



French joint-stock corporation (*société anonyme*) with share capital of €1,398,139.72 €
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78140 Vélizy Villacoublay, France
Registered in the Versailles Trade and Companies Register under no. 504 937 905

2024 INTERIM FINANCIAL REPORT

SIX MONTHS ENDED JUNE 30, 2024

THIS IS A FREE TRANSLATION INTO ENGLISH OF 2024 INTERIM FINANCIAL REPORT ('RAPPORT FINANCIER SEMESTRIEL 2024') PUBLISHED IN FRENCH ON SEPTEMBER 06, 2024.
THIS TRANSLATION IS PROVIDED SOLELY FOR THE CONVINIENCE OF ENGLISH-SPEAKING READERS.

THE 2024 INTERIM FINANCIAL REPORT ('RAPPORT FINANCIER SEMESTRIEL 2024') IS AVAILABLE ON THE COMPANY'S WEBSITE.

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1 DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT AT JUNE 30, 2024

I hereby declare that, to the best of my knowledge, the financial statements presented for the six months ended June 30, 2024 were prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and results of the Company, and that the interim review of operations on pages 4 to 7 presents a true and fair view of the significant events that took place during the first half of the year, their impact on the financial statements and the main transactions between related parties, along with a description of the principal risks and uncertainties for the remaining six months of the year.

Stéphane Piat
Chief Executive Officer, CARMAT

2 REVIEW OF OPERATIONS

2.1 SUMMARY OF THE INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2024

Income statement <i>(in millions of euros)</i>	6 months ended June 30, 2024	12 months ended Dec. 31, 2023	6 months ended June 30, 2023
Revenue	3.3	2.8	0.6
Net operating expense	(25.4)	(52.5)	(25.9)
Net financial expense	(1.7)	(3.1)	(1.7)
Net non-recurring income	0.1	0.0	0.0
Research and innovation tax credit	0.8	1.7	1.0
Net loss	(26.2)	(53.9)	(26.7)

Balance sheet <i>(in millions of euros)</i>	June 30, 2024	Dec. 31, 2023	June 30, 2023
Total assets	54.2	53.1	64.5
Total equity	(39.4)	(43.8)	(24.5)
(Net cash)/Net debt*	47.1	49.6	32.7

Cash flow statement <i>(in millions of euros)</i>	6 months ended June 30, 2024	12 months ended Dec. 31, 2023	6 months ended June 30, 2023
Cash and cash equivalents at beginning of period	8.0	51.4	51.4
Net cash used in operating activities	(25.7)	(53.5)	(30.7)
Net cash used in investing activities	(1.1)	(4.9)	(1.6)
Net cash from financing activities	30.3	15.0	4.7
Cash and cash equivalents at end of period	11.4	8.0	23.8

* Long-term financial liabilities plus short-term financial liabilities less cash and cash equivalents.

First-half 2024 earnings

CARMAT generated €3.3 million in revenue in the first half of 2024, corresponding to the sale of seven artificial hearts for commercial implants (in Germany, Italy and Poland) and 13 as part of the EFICAS clinical study in France.

In the first six months of the year, CARMAT's efforts and resources were predominantly focused on:

- deploying and developing its business in Europe;
- stepping up its EFICAS clinical study in France;
- continuing discussions with the FDA with a view to starting up the second cohort of its EFS (early feasibility study) in the United States;
- strengthening its financial structure.

The Company continued to keep tight control over its operating expenses, enabling it to slightly reduce its net operating expense to €25.4 million in the first half of 2024 from €25.9 million in first-half 2023.

After taking into account net financial expense of €1.7 million and €0.8 million in income from the research tax credit, CARMAT ended the first half of 2024 with a net loss of €26.2 million (compared with a €26.7 million net loss in the first six months of 2023).

Sales

The €3.3 million in revenue recorded by CARMAT in the first half of 2024¹ means that it has already exceeded its full-year revenue for 2023 (€2.8 million). The first-half 2024 revenue figure corresponds to the sale of 20 Aeson® hearts for implants performed during the period, compared with three in the first half of 2023. The rate of implants increased to four Aeson® hearts per month in the second quarter of 2024 (generating revenue of €2.2 million), compared with two hearts per month in the first quarter (representing €1.1 million in revenue).

Cash flows and financial structure

Cash and financing

At June 30, 2024, the Company had €11.4 million in cash and cash equivalents, versus €8.0 million at December 31, 2023.

Cash flows from operating and investing activities represented a net cash outflow of €26.8 million, representing an improvement of more than €5 million compared with the €32.2 million net outflow recorded for the first half of 2023, mainly reflecting tight control over operating expenses and capex.

In the first half of 2024, the Company obtained the following funds:

- an aggregate €32.5 million in proceeds from two capital increases (€16.5 million in January and €16.0 million in May); and
- €0.3 million corresponding to the final tranche of the total €1.4 million “CAP23” grant awarded to CARMAT as a winner of the French government’s “Industrial Recovery Plan – Strategic Sectors” call for projects.

In addition, on July 5, 2024, i.e., after the half-year close, the Company set up a flexible equity financing line with Vester Finance², involving the issue of up to 3,500,000 shares (corresponding to c. €8.2 million based on CARMAT’s share price of €2.345 on June 30, 2024) over a 24-month period, with CARMAT immediately receiving €2.2 million.

In view of all of these factors³, and based on its current business plan, CARMAT’s confirmed financial resources should enable it to fund its business until end-September 2024. The Company is actively working on various financing options to secure the financial resources it requires to continue as a going concern beyond that date⁴. The Company estimates its financing requirements over the next 12 months to be c. €45 million.

Net debt

On March 22, 2024, the Company reached an agreement with all of its lenders – the European Investment Bank (EIB), BNP Paribas (BNPP) and Bpifrance (BPI) – on new repayment terms for its bank loans⁵, including, in particular, an extension of at least two years of the final maturity of each of the loans, and equitization⁶ of the loan taken out with the EIB, whose term commenced on June 13, 2024.

Taking into account this agreement, CARMAT’s net debt at June 30, 2024 was €47.1 million, breaking down as follows:

(Net cash)/Net debt <i>(in thousands of euros)</i>	June 30, 2024
Long-term financial liabilities (>12 months)	57,339
Short-term financial liabilities (<12 months)	1,158
Total financial liabilities [a]	58,497
Cash and cash equivalents [b]	11,420
(Net cash)/Net debt [a-b]	47,077

¹ Breaking down as €1.5 million from commercial implants, €1.7 million from the EFICAS clinical study in France, and €0.1 million from miscellaneous sales.

² See the press release published by the Company on July 5, 2024 about this equity financing.

³ Including the €2.2 million received in early July 2024 in connection with the Vester Finance equity financing line.

⁴ See Section 4.2.1 for the factors underlying the going concern principle used by the Board of Directors.

⁵ See the press release on the agreement published by the Company on March 22, 2024.

⁶ See the notes to the 2024 interim financial statements (Section 4.6.2) for details of the equitization process.

Short-term financial liabilities comprise:

- €0.2 million in interest due on tranches 2 and 3 of the EIB loan; and
- an aggregate €1.0 million in principal and interest payments due on the government-guaranteed loans (“PGEs”) taken out with BNPP and BPI.

2.2 SIGNIFICANT EVENTS OF FIRST-HALF 2024 AND RECENT DEVELOPMENTS

2.2.1 MARKED ACCELERATION IN SALES

Twenty Aeson® implants were performed in the first half of 2024, versus three in the first half of 2023. The rate of Aeson® implants reached four per month in the second quarter, doubling from two hearts per month in the first quarter.

In the first six months of 2024, CARMAT generated €3.3 million in revenue, which means that it has already exceeded its full-year revenue for 2023 (€2.8 million).

Sales were generated for the first time in Poland, bringing the number of countries in which CARMAT has a commercial activity to three (Germany, Italy and Poland). A total of nine hospitals carried out their first Aeson® implants in the first half of 2024 – four in Germany, three in France and two in Poland.

This very positive trend reflects the encouraging take-up of CARMAT’s artificial heart therapy in Europe.

2.2.2 VERY GOOD MOMENTUM FOR THE EFICAS CLINICAL STUDY

In the first six months of 2024, 13 Aeson® implants were performed as part of the EFICAS clinical study in France, corresponding to a rate of more than two implants per month.

This brings the total number of Aeson® implants performed under this study to 24 at June 30, 2024, paving the way for the imminent completion of half of the target number of patient recruitments, which represents 52 patients in total.

At June 30, all of the French centers taking part in the study – a total of 10⁷ – had already referred patients, and nine of them had performed at least one implant. The hospitals of Lille and Lyon, and the Hôpital Européen Georges Pompidou (HEGP) in Paris had each already carried out five implants, which clearly illustrates healthcare professionals’ high level of satisfaction with CARMAT’s total artificial heart therapy as they become familiar with Aeson® and identifying eligible patients.

CARMAT expects to publish the results of the EFICAS clinical study in the last quarter of 2025, which it believes will lead to a strong and sustained acceleration in the take-up of Aeson® artificial hearts in Europe.

EFICAS is also a key study both for securing social security reimbursement of Aeson® in France and for supporting CARMAT’s application for Premarket Approval (PMA) (marketing authorization in the United States issued by the FDA – Food & Drug Administration), which the Company expects to receive in 2027.

2.2.3 CONTINUED BUSINESS DEVELOPMENT

Europe (and Middle East)

In the first half of 2024, CARMAT trained nine new hospitals to perform Aeson® commercial implants, expanding its network to 42 centers in 14 different countries⁸. The Company is therefore well on track to meet its target of 50 trained hospitals by the end of 2024.

Out of these 42 centers, three-quarters were active in first-half 2024, i.e., they had already submitted patient files to CARMAT to assess their eligibility for implantation.

In addition, six countries (Switzerland, Austria, Slovenia, Croatia, Greece and Israel) were activated and therefore ready to perform implants. The Company plans to activate more countries in Europe in the second half of the year.

⁷ AP-HP GHU Pitié Salpêtrière, Hôpital Européen Georges Pompidou, CHU de Rennes, CHU de Strasbourg, Hospices Civils de Lyon, CHRU de Lille, Hôpital Marie-Lannelongue, CHU de Montpellier, CHU de Nantes and CHU de Dijon.

⁸ Germany, Italy, Poland, Switzerland, Israel, Slovenia, Saudi Arabia, Serbia, Croatia, Austria, Denmark, the Netherlands, the Czech Republic and Greece.

United States

Discussions with the FDA (the U.S. Food & Drug Administration) continued during the period, with a view to commencing the second cohort of seven patients in the EFS⁹ (early feasibility study). Based on all of the information available to the Company, CARMAT expects this to happen in early 2025, and still foresees the commercial launch of Aeson® in the United States taking place during the second half of 2027.

2.2.4 PRODUCTION RAMP-UP

Thanks to its expanded production capacity, with a second production facility coming on stream at its Bois d'Arcy site at the end of 2023, as well as its growing supplier base and the experience it has built up over the last few years, the Company had a continuous production output in the first half of 2024, enabling it to meet demand without any difficulties, while keeping up an inventory level of more than 20 Aeson® hearts.

CARMAT intends to continue to implement its industrial roadmap aimed at continuously improving its production processes, securing its supplies, gradually reducing the production cost for its artificial heart, and aligning its capacity development with demand.

2.2.5 STRENGTHENING THE COMPANY'S FINANCIAL STRUCTURE

Debt restructuring

In March 2024, CARMAT reached an agreement with all of its lenders (the EIB, BNPP and BPI) 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 loan¹⁰.

This debt restructuring provides the Company with the certitude of reducing its loan repayments by more than €30 million between 2024 and 2025¹¹ and it also means that CARMAT can expect to see a significant reduction in its cash repayments between 2026 and 2028 as a result of the equitization process (which began on June 13, 2024 for the first tranche of the loan).

Capital increases

The Company also carried out two capital increases in the first half of 2024 – one in January and the other in May – which generated gross proceeds of €16.5 million and €16.0 million respectively. 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.

2.2.6 CHANGES IN THE COMPANY'S GOVERNANCE

On June 24, 2024, Pierre Bastid was appointed as Chairman of the Board of Directors, replacing Alexandre Conroy, who resigned for personal reasons.

A seasoned industrialist and entrepreneur, Pierre Bastid knows CARMAT very well, having served on its Board as a director since 2018. He is also one of the Company's main shareholders via the Lohas and Les Bastidons entities, which he controls, and which together hold 13.1%¹² of CARMAT's share capital. Since taking a stake in CARMAT back in 2016, Pierre Bastid has subscribed for shares in each of the capital increases carried out by the Company.

On the same date, André Muller, an independent director, resigned from CARMAT's Board of Directors following his appointment as Chief Executive Officer of Idorsia.

Following these changes, CARMAT's Board is now chaired by Pierre Bastid and has 10 members, including five independent directors.

2.2.7 NEXT STEPS

2024 Objectives

For the second half of 2024, the Company forecasts a sales trend which would reach a yearly turnover within a range of €8 million to €12 million, to be compared with revenue of around €14 million initially planned. This forecast reflects a better understanding of the market access dynamics and seasonality, as well as two summer months during which the level of surgical activity remained limited across Europe.

⁹ The first cohort of seven patients was finalized in the second half of 2021.

¹⁰ Please see Section 4.6.2 of this document for an explanation of the equitization process.

¹¹ Compared with the original repayment schedules.

¹² At June 30, 2024.

Regarding the other key objectives for 2024, the Company confirms it is on track to achieve them by the end of the year, namely:

- a patient recruitment rate of around 75% in the EFICAS clinical study,
- c. fifty centers trained for commercial implants,
- a c. 20% reduction in cash burn (operations and investments) vs 2023,
- filing to resume the EFS study (United States).

Key catalysts anticipated in 2025 to support short and medium-term development

In 2025, the Company anticipates four key drivers to support its short and medium-term development:

- Q1 2025: initiation of the second cohort of patients in the EFS study in the United States,
- H1 2025: publication in a scientific journal of the Aeson® clinical results for patients previously under "ECLS"¹³,
- H2 2025: resumption of the PIVOTAL study in Europe for a cohort of patients not eligible for heart transplant, to target the "Destination Therapy" indication,
- Q4 2025: publication of the results of the EFICAS study (52 patients).

In the short term, continued development in Europe supported by scientific publications

With over 70 patients having received an implant since Aeson® was created, CARMAT has built up substantial clinical experience. This testifies to the technology's unique performance and safety profile, particularly given that the Company tends to treat patients at an increasingly severe stage of the disease.

In the coming months, the Company intends to carry-on with the gradual spread of its therapy across Europe, in the bridge-to-transplant indication for which Aeson® is currently approved, by building on this clinical experience, but also on the growing reputation of Aeson®, supported in particular by a ripple effect between centers, and spontaneous positive communication by physicians and hospitals performing implants.

Aeson® sales' growth should then accelerate significantly following the publication of Aeson® clinical results in patients previously under ECLS, anticipated in Q1 2025, and EFICAS study results in Q4 2025.

In the medium term, heading towards the US market and the Destination Therapy

In the medium term, the Company continues to target access to the US market, as well as the Destination Therapy (DT) indication (or so called "permanent implant"), which would allow patients to remain under Aeson® support with no subsequent heart transplant. In terms of addressable market, the Destination Therapy represents one of the biggest opportunities in cardiology.

The anticipated launch, in Q1 2025, of the second cohort of patients in the US EFS study, and the expected resumption in H2 2025 of the European PIVOTAL study with a cohort of patients not eligible for heart transplant, are important milestones to ultimately get Aeson® approved for this strategic indication.

2.3 MAIN RISK FACTORS

Risk factors are discussed in detail in Chapter 2 of the 2023 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) under number D. 24-0374. Regarding the risk of « Significant shareholding dilution », the Company now considers it as « critical » (and no longer as « major », as previously reported in Chapter 2 of the 2023 Universal Registration Document), as its potential impact is now assessed as « major » and its likelihood as « very high ».

To date, the Company is not aware of any other significant changes in these risk factors.

The Company would also like to draw the attention of readers to the timeframe of its cash runway, which lasts until end-September 2024, and to Section 4.2.1 of this report, particularly in relation to the assumptions underlying the going concern basis of accounting adopted by the Board of Directors in the preparation of the Company's financial statements for the six months ended June 30, 2024.

¹³ ECLS = Extra-Corporal Life Support

3 2024 INTERIM FINANCIAL STATEMENTS

Note that the legal provisions applicable to CARMAT, whose shares are traded on Euronext Growth, do not require the issuance of an audit report by the Statutory Auditors on the interim financial statements.

3.1 BALANCE SHEET

Assets (in thousands of euros)	June 30, 2024		Dec. 31, 2023	
	Gross	Depreciation, amortization and impairment	Net	Net
UNCALLED SUBSCRIBED CAPITAL (TOTAL I)				
Non-current assets				
Intangible assets (notes 4.3.1 and 4.3.2)				
Start-up costs				
Development costs				
Licenses, patents and similar rights	2,175	2,090	85	
Goodwill ⁽¹⁾				
Intangible assets not yet available for use				72
Advances and downpayments				
Property, plant and equipment (notes 4.3.1 and 4.3.2)				
Land				
Buildings				
Technical plant, equipment and tooling	14,278	10,765	3,513	3,526
Other property, plant and equipment	5,011	2,441	2,570	2,632
Property, plant and equipment in progress	4,030		4,030	3,794
Advances and downpayments				
Financial assets ⁽²⁾ (notes 4.3.1 and 4.3.2)				
Equity-accounted investments				
Other equity interests				
Other long-term investments				
Loans				
Other financial assets (note 4.3.4)	543	3	540	613
TOTAL II	26,037	15,298	10,739	10,637
Current assets				
Inventories and work in progress (note 4.3.3)				
Raw materials, supplies	8,545	1,535	7,010	8,273
Work in progress – goods	2,875	1,052	1,823	1,684
Semi-finished and finished goods	21,911	11,548	10,363	9,220
Goods for resale	6,876	3,680	3,195	4,767
Advances and downpayments on orders	3,618		3,618	4,071
Receivables ⁽³⁾				
Trade notes and accounts receivable	1,830		1,830	1,348
Other receivables (note 4.3.5)	2,781	144	2,637	3,797
Share capital subscribed, called and unpaid				
Marketable securities				
Cash instruments				
Cash	11,420		11,420	8,013
Prepaid expenses ⁽³⁾ (note 4.3.7.4)	1,517		1,517	1,222
TOTAL III	61,373	17,959	43,413	42,394
ACCRUAL ACCOUNTS				
Deferred loan issuance costs (IV)				
Bond redemption premiums (V)				
Unrealized foreign exchange losses (VI)	18		18	38
Grand total (I+II+III+IV+V+VI)	87,428	33,258	54,170	53,069
⁽¹⁾ Including lease rights.				
⁽²⁾ Of which are due in less than one year.			72	115
⁽³⁾ Of which are due in more than one year.			826	

Equity and liabilities <i>(in thousands of euros)</i>	June 30, 2024	Dec. 31, 2023
EQUITY (note 4.3.6)		
Share capital (of which paid-up: €1,405,865.20)	1,406	992
Additional paid-in capital	31,280	9,038
Revaluation adjustments		0
Reserves		
Legal reserve		0
Statutory or contractual reserves		0
Untaxed reserves		0
Other reserves	107	106
Retained earnings/(Losses carried forward)	(47,097)	(1,228)
Net loss for the period	(26,155)	(53,869)
Grants	1,085	1,199
Tax-driven provisions		0
TOTAL I	(39,373)	(43,762)
OTHER EQUITY		
Proceeds from issues of equity securities		0
Conditional advances (note 4.3.7.1)	16,825	16,825
TOTAL II	16,825	16,825
PROVISIONS		
Provisions for contingencies	678	798
Provisions for losses (notes 4.3.4 and 4.3.7.6)	691	1,096
TOTAL III	1,369	1,894
LIABILITIES⁽¹⁾		
Debt		
Convertible bonds		0
Other bonds		0
Bank loans and borrowings	33,800	47,709
Bank overdrafts		0
Sundry loans and borrowings (note 4.3.5)	24,700	9,940
Advances and downpayments received on orders in progress		0
Accounts payable (note 4.3.5)		
Trade notes and accounts payable	5,406	9,608
Tax and social security payables	7,063	5,928
Amounts payable on non-current assets and other		0
Other payables	4,370	4,908
ACCRUAL ACCOUNTS		
Prepaid income ⁽¹⁾ (note 4.3.7.4)		0
TOTAL IV	75,339	78,094
Unrealized foreign exchange gains	11	18
TOTAL V	11	18
Grand total (I+II+III+IV+V)	54,170	53,069
⁽¹⁾ Liabilities and deferred income due in less than one year.	12,577	37,616

3.2 INCOME STATEMENT

Income statement (in thousands of euros)	6 months ended June 30, 2024		6 months ended June 30, 2023	12 months ended Dec. 31, 2023
	France	Export	Total	Total Total
OPERATING INCOME				
Sale of goods for resale			65	
Production sold – goods	1,725	1,495	3,220	2,797
Production sold – services				
NET REVENUE	1,725	1,495	3,285	2,797
Inventoried production			2,831	6,001
Capitalized production				
Operating grants			363	1,040
Reversals of impairment, depreciation/amortization and provisions, expense transfers			8,147	8,707
Other income			27	51
TOTAL OPERATING INCOME (I)			14,653	18,596
OPERATING EXPENSES				
Purchases of goods for resale (including customs duties)			7	1,202
Change in inventories (goods for resale)			306	(988)
Purchases of raw materials and other supplies			3,229	8,958
Change in inventories (raw materials and other supplies)			546	(3,171)
Other purchases and external expenses			12,468	27,818
Taxes, duties and other levies			142	390
Wages and salaries			7,558	14,669
Social security contributions			3,436	6,961
Depreciation/amortization and impairment				
of non-current assets: depreciation/amortization (note 4.3.2)			971	1,694
of non-current assets: impairment				
of current assets: impairment			10,771	11,545
Additions to provisions for contingencies and losses (note 4.3.4)			374	1,312
Other expenses			255	726
TOTAL OPERATING EXPENSES (II)			40,063	71,116
1 - NET OPERATING INCOME (EXPENSE) (I-II)			(25,410)	(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			34	373
Reversals of impairment and provisions, expense transfers				0
Foreign exchange gains			2	3
Net income on sales of marketable securities				
TOTAL (V)			35	375
FINANCIAL EXPENSES				
Depreciation/amortization, impairment and provisions			3	0
Interest expense			1,684	3,421
Foreign exchange losses			13	28
Net expenses on sales of marketable securities				

TOTAL (VI)	1,699	2,003	3,449
2 - NET FINANCIAL EXPENSE (V-VI)	(1,664)	(1,739)	(3,074)
3 - RECURRING EXPENSE BEFORE TAX (I-II+III-IV+V-VI)	(27 074)	(27 633)	(55 593)
NON-RECURRING INCOME (note 4.4.5)			
Non-recurring income on management transactions	42	42	41
Non-recurring income on corporate actions	190	38	210
Reversals of impairment and provisions, expense transfers			
TOTAL (VII)	232	80	251
NON-RECURRING EXPENSES (NOTE 4.4.5)			
Non-recurring expenses on management transactions	9	36	123
Non-recurring expenses on corporate actions	86	38	98
Depreciation/amortization, impairment and provisions			3
TOTAL (VIII)	95	74	225
4 - NET NON-RECURRING INCOME (VII-VIII)	137	6	26
Employee profit-sharing (IX)			
Income tax (X) (note 4.4.4)	(782)	(954)	(1,698)
TOTAL INCOME (I+III+V+VII)	14,919	10,512	19,223
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	41,074	37,185	73,092
5 - NET PROFIT (LOSS) (TOTAL INCOME - TOTAL EXPENSES)	(26,155)	(26,673)	(53,869)

4 NOTES TO THE 2024 INTERIM FINANCIAL STATEMENTS

The following sections contain notes to the balance sheet at June 30, 2024, which shows total assets of €54.170 million, and to the income statement for the six months then ended, presented in list form and showing €3.3 million in revenue and a net loss of €26.155 million.

The reporting period covers the six months from January 1, 2024 to June 30, 2024.

The notes and tables presented below are an integral part of the financial statements for the six months ended June 30, 2024, as approved by the Board of Directors on September 5, 2024. They are presented in thousands of euros unless otherwise stated.

4.1 SIGNIFICANT EVENTS DURING THE PERIOD

Activity

In the first six months of 2024, CARMAT generated €3.3 million in revenue, which means that it has already exceeded its full-year revenue for 2023 (€2.8 million). The first-half 2024 revenue figure corresponds to the sale of 20 artificial hearts (compared with three in the first half of 2023), seven of which were commercial implants (in Germany, Italy and Poland) and 13 were part of the EFICAS clinical study in France.

The rate of Aeson® implants reached four per month in the second quarter, doubling from two hearts per month in the first quarter.

Sales were generated for the first time in Poland, bringing the number of countries in which CARMAT has a commercial activity to three (Germany, Italy and Poland). A total of nine hospitals carried out their first Aeson® implants in the first half of 2024 - four in Germany, three in France and two in Poland - and at June 30, 2024, 42 hospitals (in 14 different countries) had been trained to perform commercial implants of Aeson® hearts, i.e., nine more than at end-2023.

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

Financing

Debt restructuring:

In March 2024, CARMAT reached an agreement with all of its lenders (the EIB, BNPP and BPI) 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 loan¹⁴.

This debt restructuring provides the Company with the certitude of reducing its loan repayments by more than €30 million between 2024 and 2025¹⁵ and it also means that CARMAT can expect to see a significant reduction in its cash repayments between 2026 and 2028 as a result of the equitization process (which began on June 13, 2024 for the first tranche of the loan).

Capital increases:

The Company also carried out two capital increases in the first half of 2024 - one in January and the other in May - which generated gross proceeds of €16.5 million and €16.0 million respectively. 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.

Cash runway:

Based on its current business plan, CARMAT's¹⁶ confirmed financial resources should enable it to fund its operations until September 30, 2024¹⁷. The Company is actively working on various financing options to secure the financial resources it requires to continue as a going concern beyond that date.

Net loss

The Company reported a €26.2 million net loss for the first half of 2024, representing an improvement of more than €2 million compared with the €26.7 million net loss figure for first-half 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that are liable to alter the presentation or valuation of the interim financial statements as authorized for issue by the Board of Directors on September 5, 2024.

4.2 SIGNIFICANT ACCOUNTING POLICIES

The methods used for measuring accounting items for the period remain unchanged from the previous period.

4.2.1 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*), the Accounting Decree of November 29, 1983 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 six months ended June 30, 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.

¹⁴ Please see Section 4.6.2 of this document for an explanation of the equitization process.

¹⁵ Compared with the original repayment schedules.

¹⁶ Including €2.2 million received in early July 2024 in connection with an equity financing line set up with Vester Finance involving up to 3.5 million shares (for further details, see the press release published by the Company on July 5, 2024).

¹⁷ See Section 4.2.1 for the factors underlying the going concern principle used by the Board of Directors.

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, borrowings, subsidies and other types of financing).

Based purely on its current confirmed financial resources, CARMAT can fund its operations (on the basis of its updated business plan) until the end of September 2024 without the need for any further financing. The Company estimates its financing requirements over the next 12 months to be c. €45 million (of which €12 million to €15 million by December 31, 2024).

Based on the progress of its project, the results of its clinical trials, the volumes of Aeson® sales already achieved, the positive feedback it has received and the interest shown by the medical community for its device, as well as its output potential, its previous financing and all other information in its possession, the Company considers the probability that it will be unable to source the funds it needs to continue operating to be moderate, although it cannot be completely ruled out. Indeed, the current geopolitical, political, economic and financial context 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.

Accordingly, the Company intends to gradually extend its cash runway to 12 months. This will take place over several stages: first, by carrying out a capital increase in the very near-term, which should enable it to strengthen its cash position and therefore continue as a going concern beyond September 2024, and subsequently by launching additional initiatives (including further capital increases) enabling it to further extend its cash runway. Moreover, the Company's forecast sales growth should enhance CARMAT's attractiveness to investors, and this, combined with strict financial discipline, should allow it to gradually reduce the amount of cash used in its operating and investing activities.

In this regard, 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 (equity, government support and other types of financing). It believes that it can also count, to some extent, on the support of some of its main existing shareholders.

Based on these factors, the Board of Directors believes that the going concern basis is appropriate. However, there is no guarantee that the anticipated financing will be secured. 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, 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 be placed in receivership in the short or medium term.

4.2.2 ADDITIONAL INFORMATION

4.2.2.1 *Applied research and development costs*

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

4.2.2.2 *Intangible assets*

Patents, licenses and other intangible assets have been measured at their acquisition cost, 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

4.2.2.3 *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, excluding costs incurred in their acquisition.

The methods and periods of depreciation 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
Furniture	Straight line	8 years
IT equipment	Straight line	3 years

4.2.2.4 *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;
- the unused balance of sums made available under the liquidity agreement for the acquisition of treasury shares.

4.2.2.5 *Receivables and payables*

Receivables and payables are measured 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.

4.2.2.6 *Revenue*

Sales are recognized when ownership is transferred to the customer.

4.2.2.7 *Translation differences and foreign exchange gains and losses*

Payables and receivables in foreign currencies are measured at the reporting date exchange rate. 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 as operating income or expenses.

4.2.2.8 *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 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.

4.2.2.9 *Cash in euros*

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

4.2.2.10 *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.

4.2.2.11 *Cash and cash equivalents*

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

- the sum of the "Cash instruments" and "Cash" items on the assets side of the balance sheet, 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;
- less the "Bank overdrafts" item on the liabilities side of the balance sheet.

4.2.2.12 *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".

4.2.2.13 *Equitized borrowings*

Amounts due in relation to financial liabilities that are "equitized" via a trust¹⁸ are shown (principal and accrued interest) in balance sheet liabilities under "Sundry loans and borrowings".

4.2.2.14 *Grants*

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:
 - o either in income for the period as an operating subsidy if they relate to operating activities;
 - o 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:
 - o either in income for the period as an operating subsidy if they relate to operating activities;
 - o 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.

¹⁸ See section 4.6.2

4.2.2.15 *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 recorded as liabilities in the balance sheet.

4.2.2.16 *Provisions for losses*

Warranty provision

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.

Provision for social security levies on free shares

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.

4.2.2.17 *Sub-contracting expenses*

The progress of third-party sub-contracting agreements for certain services 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.

4.2.2.18 *Share issue costs*

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

4.2.2.19 *Borrowing costs*

Borrowing costs are expensed as incurred.

4.3 ADDITIONAL INFORMATION ON THE BALANCE SHEET

4.3.1 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	
Intangible assets not yet available for use	72		
TOTAL	2,145	102	
Technical plant, equipment and industrial tooling ⁽²⁾	13,801	680	26
General plant, sundry fixtures and fittings	4,050	59	90
Office and IT equipment, furniture	785		27
Property, plant and equipment in progress	3,794		1,125
TOTAL	22,429	739	1,268
Other financial assets ⁽³⁾	613		1,781
TOTAL	613	0	1,781
GRAND TOTAL	25,187	841	3,049

Non-current assets - gross value (in thousands of euros)	Decreases		Gross value at end of period	Revaluation of original value at end of period
	Line to line transfers	Disposals - Retirement s		
Licenses, patents and similar rights ⁽¹⁾			2,175	
Intangible assets not yet available for use		72		
TOTAL	0	72	2,175	
Technical plant, equipment and industrial tooling ⁽²⁾		229	14,278	
General plant, sundry fixtures and fittings			4,199	
Office and IT equipment, furniture			813	
Property, plant and equipment in progress	841	47	4,030	
TOTAL	841	276	23,319	
Other financial assets ⁽³⁾		1,851	543	
TOTAL		1,851	543	
GRAND TOTAL	841	2,199	26,037	

⁽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 17,070 treasury shares held in connection with the liquidity agreement, valued at €0.029 million, the liquidities not invested in treasury shares at the end of the period under the liquidity agreement for €0.042 million, and guarantee deposits of €0.471 million, comprising deposits under premises lease contracts.

4.3.2 MOVEMENTS IN DEPRECIATION AND AMORTIZATION

Positions and movements for the period (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	17		2,090
TOTAL	2,073	17	0	2,090
Technical plant, equipment and industrial tooling	10,275	715		10,990
General plant, sundry fixtures and fittings	1,751	184	225	1,710
Office and IT equipment, furniture	452	54		506
TOTAL	12,477	954	225	13,206
GRAND TOTAL	14,550	971	225	15,295

4.3.3 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	2,936	3,481	8,545
Work in progress - goods	2,562	2,812	2,499	2,875
Semi-finished and finished goods	19,394	14,360	11,843	21,911
Goods for resale	7,182	410	717	6,876
TOTAL	38,229	20,518	18,540	40,207

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	927	210	1,535
Work in progress - goods	878	1,034	860	1,052
Semi-finished and finished goods	10,174	7,533	6,159	11,548
Goods for resale	2,415	1,276	11	3,680
TOTAL	14,285	10,770	7,241	17,815

⁽¹⁾ Impairment for the period breaks down as follows by type:

- impairment related to the life cycle of items of inventory (€15.0 million);
- impairment of inventories intended for non-revenue-generating activities (€2.8 million).

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

4.3.4 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	279	230	149	659
Foreign exchange losses	38	18		38	18
Pension and similar obligations ⁽²⁾	473	69			542
Social security levies on free shares ⁽³⁾	623	7		482	149
TOTAL	1,894	374	230	669	1,369
Impairment of inventories and work in progress	14,285	10,770	986	6,255	17,815
Impairment of other receivables	144				144
Impairment of financial assets		3			3
TOTAL	14,429	10,773	986	6,255	17,962
GRAND TOTAL	16,323	11,147	1,215	6 924	19,330
Of which operational additions and reversals:	16,323	11,144	1,215	6,924	19,327
Of which financial additions and reversals:		3			3

⁽¹⁾ At June 30, 2024, this amount mainly comprised:
- employee-related provisions;
- the provision for commercial guarantees (see note 4.3.7.6).

⁽²⁾ See note 4.6.3.1.

⁽³⁾ See note 4.3.7.6.

4.3.5 RECEIVABLES AND PAYABLES BY MATURITY

Receivables by maturity (in thousands of euros)	Gross amount	Due within 1 year	Due beyond 1 year
Trade receivables		1,830	1,830
Total trade receivables		1,830	1,830

Other receivables (in thousands of euros)	Gross amount	Due within 1 year	Due beyond 1 year
Social security receivables	94	94	
Income tax ⁽¹⁾	1,416	590	826
Value-added tax	1,073	1,073	
Sundry receivables	198	198	
Total other receivables	2,781	1,955	826

⁽¹⁾ Income tax receivable corresponds to the research tax credit for the first half of 2024, plus the balance of the 2023 research tax credit that remains due.

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⁾	33,796	1,158	32,639	
Sundry loans and borrowings ⁽²⁾	24,700		17,178	7,522
Interest due on current account	4	4		
Trade notes and accounts payable	5,406	5,406		
Staff and related payables	2,984	2,984		
Social security payables	3,927	2,873	1,053	
Value-added tax				
Other taxes, duties and levies	153	153		
Total payables	70,969	12,577	50,870	7,522

⁽¹⁾ This amount corresponds to bank loans (see details below) including related accrued interest payable.

⁽²⁾ Including loans equitized (interest and principal) via a trust. See the breakdown in the table below.

Breakdown of bank loans <i>(in thousands of euros)</i>	Gross amount	Due within 1 year	Due in 1 to 5 years⁽²⁾	Due beyond 5 years
EIB loan - principal ⁽¹⁾	20,000		20,000	
EIB loan - accrued interest	4,245	163	4,082	
BPI government-guaranteed loan - principal	5,000	729	4,271	
BPI government-guaranteed loan - accrued interest	66	66		
BNP Paribas government-guaranteed loan - principal	4,484	198	4,286	
BNP Paribas government-guaranteed loan - accrued interest	2	2		
Total	33,796	1,158	32,639	

⁽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⁾ Including €2.5 million payable within 2 years, €2.5 million payable within 3 years and the remaining amount (i.e. €27.6 million) payable within 4 to 5 years.

Breakdown of Sundry loans and borrowings <i>(in thousands of euros)</i>	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⁾	14,719		14,719	
BPI conditional advances - Accrued interest	9,981		2,459	7,522
Total	24,700		17,178	7,522

⁽¹⁾ See Section 4.6.2.

⁽²⁾ Including €0.2 million payable within 2 years, €14.9 million payable within 3 years and the remaining amount (i.e. €2.1 million) payable within 4 to 5 years.

4.3.6 SHARE CAPITAL

Class of shares	Par value in euros	Number of shares				
		Opening	Created	Canceled	Redeemed	Closing
Ordinary shares	0.04	24,749,788	10,365,421			35,115,209
Preference shares	0.04	38,248	2,363	9,190		31,421
TOTAL		24,788,036	10,367,784	9,190		35,146,630

Changes in the Company's share capital in the first half of 2024 are detailed in note 4.3.6.1 below.

4.3.6.1 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)	Net 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 loss for the period							(26,155)		(26,155)
Capital increase (January fundraising)	4 141 470	165,66	16 359						16 524
Conversion of AGAP 2017-03 preference shares into ordinary shares	55 080	2,20			(2)				
Conversion of AGAP 2018-01 preference shares into ordinary shares	29 700	1,19			(1)				
Conversion of AGAP 2018-02 preference shares into ordinary shares	105 000	4,20			(4)				
Conversion of AGAP 2018-03 preference shares into ordinary shares	27 380	1,10			(1)				
Vesting of AGA 2022-02 free shares	8 160	0,33			0				
Vesting of AGAP 2019-01 free preference shares	400	0,02			0				
Cancellation of Portzamparc invoice for 2017 fundraising			132						132
Capital increase (May fundraising)	5 333 422	213,34	15 787						16 000
Equitization of EIB loan ⁽²⁾	193 143	7,73	425						433
Vesting of AGA June 2023-01 free shares	247 789	9,91			(10)				
Vesting of AGA June 2022-02 free shares	97 587	3,90			(4)				
Vesting of AGA June 2021-03 free shares	117 500	4,70			(5)				
Vesting of AGAP 2023 free preference shares	1 963	0,08			0				
Allocation of AGA June 2024 free shares			(28)		28				
Allocation of AGAP June 2024 free preference shares			(1)		1				
Portion of CAP23 investment subsidy recognized in income								(97)	(97)
Portion of "Plan 2030" investment subsidy recognized in income								(17)	(17)
Costs related to capital increases				(2,433)					(2,433)
At June 30, 2024	35 146 630	1 405,87	40,666	(9,386)	107	(47,097)	(26,155)	1,085	(39,373)

(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.

4.3.6.2 *Other securities giving access to the share capital – Stock options*

There were no longer any outstanding stock options at June 30, 2024.

4.3.6.3 *Other securities giving access to the share capital – Free shares*

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.

Summary table of free shares

	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	Number of ordinary shares issued	Maximum number of ordinary shares yet to be issued (a)	Net number of new shares that may be created (b)
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	8 650	2 650	127 000	39 250	36 600
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	7 660		7 880	0	32 400	24 740
AGAP 2019-02 (SM of March 28, 2019)	8 000	120	7 880	200	7 680	2 000	76 800	69 120
AGAP 2019-03 (SM of March 28, 2019)	3 600	60	3 540		3 540		0	0
AGAP 2020-01 (SM of March 30, 2020)	2 360		2 160		2 360		236 000	233 840
AGAP 2020-02 (SM of March 30, 2020)	900		820		900		90 000	89 180
AGA 2021-03 (SM of May 12, 2021)	117 500		117 500	N/A	N/A	117 500		0
AGA 2022-02 (SM of May 12, 2021)	8 970	810	8 160	N/A	N/A	8 160		0
AGA 2022-03 (SM of May 12, 2021)	19 850		0	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		0
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		0
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	1 874 022					954 403	3 711 196	3 683 495

- (a) Assuming that (i) all AGAP shares awarded and not forfeited are converted into ordinary shares, less any ordinary shares already issued, and (ii) all AGA shares awarded vest for their beneficiaries, less those already vested.
- (b) Representing a maximum dilution of 10.5% compared to the existing capital.

4.3.6.4 Other securities giving access to the share capital – Share warrants (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).

Summary table of BSA share warrants

	Issued	Subscribed	Expired	Reserve	Exercised	Balance	% of existing share capital	Expiry 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	0.03%	June 11, 2028
BSA 2019 (SM of March 28, 2019)	6,000	6,000				6,000	0.02%	June 24, 2029
BSA 2021 (SM of May 12, 2021)	12,000	12,000				12,000	0.03%	June 14, 2031
BSA 2023 (SM of May 11, 2021)	20,000	20,000				20,000	0.06%	Feb. 21, 2033
BSA 2023 (SM of May 11, 2023)	6,000	6,000				6,000	0.02%	May 11, 2033
BSA 2024 – Equitization (SM of May 30, 2024)	6,000,000	6,000,000			193,143	5,806,857	16.52%	June 13, 2028

4.3.7 OTHER BALANCE SHEET DETAILS

4.3.7.1 Conditional advances

The “Conditional advances” line item comprises (i) repayable advances received from Bpifrance, which totaled €14,507,309 at June 30, 2024, and (ii) the “Plan Santé 2030” repayable advance amounting to €2,318,047, granted to CARMAT in April 2023.

The advances from Bpifrance bear interest at the contracted rate of 5.59%, while the Plan Santé 2030 advance bears interest at 3.56%. The interest accrued, calculated using the capitalization method, stood at €9.981 million at the period-end and is recorded in liabilities under “Sundry loans and borrowings”.

4.3.7.2 Accrued income

Amount of accrued income included in the following balance sheet items (in thousands of euros)	Value
Trade receivables	
Other receivables	870
Subsidies receivable	20
Total accrued income	890

4.3.7.3 Accrued expenses

Amount of accrued expenses included in the following balance sheet items (in thousands of euros)	Value
Royalties	48
Bank loans and borrowings	1,158
Sundry loans and borrowings	10,471
Trade notes and accounts payable	2,705
Tax and social security payables	4,389
Other payables	173
Total accrued expenses	18,944

4.3.7.4 Prepaid expenses and deferred income

Prepaid expenses (in thousands of euros)	Value
Operating expenses	1,517
Total prepaid expenses	1,517

Prepaid expenses include the portion of rent, software license fees, insurance premiums and other fees already paid but relating to the period after June 30, 2024.

Prepaid income (in thousands of euros)	Value
Operating income	None
Total prepaid income	None

4.3.7.5 Information on related companies

The following balance sheet items include sums in connection with related companies:

Trade notes and accounts payable (in thousands of euros)	None
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4.3.7.6 Provisions for losses

Free shares

At June 30, 2024, a provision for losses of €0.149 million had been recorded for the 20% social security levy due on free shares awarded but not yet vested. This levy is payable when the shares vest.

The calculation assumptions used to determine the amount of the provision are as follows:

- estimated percentage of achievement for each performance criterion, where applicable;
- value of an ordinary share: €2.345 (closing price on June 30, 2024);
- employer contribution rate (social security levy): 20%.

Commercial warranty

As part of its commercial offer, the Company may grant customers a “commercial warranty” (free replacement of a certain number of replacement components for a given period, under certain limited contractually defined conditions).

The corresponding provision amounted to €0.257 million at June 30, 2024.

4.4 ADDITIONAL INFORMATION ON THE INCOME STATEMENT

4.4.1 SALES

The Company recorded revenue of €3.28 million for first-half 2024, corresponding to the sale of 20 Aeson® artificial hearts – seven for commercial implants (in Germany, Italy and Poland) and 13 as part of the EFICAS clinical study in France.

4.4.2 GRANTS

Operating grants

In the first half of 2024, the Company recognized a total of €0.363 million in operating subsidies in its income statement, corresponding to:

- €0.014 million in subsidies received in respect of employer apprenticeship programs;
- €0.349 million for the last payment 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.

Investment subsidy

In the first half of 2024, the Company recognized a portion of an investment subsidy for €0.114 million under non-recurring income, breaking down as:

- €0.097 million of the CAP 23 subsidy mentioned above;
- €0.017 million of the €13.2 million blended financing package awarded to CARMAT in April 2023 under the “France 2030 (Health)” plan.

4.4.3 APPLIED RESEARCH AND DEVELOPMENT COSTS

Research and development expenditure represented €6.320 million in first-half 2024.

4.4.4 RESEARCH TAX CREDIT

The income statement for the first half of 2024 includes a research tax credit for an estimated €0.782 million, calculated using the same methods as in prior years.

4.4.5 NON-RECURRING INCOME AND EXPENSES

Non-recurring income and expenses <i>(in thousands of euros)</i>	6 months ended June 30, 2024	12 months ended Dec. 31, 2023	6 months ended June 30, 2023
Non-recurring income			
• Various adjustments	42	41	42
• Portion of investment grants transferred to income	114	126	21
• Disposal of treasury shares	76	84	17
Total	232	251	80
Non-recurring expenses			
• Various adjustments	9	123	36
• Disposal of treasury shares	86	98	38
• Non-recurring depreciation/amortization	0	3	
Total	95	225	74

4.4.6 INFORMATION ON RELATED COMPANIES

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

Other purchases and external charges <i>(in thousands of euros)</i>	17
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The following related company, which is part of Airbus Group, is taken into account:

- Segula Matra Automotive.

4.5 FINANCIAL COMMITMENTS

4.5.1 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 amounted to €9.917 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 €30,000,000, less any royalties already paid under the agreement, with this total sum being divided 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 €30,000,000 is indexed to the Producer Price Index of the Business Services Industry – euro zone orthopedic and orthopedic equipment. The rights allocated to Professor Alain Carpentier and to Matra Défense in this way are non-transferable.

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 €48,302 due for first-half 2024 under this royalties agreement was recognized in the period.

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.

4.5.2 COMMITMENTS RECEIVED

None.

4.6 OTHER INFORMATION

4.6.1 CASH FLOW STATEMENT

<i>(in thousands of euros)</i>	6 months ended June 30, 2024	6 months ended June 30, 2023	12 months ended Dec. 31, 2023
NET OPERATING EXPENSE	(25,410)	(25,894)	(52,519)
ELIMINATION OF INCOME AND EXPENSES WITH NO CASH IMPACT			
Depreciation/amortization and provisions	12,115	8,046	14,551
Reversals of depreciation/amortization and provisions	(8,139)	(7,290)	(8,656)
Gains or losses on disposals of assets			
Operating items with no cash or financial impact		9	
Operating items included in cash flow from (used in) financing activities	(349)		(1,028)
NON-OPERATING INCOME WITH AN IMPACT ON CASH OR CASH FLOW FROM OPERATIONS	792	(2)	1,619
CASH FLOW FROM OPERATIONS BEFORE CHANGE IN WORKING CAPITAL	(20,992)	(25,130)	(46,033)
CHANGE IN WORKING CAPITAL	(4,736)	(5,526)	(7,446)
NET CASH USED IN OPERATING ACTIVITIES	(25,728)	(30,656)	(53,479)
Acquisitions of property, plant and equipment and intangible assets	(1,268)	(1,590)	(5,026)
Proceeds from disposals of property, plant and equipment and intangible assets	3		
Other changes in non-current assets	146		110
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(1,119)	(1,590)	(4,915)
Capital increase	30 224	7	6,983
Increase in repayable advances		1,318	2,318
Repayment of repayable advances (including interest)			
New borrowings			
Repayment of bank loans and borrowings (including interest)	(368)	(771)	(1,100)
Subscription of BSA share warrants		90	110
Subsidies received	349	3,801	6,340
Financial income received and financial expenses paid	6	198	315
Dividends paid			
Purchase/disposal of treasury shares	43	22	15
NET CASH FROM (USED IN) FINANCING ACTIVITIES	30,254	4,665	14,981
CHANGE IN CASH AND CASH EQUIVALENTS	3,407	(27,581)	(43,414)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,013	51,427	51,427
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,420	23,846	8,013

4.6.2 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 loan¹⁹ 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, the Company will issue a number of share warrants free of consideration to the Trustee acting on behalf of the Trust. Each warrant entitles its holder to subscribe for one share in the Company. The Trustee will gradually exercise these warrants²⁰, then the shares issued on exercise of the warrants will be gradually sold by the Trustee on the market²¹, and the net proceeds from the sales will be transferred by the Trust to the EIB every two months²² 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 first tranche to be repaid in full to the EIB by July 31, 2026 (the new maturity date of this tranche), 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 date²³. The Company therefore has the possibility of partially repaying in cash the amounts due to the EIB under the first tranche of the loan.

Equitization of the first tranche of the loan

On June 13, 2024, the EIB transferred its principal and interest receivable under the first tranche of the EIB loan (i.e., a total of €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**").

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 Trust²⁴, which were fully subscribed by the Trust. At June 30, 2024, 193,143 of these warrants had been exercised 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, i.e., €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. At June 30, 2024, these amounts totaled €14.7 million.

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.

¹⁹ The equitization concerns 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).

²⁰ The warrants may only be exercised by offsetting receivables. The Company will not receive any funds on exercise of the warrants as their exercise price will be paid by offsetting the receivable that the Company owes to the Trustee in relation to the Vendor Loan.

²¹ 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, are set out in the trust agreement. Each warrant entitles its holder to subscribe for one share in the Company at an exercise price equal to the lowest volume-weighted average daily price of the Company's shares observed over the trading days during which the Trust has not sold any CARMAT shares, out of the last fifteen consecutive trading days immediately preceding its exercise date. The warrants may be exercised for a period of four years from their issue date, it being specified that any unexercised warrants will become automatically null and void once the receivables to be equitized have been repaid in full to the EIB. The objective of the broker in charge of selling the shares is to sell a daily volume of shares not exceeding 12.5% of the daily traded volumes of CARMAT shares, and for the sale price to be as close as possible to the VWAP of CARMAT shares on the day of sale.

²² As an exception, the first payment will be made on July 31, 2024, with subsequent payments made every two months thereafter.

²³ The Company has accordingly granted the EIB a standalone first-call guarantee in the event that the amount due under the first tranche is not repaid at the date set in the EIB loan agreement.

²⁴ 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.

4.6.3 OTHER ADDITIONAL INFORMATION

4.6.3.1 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 1 in ANC recommendation 2013-02, the provision for retirement benefit obligations was recognized at June 30, 2024.

The overall amount of the provision was €0.542 million at the reporting date.

4.6.3.2 Information on executives

4.6.3.2.1 Advances and loans to management

No loans or advances were made to executives of the Company during the period (disclosure required in accordance with Article R.123-197 of the French Commercial Code).

4.6.3.2.2 Management compensation

During the first half, no compensation was paid to the members of the Board of Directors in their capacity as directors (formerly known as “directors’ fees”).

Total compensation paid to the Chairman of the Board of Directors and the Chief Executive Officer was €0.265 million for the period and breaks down as follows:

Management compensation <i>(in thousands of euros)</i>	6 months ended June 30, 2024	6 months ended June 30, 2023
Gross salaries	263	289
Benefits in kind	1	5
Bonuses	0	334
Total compensation	265	628

4.6.3.3 Increases and decreases in future tax liabilities

Description of temporary differences <i>(in thousands of euros)</i>	Value
Tax loss carryforwards	488,603

This amount comprises:

- the tax loss generated in fiscal years prior to 2023, amounting to €433.159 million;
- the tax loss generated in 2023 in an amount of €55.445 million.

It does not include the tax loss recorded for the first half of 2024.

4.6.3.4 Headcount at the reporting date

Salaried staff	June 30, 2024	June 30, 2023
Managers	120	135
Supervisors and technicians	37	38
Administrative employees	5	4
Total	162	177