to 10 years
Technical plant	Straight line	3 to 10 years
Equipment and tooling	Straight line	2 to 6 years
Rolling stock	Straight line	2 to 5 years
Furniture	Straight line	8 years
IT equipment	Straight line	3 years

Financial assets

OTHER FINANCIAL ASSETS

In 2010, the Company entered into a liquidity agreement, the purpose of which was to improve the liquidity of transactions and regularize the Carmat share price, without impeding the normal operation of the market and without misleading third parties. As part of the 2010 agreement, the Company made €300,000 available.

Treasury shares acquired through the implementation of this liquidity agreement are recorded under financial assets. If necessary, an impairment loss is recognized based on Carmat’s share price at the end of the reporting period.

Other financial assets are composed of the following:

- guarantee deposits paid, which are shown at face value; and
- the unused balance of sums made available under the liquidity agreement for the acquisition of treasury shares.

Receivables and payables

Receivables and payables are carried at face value. Where applicable, receivables are impaired via provisions to take into account any collection difficulties they may potentially face. Any provisions for impairment are determined by comparison between the acquisition value and the probable realizable value.

Revenue

Sales are recognized when ownership is transferred to the customer.

Translation differences and foreign exchange gains and losses

Receivables and payables in foreign currencies are valued at the exchange rate prevailing at the reporting date. Any resulting translation differences are recorded in the balance sheet under “Unrealized foreign exchange gains” or “Unrealized foreign exchange losses”, as appropriate.

A provision is booked for the full amount of any unrealized foreign exchange losses.

Unrealized gains are not recorded in the income statement.

Foreign exchange gains and losses on trade receivables and payables are recognized in operating income.

Inventories

According to the French Commercial Code and Chart of Accounts (Article 211-7), inventories are assets that meet the following criteria:

- they are identifiable items that will generate future economic benefits, are controlled by the company, and their cost can be measured reliably;
- they are held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

The Company’s inventories and work in progress comprise goods, raw materials and other supplies, semi-finished and finished goods, and work in progress in the production process.

Inventories and work in progress were recognized as an asset on Carmat’s balance sheet for the first time on December 31, 2020. They were previously expensed in the year in which they were purchased or produced, as the Company was still in the clinical phase and could not expect them to generate any future economic benefits.

Inventories and work in progress are measured at the reporting date using the methods set out in the French Chart of Accounts. Items are monitored individually and are clearly identifiable. An impairment provision is taken if their realizable value falls below their carrying amount.

Impairment is calculated taking the following factors into account:

- the life cycle of items of inventory and work in progress (obsolete or short shelf-life items, damaged items or items that do not meet the requisite quality standards, etc.);

- the different outlook for inventory items, distinguishing between items intended for sale and items intended for other, non-revenue-generating activities (e.g., clinical trials, training, tests, etc.). Inventories intended for other activities are fully impaired.

When the recoverable amount at year-end (market value for finished goods and goods for resale and value in use for work in progress and raw materials) is less than the carrying amount, a provision for impairment is recognized for the difference.

Impairment provisions are recognized by inventory category. A breakdown is provided in note 2.4.3.

Cash in euros

Cash on hand or at bank is recorded at face value.

Cash in foreign currencies

Cash in foreign currencies is converted into euros at the exchange rate prevailing at the reporting date. Translation differences are recognized directly in profit or loss for the period as foreign exchange gains and losses.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as being:

- the asset items "Cash instruments" and "Cash and cash equivalents";
- less the "Bank overdrafts" liability item, to the extent that cash instruments are available in the very short term and do not present a risk of a loss in value in the event of a change in interest rates. An analysis of cash according to this definition is provided in the footnote of the cash flow statement.

Repayable advances made by public bodies

Advances received from public bodies to finance the Company's operations and repayable subject to conditions are shown in liabilities under "Other equity – Conditional advances".

The corresponding interest is shown in balance sheet liabilities under "Sundry loans and borrowings".

Equitized borrowings

Amounts due in relation to financial liabilities that are "equitized" via a trust are shown (principal and accrued interest) in balance sheet liabilities under "Sundry loans and borrowings".

Subsidies

If subsidies are tied to the achievement of specific milestones or programs, they are included in "Other payables" in the balance sheet when they are received.

1. If subsidies are contractually likely to have to be repaid in full if the subsidized program is not completed, they continue to be recorded under "Other payables" until the final milestone has been achieved, after which they are recorded:
   - either in income for the year as an operating subsidy if they relate to operating activities;
   - or on the liabilities side of the balance sheet as an investment subsidy if they relate to investments; portions of the subsidy will then be recorded as non-recurring income as and when the assets concerned by the subsidy are amortized.

2. Otherwise, when the milestones defined in the relevant contracts are achieved, they are recorded:
   - either in income for the year as an operating subsidy if they relate to operating activities;
   - or on the liabilities side of the balance sheet as an investment subsidy if they relate to investments; portions of the subsidy will then be recorded as non-recurring income as and when the assets concerned by the subsidy are amortized.

Retirement benefits

Future payments in respect of benefits granted to employees are measured according to an actuarial method (method 2 based on IAS 19 as amended published in June 2011, in compliance with ANC recommendation no. 2013-02 dated November 7, 2013), taking account of assumptions concerning changes in salaries, retirement age and mortality. The resulting amounts are then discounted to present value and entitlement capped according to the collective bargaining agreement for the metallurgy industry. These obligations are covered by provisions in the balance sheet liabilities.

Provisions for losses

<u>Warranty provision</u>

In addition to the legal guarantee of conformity provided for in Article 1604 of the French Civil Code and the warranty against hidden defects provided for in Article 1641 of said Code, the Company may grant customers, within the framework of its commercial offer, a commercial warranty which consists of the free supply of a certain number of replacement components, under certain limited contractually defined terms and for a contractually defined limited period of time.

The Company therefore records a provision for losses at the time the product is sold, in accordance with the matching principle for income and expenses set out in the French Chart of Accounts. The amount of the provision is based on the contractually defined terms of the guarantee and statistical considerations. The provision is subsequently written back as necessary, to the extent of the expenses actually incurred in connection with the implementation of the guarantee and/or when the guarantee is extinguished.

<u>Provision for social security levies on free shares</u>

The Company periodically grants free shares to certain employees. A 20% social security levy on the value of the free shares is payable by the Company when the shares are fully vested by their beneficiaries. The Company therefore records a provision for expenses prorated over the vesting period (i.e., the period between the provisional grant date and the final vesting date of the shares). The provision is reversed when the social security levy is paid.

Sub-contracting expenses

The progress of third-party sub-contracting agreements is assessed at the end of each reporting period in order to allow the cost of services already rendered to be recorded under accrued expenses.

Share issue costs

In application of the reference method (ANC 2018-01), share issue costs are recorded directly as deductions from the share premium.

Borrowing costs

Borrowing costs are expensed as incurred.

2.4 Additional information on the balance sheet

2.4.1 Movements in non-current assets

Non-current assets - gross value *(in thousands of euros)*	**Gross value at start of period**	**Increases**	
		Line to line transfers	**Acquisitions**
Licenses, patents and similar rights[1]	2,073	102	5
Intangible assets not yet available for use	72		
TOTAL	**2,145**	**102**	**5**
Technical plant, equipment and industrial tooling[2]	13,801	769	196
General plant, sundry fixtures and fittings	4,050	1,179	876
Office and IT equipment, furniture	784		48
Property, plant and equipment in progress	3,794		388
TOTAL	**22,429**	**1,949**	**1,508**
Other financial assets[3]	613		2,888
TOTAL	**613**		**2,888**
GRAND TOTAL	**25,187**	**2,051**	**4,400**

(in thousands of euros)	**Decreases**		**Gross value at end of year**	**Revaluation of original value at end of year**
	Line to line transfers	**Disposals**		
Licenses, patents and similar rights[1]		3	2,177	
Intangible assets not yet available for use		72		
TOTAL		**75**	**2,177**	
Technical plant, equipment and industrial tooling[2]		244	14,522	
General plant, sundry fixtures and fittings		101	6,005	
Office and IT equipment, furniture		82	749	
Property, plant and equipment in progress	2,051		2,131	
TOTAL	**2,051**	**427**	**23,408**	
Other financial assets[3]		2,880	621	
TOTAL		**2,880**	**621**	
GRAND TOTAL	**2,051**	**3,381**	**26,206**	

(1) This item includes a sum of €411,284, recognized in respect of the share of the contribution in kind of €960,000 made on September 30, 2008, corresponding to the contribution of patents.

(2) The item also includes a sum of €548,716 recognized in respect of the share of the contribution in kind of €960,000 made on September 30, 2008, corresponding to the contribution of equipment and tooling.

(3) This item includes the 21,291 treasury shares held in connection with the liquidity agreement, valued at €0.022 million, the liquidities not invested in treasury shares at the end of the period under the liquidity agreement for €0.025 million, and guarantee deposits of €0.574 million, comprising deposits under premises lease contracts.

2.4.2 Movements in depreciation and amortization

Non-current assets – Depreciation and amortization (in thousands of euros)	**Value at start of period**	**Additions for the period**	**Decreases Reversals**	**Value at end of period**
Licenses, patents and similar rights	2,073	34	3	2,104
TOTAL	**2,073**	**34**	**3**	**2,104**
Technical plant, equipment and industrial tooling	10,275	1,409	234	11,450
General plant, sundry fixtures and fittings	1,751	470	101	2,120
Office and IT equipment, furniture	452	97	82	466
TOTAL	**12,477**	**1,976**	**418**	**14,036**
GRAND TOTAL	**14,550**	**2,010**	**420**	**16,140**

2.4.3 Movements in inventories

Inventories – gross value *(in thousands of euros)*	**Value at start of period**	**Increases**	**Decreases**	**Value at end of period**
Raw materials, supplies	9,091	3,463	5,150	7,403
Work in progress – goods	2,562	530	1,462	1,630
Semi-finished and finished goods	19,394	15,387	18,576	16,205
Goods for resale	7,182	401	871	6,713
TOTAL	**38,229**	**19,780**	**26,059**	**31,950**

Inventories – impairment[(1)] *(in thousands of euros)*	**Value at start of period**	**Additions for the period**	**Decreases Reversals**	**Value at end of period**
Raw materials, supplies	818	662	562	918
Work in progress – goods	878	98	514	461
Semi-finished and finished goods	10,174	5,985	10,068	6,091
Goods for resale	2,415	2,262	11	4,666
TOTAL	**14,285**	**9,007**	**11,155**	**12,137**

[(1)] Impairment in 2024 breaks down as follows by type:

- impairment related to the life cycle of items of inventory (€9.6 million);

- impairment of inventories intended for non-revenue-generating activities (€2.5 million).

A 10-point change in the portion of inventories intended for non-revenue-generating activities (clinical trials, training, R&D tests, etc.) would have a €1.4 million impact on the amount of impairment related to estimated intended use.

2.4.4 Movements in provisions

Provisions *(in thousands of euros)*	**Value at start of period**	**Increases Additions**	**Decreases Utilized amounts**	**Decreases Surplus amounts**	**Value at end of period**
Sundry risks[1]	759	1,460	201	447	1,571
Foreign exchange losses	38	12	38		12
Pension and similar obligations[2]	473	59	124		408
Social security levies on free shares[3]	623	91	232	328	154
TOTAL	**1,894**	**1,622**	**596**	**776**	**2,144**
Impairment of inventories and work in progress	14,285	9,007	4,078	7,077	12,137
Impairment of other receivables	144	125			269
TOTAL	**14,429**	**9,132**	**4,078**	**7,077**	**12,406**
GRAND TOTAL	**16,323**	**10,753**	**4,673**	**7,853**	**14,550**
Of which operational additions and reversals:		10,753	4,673	7,853	
Of which financial additions and reversals:					

[1] In 2024, this amount mainly comprised:
- provisions for research tax-related risk;
- employee-related provisions;
- provisions for commercial warranties (see note 2.4.9).

[2] See note 2.6.

[3] See note 2.4.9.

2.4.5 Receivables and payables by maturity

Receivables by maturity *(in thousands of euros)*	**Gross amount**	**Due within 1 year**	**Due beyond 1 year**
Trade receivables	1,540	1,540	
TOTAL	**1,540**	**1,540**	

Other receivables *(in thousands of euros)*	**Gross amount**	**Due within 1 year**	**Due beyond 1 year**
Social security receivables	90	90	
Income tax[1]	1,783	1,783	
Value-added tax	948	948	
Sundry receivables	158	63	96
TOTAL	**2,979**	**2,883**	**96**

(1) Income tax receivable corresponds to the research tax credit for 2024 (€1.658 million) and the remaining balance of the research tax credit for 2023 (€0.125 million).

Payables by maturity *(in thousands of euros)*	**Gross amount**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
Bank loans and borrowings(1)	34,320	2,290	32,030	
Interest due on current account	3	3		
Sundry loans and borrowings(2)	23,478		14,961	8,517
Trade notes and accounts payable	5,231	5,231		
Staff and related payables	3,432	3,432		
Social security payables	3,606	2,864	742	
Value-added tax				
Other taxes, duties and levies	172	172		
Other payables(3)	4,343	2,289	1,977	78
TOTAL	**74,585**	**16,281**	**49,710**	**8,595**

(1) This amount corresponds to bank loans (see details below) and accrued interest payable to banks.
(2) Including loans equitized (interest and principal) via a trust, and accrued interest expected on the repayable advances from Bpifrance (€9.917 million) and on the repayable advance received under the "France 2030 (Health)" plan (€0.023 million). See the breakdown in the table below.
(3) This amount mainly includes:
- the first two tranches for an aggregate amount of €2.1 million of the total €2.5 million grant awarded to Carmat at end-2022 for its winning proposal in the European Union's "EIC Accelerator" funding program;
- €2.0 million in subsidies under the €13.2 million blended financing package awarded to Carmat in April 2023 (see note 3.1.7) under the "France 2030" plan.

Breakdown of bank loans *(in thousands of euros)*	**Gross amount**	**Due within 1 year**	**Due in 1 to 5 years(2)**	**Due beyond 5 years**
EIB loan – Principal and accrued interest(1)	24,825	124	24,701	
BPI government-guaranteed loan – Principal and accrued interest	5,009	1,364	3,646	
BNP Paribas government-guaranteed loan – Principal and accrued interest	4,485	802	3,683	
Total	**34,320**	**2,290**	**32,030**	

(1) Loan from the European Investment Bank (EIB): the EIB loan contract provides for certain information and operational commitments (such as limitations on authorized debt, authorized external growth operations, transfers of assets, etc.), the non-compliance of which would allow the EIB, if it deemed it necessary, to demand an early repayment of the loan. The occurrence of certain changes in the shareholding structure or a change in management not approved beforehand by the EIB would also allow the latter, if deemed necessary following discussions with the Company, to demand an early repayment of the loan. To date, Carmat complies with all of the commitments required by the EIB.
(2) Of which €2.5 million repayable in two years, €16.3 million in three years and the remainder (€13.2 million) in more than three years.

Breakdown of bank loans and sundry loans and borrowings *(in thousands of euros)*	**Gross amount**	**Due within 1 year**	**Due in 1 to 5 years(2)**	**Due beyond 5 years**
Equitized EIB loan (tranche 1) – Principal and accrued interest(1)	13,455		13,455	
BPI conditional advances – Accrued interest	10,023		1,506	8,517
Total	**23,478**		**14,961**	**8,517**

(1) See section 4.6.2.
(2) Of which €13.5 million repayable in two years, €0.2 million in three years and the remainder (€9.8 million) in more than three years.

2.4.6 Share capital

Composition of the share capital

Class of shares	Par value in euros	Number of shares				
		Opening	Created	Canceled	Redeemed	Closing
Ordinary shares	0.04	24,749,788	19,760,054			44,509,842
Preference shares	0.04	38,248	2,783	9,290		31,741
TOTAL		**24,788,036**	**19,762,837**	**9,290**		**44,541,583**

The table below summarizes changes in the Company's share capital in 2024:

(in euros)	Number of shares	Number of preference shares	Number of ordinary shares	Change in share capital (€)
At December 31, 2023	***24,788,036***	***38,248***	***24,749,788***	**991,521.44**
Capital increase (January fundraising)	*4,141,470*		*4,141,470*	165,658.80
Capital increase (May fundraising)	*5,333,422*		*5,333,422*	213,336.88
Capital increase (September fundraising)	*6,414,516*		*6,414,516*	256,580.64
Conversion into ordinary shares	*218,560*	*(9,290)*	*227,850*	8,742.40
Vesting of AGA free shares	*471,036*		*471,036*	18,841.44
Vesting of AGAP free preference shares	*2,783*	*2,783*		111.32
Equitization of EIB loan	*1,371,760*		*1,371,760*	54,870.40
Exercise of Vester share warrants	*1,800,000*		*1,800,000*	72,000.00
At December 31, 2024	***44,541,583***	***31,741***	***44,509,842***	**1,781,663.32**

Changes in equity

(in thousands of euros)	Number of shares	Capital	Additional paid-in capital	Additional paid-in capital expenses	Reserves	Retained earnings (losses carried forward)	Profit (loss)	Investment subsidies	Equity
At December 31, 2023	**24,788,036**	**991.52**	**15,991**	**(6,953)**	**106**	**(1,228)**	**(53,869)**	**1,199**	**(43,762)**
Appropriation of net loss[1]	-		(8,000)			(45,869)	53,869		
Net profit (loss) for the period	-						(51,395)		(51,395)
Capital increase (January fundraising)	4,141,470	165.7	16,359						16,524
Conversion of AGAP 2017-03 into ordinary shares	55,080	2.2			(2.2)				
Conversion of AGAP 2018-01 into ordinary shares	29,700	1.2			(1.2)				
Conversion of AGAP 2018-02 into ordinary shares	106,400	4.3			(4.2)				
Conversion of AGAP 2018-03 into ordinary shares	27,380	1.1			(1.1)				
Vesting of AGA 2022-02 free shares	8,160	0.3			(0.3)				
Vesting of AGAP 2019-01 free preference shares	620	0.0			0.0				
Capital increase (May fundraising)	5,333,422	213.3	15,787						16,000
Equitization of EIB loan[2]	1,371,760	54.9	2,275						2,330
Vesting of AGA June 2023-01 free shares	247,789	9.9			(9.9)				
Vesting of AGA June 2022-02 free shares	97,587	3.9			(3.9)				
Vesting of AGA June 2021-03 free shares	117,500	4.7			(4.7)				
Vesting of AGAP 2023 free preference shares	1,963	0.1			(0.1)				
Allocation of AGA June 2024 free shares		0.0	(28)		28.2				
Allocation of AGAP June 2024 free preference shares		0.0	(1)		0.5				
Exercise of Vester share warrants[3]	1,800,000	72.0	2,474						2,546
Portion of CAP23 investment subsidy recognized in income								(149)	(149)
Portion of "Plan 2030" investment subsidy recognized in income								(50)	(50)
Capital increase (September fundraising)	6,414,516	256.6	10,007						10,263
Costs related to capital increases			132	(3,572)					(3,440)
Vesting of AGAP 2020-01 free preference shares	200	0.0			0.0				
At December 31, 2024	**44,541,583**	**1,781.66**	**54,996**	**(10,525)**	**107**	**(47,097)**	**(51,395)**	**1,001**	**(51,132)**

(1) As decided by the Combined Shareholders' Meeting of May 30, 2024.

(2) Capital increases carried out through the issuance of shares on exercise of warrants by the Trust.

(3) Capital increases.

2.4.7 Free preference shares (AGAP)

Free shares awarded during the period

The free share plans (AGA June 2024-01, AGA June 2024-02 and AGA June 2024-03) of June 24, 2024 led to the award of 705,957 ordinary shares (including 225,515 under the AGA June 2024-01, 225,515 under the AGA June 2024-02 and 254,927 under the AGA June 2024-03). These shares vest on the following dates: June 24, 2025 for the AGA June 2024-01 shares, which are subject to a two-year lock-up period; June 24, 2026 for the AGA June 2024-02 shares, which are subject to a one-year lock-up period; and June 24, 2027 for the AGA June 2024-03 shares, which are not subject to a lock-up period.

The preference share plan (AGAP 2024) of June 24, 2024 led to the award of 12,818 AGAP 2024 preference shares. Of these shares, 12,200 vest on June 24, 2025 and the remaining 618 vest on June 24, 2027. All of the shares can be converted into a maximum of 100 ordinary shares each as from June 24, 2027, based on the achievement of performance conditions.

Free share awards

	AGAP/AGA shares awarded	AGAP/AGA shares expired	AGAP/AGA shares vested	AGAP vested and already converted into ordinary shares	AGAP to be converted into ordinary shares and non-convertible AGAP[b]	Number of ordinary shares issued	Maximum number of ordinary shares yet to be issued[a]	Net number of new shares that may be created
AGAP 2017-03 (SM of April 27, 2017)	3,490		3,490	3,250	240	173,050	3,300	3,240
AGAP 2018-01 (SM of April 5, 2018)	580		580	500	80	50,000	8,000	7,920
AGAP 2018-02 (SM of April 5, 2018)	11,500	200	11,300	8,750	2,550	128,500	37,750	35,200
AGAP 2018-03 (SM of April 5, 2018)	740		740	370	370	27,750	27,750	27,380
AGAP 2019-01 (SM of March 28, 2019)	8,000	120	7,880		7,880			
AGAP 2019-02 (SM of March 28, 2019)	8,000	120	7,880	200	7,680	2,000	76,800	69,120
AGAP 2020-01 (SM of March 30, 2020)	2,360		2,360		2,360		12,000	11,880
AGAP 2020-02 (SM of March 30, 2020)	900		820		820		90,000	89,180
AGA 2021-03 (SM of May 12, 2021)	117,500		117,500	N/A	N/A	117,500		
AGA 2022-02 (SM of May 12, 2021)	8,970	810	8,160	N/A	N/A	8,160		
AGA 2022-03 (SM of May 12, 2021)	19,850			N/A	N/A		19,850	19,850
AGAP 2022 (SM of May 11, 2022)	4,654		4,258		4,654		465,400	461,142
AGA June 22-02 (SM of May 11, 2022)	97,587		97,587	N/A	N/A	97,587		
AGA June 22-03 (SM of May 11, 2022)	124,816			N/A	N/A		124,816	124,816
AGA June 23-01 (SM of May 11, 2023)	250,989	3,200	247,789	N/A	N/A	247,789		
AGA June 23-02 (SM of May 11, 2023)	194,643			N/A	N/A		194,643	194,643
AGA June 23-03 (SM of May 11, 2023)	191,330			N/A	N/A		191,330	191,330
AGAP 2023 (SM of May 11, 2023)	2,171	32	1,963		2,139		213,900	211,937
AGA June 24-01 (SM of May 30, 2024)	225,515			N/A	N/A		225,515	225,515
AGA June 24-02 (SM of May 30, 2024)	225,515			N/A	N/A		225,515	225,515
AGA June 24-03 (SM of May 30, 2024)	254,927			N/A	N/A		254,927	254,927
AGAP 2024 (SM of May 30, 2024)	12,818						1,281,800	1,281,800
Total							**3,453,296**	**3,435,395**

Of which

Number of shares relating to free preference share plans (AGAP) that have reached the convertibility date	142,860
Number of shares relating to free preference share plans (AGAP) that have not reached the convertibility date	2,055,939
Number of shares relating to free preference share plans (AGAP) not yet vested	1,236,596
	3,435,395

a) For AGAP: assuming that all AGAP awarded and not yet expired are converted into ordinary shares, and that all AGAP not yet convertible will meet all performance criteria. For AGA: assuming that all AGA awarded are vested by their beneficiaries. The shares already issued are deducted in both cases.

(b) Non-convertible AGAP are those for which no performance criteria have been met at their convertibility date, and which are therefore not (and never will be) convertible into ordinary shares.

For further details, see the tables in section 5.2.5 of the 2024 Universal Registration Document setting out the AGAP and AGA awarded, expired, vested and yet to vest, as well as the AGAP already converted into ordinary shares, those not yet converted and the maximum number of new ordinary shares that could be issued upon their conversion. The performance conditions associated with each class of AGAP and AGA are also described in that section.

2.4.8 Share warrants (BSA)

BSA share warrants awarded during the period

6,000,000 share warrants were issued free of consideration to IQEQ on June 13, 2024 as part of the equitization of the loan taken out with the European Investment Bank (EIB) (see section 4.6.2).

As part of the flexible equity financing arrangement set up on July 5, 2024, 3,500,000 warrants had been issued.

Summary table of BSA share warrants

	Issued	Subscribed	Expired	Reserve	Exercised	Balance	% of existing share capital	Expiration date
BSA 2017 (SM of April 27, 2017)	12,000	12,000				12,000	0.03%	May 15, 2027
BSA 2018 (SM of April 5, 2018)	10,000	10,000				10,000	0.02%	June 11, 2028
BSA 2019 (SM of March 28, 2019)	6,000	6,000	6,000			0	0.00%	June 24, 2029
BSA 2021 (SM of May 12, 2021)	12,000	12,000	6,000			6,000	0.01%	June 14, 2031
BSA 2023 (SM of May 11, 2022)	20,000	20,000	20,000			0	0.00%	May 11, 2033
BSA 2023 (SM of May 11, 2023)	6,000	6,000				6,000	0.01%	May 11, 2033
BSA 2024 – Equitization (SM of May 30, 2024)	6,000,000	6,000,000			1,371,760	4,628,240	10.39%	June 13, 2028
BSA Vester (SM of May 30, 2024)	3,500,000	3,500,000			1,800,000	1,700,000	3.82%	July 5, 2026
TOTAL	**9,566,000**	**9,566,000**	**32,000**		**3,171,760**	**6,362,240**		

2.4.9 Other balance sheet details

Conditional advances

The conditional advances item comprises (i) the repayable advance received from Bpifrance, which totaled €14,507,309 at December 31, 2024 (unchanged from end-2023), and (ii) the repayable advance granted under the "France 2030 (Health)" program for €2,318,047 in 2023.

The advance from Bpifrance bears interest at the contracted rate of 5.59%, while the France 2030 advance bears interest at 3.56%. At December 31, 2024, accrued interest calculated using the capitalization method stood at €9.917 million on the Bpifrance advance and €0.107 million on the France 2030 advance, and is recorded in liabilities under "Sundry loans and borrowings".

Accrued income

Amount of accrued income included in the following balance sheet items *(in thousands of euros)*	**Value**
Trade receivables	0
Other receivables	397
Subsidies receivable	20
Total	**417**

Accrued expenses

Amount of accrued expenses included in the following balance sheet items *(in thousands of euros)*	**Value**
Royalties	104
Bank loans and borrowings	4,836
Sundry loans and borrowings	10,980
Trade notes and accounts payable	2,711
Tax and social security payables	5,034
Other payables	188
Total	**23,852**

Prepaid expenses and deferred income

Prepaid expenses *(in thousands of euros)*	**Value**
Operating expenses	1,043
Total	**1,043**

Prepaid expenses primarily include rent and insurance premiums for the period after December 31, 2024.

Deferred income *(in thousands of euros)*	**Value**
Operating income	None
Total	**None**

Information on related companies

The following balance sheet item includes an amount concerning a related company:

Trade notes and accounts payable *(in thousands of euros)*	
Related company liabilities	7

The following related company, which is part of Airbus Group, is taken into account:

- Segula Matra Automotive.

Provisions for losses

Social security levy (AGA/AGAP free shares)

A provision of €0.154 million was booked at the reporting date to cover social security levies on free shares.

The calculation assumptions made were as follows:

- determination of an estimated percentage of achievement for each of the performance criteria for the AGAP 2024 plan;
- value of an ordinary share: €1.09 (closing price on December 31, 2024);
- employer contribution rate: 20%.

Commercial warranty

As part of its commercial offer, the Company may grant customers a one-year "commercial warranty" (free replacement of a certain number of components), under certain limited contractually defined conditions.

The corresponding provision amounts to €0.332 million at December 31, 2024.

2.5 Additional information on the income statement

Sales

The Company recorded revenue of €6.969 million in 2024. This corresponds to the commercial sale of 17 Aeson® systems in Italy, Germany, Spain and Poland and to the sale of 25 Aeson® systems within the framework of the EFICAS clinical study in France.

Revenue (in thousands of euros)	Value
Net revenue	6,969
Total	**6,969**

Operating subsidies

In 2024, the Company recognized a total of €0.375 million in operating subsidies in its income statement, breaking down as:

- €0.021 million in subsidies received in respect of employer apprenticeship programs;
- €0.349 million for the last tranche of the €1.4 million "CAP 23" subsidy awarded to Carmat in its capacity as a winner of the "Industrial Recovery Plan – Strategic Sectors" call for projects. This non-dilutive funding contributes to Carmat's industrialization program, designed to scale up production of the Aeson® heart for its commercial launch.

Investment subsidies

In 2024, the Company recognized a portion of an investment subsidy for €0.199 million under non-recurring income, breaking down as:

- €0.149 million of the €1.4 million "CAP 23" subsidy awarded to Carmat as a winner of the "Industrial Recovery Plan – Strategic Sectors" call for projects;
- €0.050 million of the €13.2 million blended financing package awarded to Carmat in April 2023 under the "France 2030 (Health)" plan.

Applied research and development costs

Research and development costs are recognized under expenses, and amounted to €16.945 million in 2024.

Research tax credit and innovation tax credit

The income statement for the year shows a tax credit of €1.658 million, corresponding to the amount of the research tax credit calculated for 2024.

Statutory Auditor's fees

The total amount of Statutory Auditor's fees for the year was €0.229 million excluding taxes and out-of-pocket expenses, breaking down as:

Statutory Auditors' fees (excl. VAT) *(in thousands of euros)*	**PricewaterhouseCoopers**
Statutory Auditor's fees	**118**
Non-audit services fees	
o Non-audit services required by law	**111**
o Other non-audit services	
Total	**229**

Non-recurring income and expenses

Non-recurring income and expenses *(in thousands of euros)*	**Year ended Dec. 31, 2024**	**Year ended Dec. 31, 2023**
Non-recurring income		
• Miscellaneous adjustments	52	41
• Portion of investment grants transferred to income	199	126
• Disposal of treasury shares	146	84
Total	**397**	**251**
Non-recurring expenses		
• Miscellaneous adjustments and expenses	761	123
• Disposal of treasury shares	248	98
• Non-recurring depreciation/amortization	9	3
Total	**1,018**	**225**

Information on related companies

The following income statement items include sums in connection with related companies:

Other purchases and external charges *(in thousands of euros)*	**Year ended Dec. 31, 2024**
Other purchases and external charges (related companies)	22

The following related company, which is part of Airbus Group, is taken into account:

- Segula Matra Automotive.

2.6 Financial commitments and other information

Financial commitments

Commitments given

Bpifrance repayable advance

A repayable advance totaling €14.507 million was received from Bpifrance, of which the final €1.451 million tranche was received in June 2019. The corresponding accrued interest amounts to €10.023 million at the end of the reporting period. This amount is repayable subject to achieving cumulative revenue of at least €38.000 million. The Bpifrance agreement provides for supplementary payments if certain conditions are met, so that the total amount repayable could exceed the amount of the advance initially granted, up to a ceiling of €50.000 million.

Royalties agreement with Professor Alain Carpentier and Matra Défense

On June 24, 2008, the Company signed a royalties agreement with Professor Alain Carpentier and Matra Défense, which was amended on February 5, 2010. Under this agreement, the Company has undertaken to pay to Professor Alain Carpentier and Matra Défense 2% of the net sales proceeds of the “Carmat” artificial heart manufactured and distributed by Carmat, with this amount to be divided between the two beneficiaries in proportion to their respective shares in the capital of the Company on the date it was established. These royalties will be payable every six months within 30 days of the end of each six-month period, commencing after the first marketing of the “Carmat” artificial heart post-CE marking in Europe and FDA marketing authorization in the United States, and ending upon expiration of the patents shown in the appendices to the agreement.

The Company is also authorized to repurchase at any time the right to benefit from these royalties for a sum of €30.000 million less any royalties already paid under the agreement, with this total sum being shared between the two beneficiaries in proportion to their respective shares in the share capital of the Company on the date it was established. This amount of €30.000 million is indexed to the Producer Price Index of the Business Services Industry – eurozone orthopedic and orthopedic equipment.

The rights allocated to Professor Alain Carpentier and to Matra Défense in this way are non-transferable.

No royalties were paid by the Company or are due in respect of 2024 under this agreement.

Royalties agreement with the European Investment Bank (EIB)

In connection with the €30 million EIB loan granted to Carmat in December 2018, the Company and the EIB signed a royalties agreement, amended on March 22, 2024, providing for the payment of additional compensation to the EIB depending on the commercial performance of the Company. The agreement covers sales generated by the Company until December 31, 2038.

The Company can decide to terminate the royalties agreement at any time by paying a lump sum (net of any royalties already paid), based on the amount borrowed and the year during which the decision is taken.

Upon the occurrence of certain events (in particular should the EIB demand the early repayment of the loan or should a new shareholder reach 33% of the voting rights of Carmat), the EIB could, if deemed necessary, demand from the Company an advance payment of royalties up to a certain percentage of the amount of the loan effectively used (this percentage would range from 100% of the borrowed amount if the event occurs during the first four years of the financial agreement to 160% if the event occurs after the eleventh year). In addition, the Company must maintain a minimum cash position of €2 million at all times.

An amount of €0.104 million due for 2024 under this royalties agreement was recognized in 2024.

Equitization agreement with the EIB: First call guarantee

Pursuant to the agreement concerning the equitization of the EIB loan (see the paragraph on the equitization process in section 4.6.2), if the net proceeds from share sales are not sufficient to fully repay the first tranche of the loan to the EIB by July 31, 2026 (the new maturity date of the tranche), the Company would be required to repay the balance of this tranche due to the EIB in cash from its own cash resources at that date. Consequently, the Company has granted the EIB a standalone first-call guarantee in the event that the amount due under the first tranche of the EIB loan is not repaid on the date set in the EIB loan agreement.

Pension and retirement obligations

The Company has not signed a specific agreement on retirement obligations. These are therefore limited to the lump-sum payment due on retirement as provided for in the applicable collective bargaining agreement.

In application of the reference method 2 in ANC recommendation 2013-02, the provision for retirement obligations has been booked at December 31, 2024.

The calculation assumptions made were as follows:

- for each employee, the actuarial value of future benefits (AVFB) was allocated evenly over the vesting period. The AVFB is the one-off premium payable at the valuation date which, capitalized at the discount rate used, would allow the future benefit obligations to be paid were the actuarial assumptions to be met;
- retirement on the initiative of the member of staff, at 64 years (non-management) or 67 years (management);
- annual salary increases of between 2.5% and 3.5%, depending on the age group;
- employee turnover depending on the age of the employees;
- discount rate of 3.4% per annum (versus 3.2% used at December 31, 2023).

The overall amount of the provision was €0.408 million at the end of the period, a decrease of €0.065 million on the previous period.

Commitments received

None.

Other information

Equitization of the EIB loan

General information about the equitization operation

As part of the agreement entered into by Carmat on March 22, 2024 with all of its lenders (including the EIB), the Company and the EIB agreed – in particular in order to reduce the cash repayments due under the loan taken out by Carmat with the EIB – to equitize the first tranche of the loan[4] so that it can be gradually converted into Carmat shares via a management trust (the "Trust") set up for the purposes of the equitization and managed by IQEQ, a trustee (the "Trustee") that is independent of the Company and the EIB. The equitization will successively cover the three tranches of the loan, but the EIB may decide not to equitize the second and/or third tranches when the time comes, in which case the market will be informed accordingly.

In order to implement the equitization process[5], the Company will issue a number of share warrants free of consideration to the Trustee acting on behalf of the Trust[6]. Each warrant entitles its holder to subscribe for one share in the Company. The Trustee will gradually exercise these warrants, then the shares issued on exercise of the warrants will be gradually sold by the Trustee on the market[7], and the net proceeds from the sales will be transferred by the Trust to the EIB every two months until the sums due under the first tranche of the loan have been fully repaid to the EIB.

If the net proceeds of the share sales do not enable the tranche to be repaid in full to the EIB at maturity, the Company would be required to repay the balance due to the EIB for this tranche in cash from its own cash resources on that date. The Company therefore has the possibility of partially repaying in cash the amounts due to the EIB under the first tranche of the loan.

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

On June 13, 2024, the EIB transferred the principal and interest receivable under the first tranche of the EIB loan (i.e., €15.1 million) to the assets of the Trust. For technical reasons, this receivable was immediately transferred by the Trust to Carmat so that the Company could cancel it through the merger of rights as a result of the same entity being the lender and borrower. This transfer of the receivable to the Company did not give rise to a cash payment but to the creation of a vendor loan owed by the Company to the Trust (the "**Vendor Loan**").

[4] The equitization will concern both the principal and interest on the loan, so that once a tranche has been equitized, the Company will have nothing further to disburse in relation to that tranche before its new maturity date (except in cases of default or early repayment, which remain unchanged).

[5] Given the time required to set up the equitization process, the Company estimates that equitization should begin in the second quarter of 2024.

[6] With regard to the first tranche of the EIB loan, this issue will be based on the authorization granted by the Shareholders' Meeting of January 5, 2024 under its eleventh resolution. Additional warrants may be issued at a later date by the Company to the Trustee, acting on behalf of the Trust, if the number of warrants originally issued is not sufficient to fully equitize.

[7] The terms and conditions governing the exercise of the warrants and the sale of the shares issued on their exercise, particularly regarding prices and volumes, will be set out in the trust agreement.

Under the terms of the Trust agreement signed for the purposes of the equitization, on June 13, 2024, the Company issued, free of consideration and without shareholders' pre-emptive subscription rights, 6 million share warrants to the Trustee acting on behalf of the Trust[8], subscribed in full by the Trust.

Accounting impacts of the equitization operation

The amounts due under the first tranche of the EIB loan, which has been equitized, are shown (principal and accrued interest) on the liabilities side of the balance sheet, under "Sundry loans and borrowings" (and no longer under "Bank loans and borrowings"). These amounts correspond to the debt (principal and accrued interest of €15.1 million) owed by Carmat to the EIB on the date that the EIB transferred its receivable to the Trust (i.e., June 13, 2024), plus the interest accrued since that date, less amounts repaid or to be repaid by the Trust to the EIB.

The capital increases resulting from the exercise of the share warrants by the Trust are accounted for in the same way as all other capital increases. In particular, in application of the reference method (ANC recommendation 2018-01), share issuance costs are recorded in the balance sheet as a deduction from the share premium.

Information on executives

ADVANCES AND LOANS TO MANAGEMENT

No loans or advances were made to executives of the Company during the year, in accordance with the provisions of Article R.123-197 of the French Commercial Code.

MANAGEMENT COMPENSATION

The total compensation paid to the Chairman of the Board of Directors and the Chief Executive Officer of the Company was €0.613 million for the year and breaks down as follows:

Management compensation *(in thousands of euros)*	**2024**	**2023**
Gross salaries	496	578
Benefits in kind	5	10
Bonuses	82	334
Compensation awarded to the Chairman of the Board of Directors	30	
Total compensation	**613**	**922**

No compensation other than the one mentioned above was paid in 2024.

Increases and decreases in future tax liabilities

Type of temporary differences *(in thousands of euros)*	**Value**
Tax loss carryforwards	545,030

This amount comprises:

- the tax loss carried forward from previous periods and available at January 1, 2024 in an amount of €48.604 million;
- the tax loss made in the 2024 financial year in the sum of €56.426 million.

Headcount at year-end

Salaried staff	**2024**	**2023**
Managers	108	131
Supervisors and technicians	38	44
Administrative employees	7	7
Total	**153**	**182**

[8] Additional warrants may be issued at a later date by the Company to the Trustee, acting on behalf of the Trust, if the number of warrants originally issued is not sufficient to fully equitize the first tranche of the loan.