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INTERIM FINANCIAL REPORT

2019

CONVERTING **LIGHT**
INTO **VISION** AGAIN



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I – PRESENTATION OF THE COMPANY

The Company

Pixium Vision, a company that specializes in sensorial neuromodulation, was created in December 2011 upon the collaborative work of several prestigious scientists and technology institutions, including the “Institut de la Vision” (UPMC, CNRS, INSERM), Quinze Vingt National Eye Hospital in Paris or Stanford University (USA).

The Company is developing and aims to commercialize Bionic Vision Systems (BVS) – namely active implantable medical devices to treat blindness caused by degeneration of photoreceptor cells in the retina. These diseases, whether genetic, such as retinitis pigmentosa (RP) or age-related as Age-related Macular Degeneration (AMD), cause the acute or progressive degeneration of photoreceptor cells in the retina. The loss of these cells prevents the conversion of visual information into electrical signals, which can then be transmitted to and analyzed by the brain. Pixium Vision is developing its innovative BVS to replace the normal physiological functions of photoreceptor cells in the eye by electrically stimulating the remaining active nerve cells of the retina, which then transmit the input to the brain via the optic nerve. Pixium Vision’s Bionic Vision Systems (BVS) are intended to improve the independence, mobility and quality of life of patients who have lost their sight because of retinal degenerative diseases.

Pixium Vision’s BVS comprise three components: (i) a retinal implant supporting photosensitive electrodes, (ii) a portable visual interface in the form of a pair of glasses integrating a camera and a system for transmitting processed information, (iii) a pocket computer.

The recent developments in microelectronics, optics, and artificial intelligence enable Pixium Vision to develop therapeutic solutions aimed at providing vision as close as possible to normal.

Pixium Vision’s BVS are protected by 28 patents family, which cover the key components of the systems.

Pixium Vision is focusing its financial and human resources on the development of its platform Prima.

The Prima system targets advanced dry-AMD, a significant unmet medical need. The system uses an implant positioned under the retina (sub-retinal implant) located at the level of degenerated photoreceptors. The Prima system is an innovative technology now in its clinical development stage. Pixium Vision has completed the pre-clinical phases including thermal and electrical safety studies, meeting the safety thresholds required for the eye. The Company has also finalized implantation studies in animal models demonstrating safety as well as a response to light stimulation in blind animals. The development of the manufacturing process in the industrial scale of implants has also been finalized. In 2017, Pixium Vision submitted a protocol to the Regulatory Authorities in the United States and Europe for the first feasibility study in Human in dry AMD. On October 19th, 2017, the French Agence Nationale de Sécurité des Médicaments et des produits de santé (ANSM) authorized a clinical feasibility trial in Human. This trial aims to evaluate the safety and the restoration of a visual perception in 5 patients implanted with the Prima system. On July 10, 2018 the Company announced completion of implantations in five French patients of which the positive results after 6 months and 12 months of follow-up were announced respectively on January 8 and July 18, 2019. In parallel, the US FDA authorized in December 2017 a feasibility trial with Prima in five patients with advanced dry-AMD. The recruitment of patients in this study has now started in two hospitals in Pittsburgh and in Miami.

Major events in first half 2019

During the first half of 2019, major developments include:

- On **January 8, 2019**, Pixium Vision announced its wireless Prima chip successfully met the interim study endpoints for dry age-related macular degeneration.
- On **February 8, 2019**, Pixium Vision announced its 2018 Annual results and provided business update.
- On **March 7, 2019**, Pixium Vision highlighted conclusions of its KOL meeting: Experts confirm Prima's promises and potential to treat Dry-AMD.
- On **April 19, 2019**, Pixium Vision reported cash position as of March 31, 2019
- On **April 25, 2019**, Pixium Vision announced change in governance
- On **May 2, 2019**, Lloyd Diamond served as chief executive officer of Pixium Vision
- On **May 29, 2019**, Pixium Vision highlighted its latest progress and achievements in its annual general meeting 2019.

II – RISK FACTORS

The risk factors affecting the Company are presented in Chapter 4 of the 2018 Annual Report filed on April 17th, 2019 by the French Financial Markets Authority (AMF) under number D.19-0364. Management's assessment of the nature and level of risk is not changed during the semester.

The 2018 registration document is available on the company's website:
<http://www.pixium-vision.com/fr/investors/financial-reports-and-documents>

III – FIRST HALF 2019 CONDENSED FINANCIAL STATEMENTS

BALANCE SHEET

<i>(Amounts in euros)</i>	Note	30/06/2019	31/12/2018
ASSETS			
Non-current Assets			
Intangible assets	3	2,527,087	2,623,337
Property, plant and equipment	4	589,410	706,107
Right of use	5	1,471,118	-
Non-current financial assets	6	335,618	336,356
Total non-current assets		4,923,233	3,665,799
Current assets			
Stocks and work in progress	7	-	-
Receivables		5,184	-
Other current assets	8	2,964,046	2,126,120
Cash & cash equivalents	9	10,220,030	15,629,424
Total current assets		13,189,260	17,755,544
TOTAL ASSETS		18,112,493	21,421,343
LIABILITIES			
Shareholders' equity			
	10		
Share capital		1,346,950	1,296,382
Additional paid-in-capital		84,608,699	83,717,369
Retained earnings		(73,606,043)	(60,088,048)
Profit / (loss)		(5,469,571)	(13,571,113)
Total shareholders' equity		6,880,035	11,354,591
Non-current liabilities			
Refundable advances	11	2,494,244	2,358,623
Venture loan	11	4,375,695	5,510,954
Lease debt	15	1,199,965	-
Non-current provisions	13	196,412	153,399
Total non-current liabilities		8,266,317	8,022,976
Current liabilities			
Current provisions	14	46,391	43,715
Trade account payables	16	1,155,845	983,951
Lease debt	15	282,860	-
Other current liabilities	17	1,481,046	1,016,110
Total current liabilities		2,966,141	2,043,776
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,112,493	21,421,343

Profit & Loss statement

As at 30th June

<i>(Amounts in euros)</i>	Note	2019	2018
Revenues	18		
Net sales		-	-
Research Tax Credit		1,002,471	859,067
Grants		6,037	7,125
Other revenues		47,220	47,072
Total revenues		1,055,728	913,264
Operating expenses	19		
Costs of goods sold		-	(36,511)
Research and Development		(3,879,619)	(2,314,278)
Sales and Marketing		(10,994)	(72,334)
General expenses		(2,239,654)	(692,304)
Total expenses		(6,130,266)	(3,115,427)
Operating income		(5,074,538)	(2,202,164)
Financial income		119,242	90,620
Financial expenses		(514,275)	(877,019)
Financial profit / (loss)	21	(395,033)	(786,399)
Current profit / (loss) before tax		(5,469,571)	(2,988,563)
Corporation tax		-	-
Net result		(5,469,571)	(2,988,563)
Other non-transferable comprehensive income			
Actuarial gains / (losses) on pension plans	13	(29,353)	55,272
Total profit / (loss) for the half year		(5,498,924)	(2,933,291)
Weighted average number of shares		21,765,438	14,685,874
Net earnings per share		(0.25)	(0.20)
Diluted earnings per share		(0.25)	(0.20)

Cash Flow Statement

As at 30th June

<i>(Amounts in euros)</i>	2019	2018
Cash flows from operating activities		
Profit / (loss) for the half year	(5,469,571)	(2,988,563)
Reconciliation of net profit to cash flows used in operating activities		
Depreciation, amortization and impairment	227,555	429,245
Provisions	2,676	(160,984)
Government grants	(16,500)	30,375
Financial results	71,538	401,155
Lease contract	176,653	–
Non-cash charge for share-based compensation	95,398	(1,368,973)
Retirement benefit obligations	13,661	17,280
Cash flows from operating activities	(4,898,590)	(3,640,465)
Inventories	–	32,081
(Increase) / Decrease in trade receivables	(5,184)	–
Other current assets	(820,783)	(774,625)
(Increase) / Decrease in trade payables	171,894	(534,848)
Other current liabilities	481,436	(568,887)
Net cash flows from operating activities	(5,071,228)	(5,486,744)
Acquisitions of property, plant and equipment	(14,609)	30,143
Acquisitions of Intangible assets	–	–
Acquisitions of financial holdings	(684)	47,706
Net cash flows from investing activities	(15,293)	77,850
Increase / (Decrease) of refundable advances	–	–
Increase / (Decrease) of financial debt	(1,080,587)	(1,317,915)
Payment of Lease debt	(164,946)	–
Treasury stocks	(19,237)	9,879
Share capital Increases	941,898	12,920,537
Net cash flows from financing activities	(322,873)	11,612,501
Opening cash and cash equivalents	15,629,424	10,531,602
Closing cash and cash equivalents	10,220,030	16,735,208
(Decrease) / Increase in cash position	(5,409,394)	6,203,607

Statement of changes in shareholder's equity

<i>(Amounts in euros)</i>	Share capital		Share Premiums	Reserves	Net profit / (loss)	Total Equity
	Number of shares	Amount				
As at 1 January 2018	13,600,084	816,005	70,164,019	(45,601,973)	(13,541,934)	11,836,118
Allocation of prior period loss				(13,541,934)	13,541,934	–
Share capital increases	8 006 279	480 377	10 274 528			10 754 905
Profit / (loss) for the year					(13,571,113)	(13,571,113)
Transaction cost			(1,126,183)			(1,126,183)
Elimination of treasury shares				98,219		98,219
Issue of BSA			4,405,005			4,405,005
Actuarial gains / (losses)				48,528		48,528
Share-based Payments				(1,090,889)		(1,090,889)
As at 31 December 2018	21,606,363	1,296,382	83,717,369	(60,088,048)	(13,571,113)	11,354,591
Allocation of prior period loss				(13,571,113)	13,571,113	–
Share capital increases	842,797	50,568				50,568
Profit / (loss) for the half year					(5,469,571)	(5,469,571)
Transaction cost			(69,970)			(69,970)
Elimination of treasury shares				(12,927)		(12,927)
Issue of BSA			961,300			961,300
Actuarial gains / (losses)				(29,353)		(29,353)
Share-based Payments				95,398		95,398
As at 30 June 2019	22,449,160	1,346,950	84,608,699	(73,606,043)	(5,469,571)	6,880,035

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: THE COMPANY

The company and major developments that occurred during the first half of 2019 are presented in chapter 1 of this document.

The major developments that occurred after June 30, 2019 are presented in Note 23 of this chapter.

NOTE 2: GUIDING PRINCIPLES AND COMPLIANCE

Preliminary remarks:

The company's accounts are established and presented in euros, unless otherwise stated.

The Company registered on November 16, 2017, the subsidiary Pixium Vision LLC, registered in the State of Delaware, United States. This subsidiary has no activity. As of June 30, 2019, it was considered immaterial for the preparation of the accounts of Pixium Vision SA and did not justify the preparation of consolidated accounts for the Company.

Condensed first half accounts closed on 30 June 2019.

First half 2019 condensed financial statements accounts have been approved on July 24, 2019 by the Board of Directors.

General principles and statement of compliance

In compliance with EC regulation n°1606 / 2002 adopted on 19 July 2002 by the European Parliament and European Council, the half year 2019 financial statements were prepared in compliance with the IFRS standards as adopted by the European Union for all the reporting periods presented.

IFRS as adopted by the EU differs in certain aspects to the one published by IASB. Nevertheless, the Company has made sure that the financial information presented in its statements would not have been materially different if presented according to IASB's IFRS framework.

International standards include IFRS norms (International Financial Reporting Standards), IAS norms (International Accounting Standards) as well as SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The presented financial statements constitute an additional set of accounts in relation to the Company's historical financial statements, which are prepared in accordance with French accounting principles.

The half year 2019 financial statements comply with IFRS rules has adopted by the European Union and applicable as of 30 June 2019 and for all period reported.

The texts adopted by the EC are available on its website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

The half year 2019 financial statements are also compliant to IASB rules and norms as applicable in the same date.

Accounting policies

The presented financial statements are stated according to accounting principles and methods applied by the Company to its 2018 annual financial statements (refer to the reported Note 3 Chapter 20.1 of the 2018 Annual Financial Statement) and in compliance with methods and standards as applicable on 1st January 2019, except the below described methods and amendments.

Changes in methods and new standards or amendments

News standards or amendments *Effective date* *Impact on consolidated accounts*

Texts already adopted by Europe.

IFRS 16 <i>Leases</i>	IFRS 16 aligns the accounting for operating leases with finance leases.	Applicable for fiscal years beginning on or after January 1, 2019	IFRS 16 has been newly applied in 2019 and impacted the Financial Statements as of 30 June 2019 (note 2 Lease contracts).
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Standards, interpretations and amendments published but not yet in force

New standards or amendments *Effective date* *Impact on consolidated accounts*

Texts already adopted by Europe

Amendments to IAS 19 <i>Employee Benefits</i>	This amendment to IAS 19 concerns the modification, reduction or liquidation of a defined benefit plan.	Applicable for fiscal years beginning on or after January 1, 2019	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
Improvement of IFRS, 2015-2017 cycle.	This cycle concerns IFRS 3, IFRS 11 IAS 12 et IAS 23.	Applicable for fiscal years beginning on or after January 1, 2019	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 clarifies the application of the recognition and measurement provisions of IAS 12 when there is uncertainty about the treatment of income taxes.	Applicable for fiscal years beginning on or after January 1, 2019	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.

Going concern

The going concern assumption was retained by the Company's management given the following elements:

- Positive Shareholder's Equity at 6.9 million euros as of 30 June 2019.
- The Company signed an Equity Line on 24 December 2018 with Kepler Cheuvreux Company consisting of the Issue of 3,000,000 warrant exercisable by the lessee over a period of 2 years. As of June 30, 2019, 620,000 warrants were exercised carrying the balance of warrants exercisable at 2,380,000.
- Cash and Cash equivalent on 30 June 2019 stood at 10.2 million euros. The cash position has been strengthened in H1 2019 thanks to drawdown of the 2018 Equity Line with Kepler Cheuvreux. The financing of the ongoing research and development work for Prima will require new cash inflows before the end of the first half of 2020. These cash needs and continuation of operations for the next 12 months should be covered by the existing equity line.

- Beyond the 12-month horizon, in order to pursue its research and development operations, the Company is confident in its ability to obtain additional resources that could take many forms, including the implementation of a capital increase, a private placement with French and International Investors or the renewal of the equity line according to its use. The Combined General Meeting of May 29, 2019 adopted the resolutions to carry out these operations.

Going concern over the next 12 months is conditional on continuing the drawdown on the existing equity line.

Lease contracts

Lease contracts, as defined by IFRS 16 "Leases", are recorded in the balance sheet, which leads to the recognition of:

- an asset representing a right of use of the asset leased during the lease term of the contract;
- a liability related to the payment obligation.

Assets or contract with the following features are not eligible to an accounting treatment according to IFRS 16:

- Contracts not exceeding twelve months, including economically incentive renewal option.
- Contracts with option to buy are excluded from this category.
- Assets usable alone (or with readily available resources) neither dependent nor strongly related to other assets.
- Assets with a value equal to or less than US\$5,000.

Valuation of the right-of use asset

At the starting date, the right-of-use asset is measured at cost and comprises:

- The amount of the initial measurement of the lease liability, to which is added, if applicable, any lease payments made at or before the commencement date, less any lease incentives received.
- where relevant, any initial direct costs incurred by the lessee for the conclusion of the contract. These are incremental costs which would not have been incurred if the contract had not been executed.
- estimated costs for restoration and dismantling of the leased asset according to the term of the contract. At the date of the initial recognition of the right-of-use asset, the lessee adds to its costs, the discounted amount of the restoration and dismantling costs through a return obligation liability or provision.

The right of use is amortized over the useful life of the underlying assets (term of the lease).

Measurement of the lease liability

At the starting date, the lease liability is recognized for an amount equal to the present value of the lease payments over the lease term.

Amounts involved in the measurement of the lease liability are:

- fixed payments (including in substance fixed payments; meaning that even if they are variable in form, they are in substance unavoidable);
- variable lease payments that depend on an index or a rate, initially measured using the index or the rate in force at the lease commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- payment of penalties for terminating or not renewing the lease, if the lease term reflects the lessee exercising this option.

The lease liability is subsequently measured based on a process similar to the amortized cost method using the discount rate:

- the liability is increased by the accrued interests resulting from the discounting of the lease liability, at the beginning of the lease period;
- less payments made.

The interest cost for the period as well as variable payments, not considered in the initial measurement of the lease liability and incurred over the relevant period are recognized as financial expenses.

In addition, the lease liability may be measured in the following situations:

- change in the lease term;
- modification related to the assessment of the reasonably certain nature (or not) of the exercise of an option;
- update linked to the residual value guarantees;
- adjustment to the rates and Indices according to which the rents are calculated when rent adjustments occur.

As of 30 June 2019, the Company, applying IFRS 16, has calculated its lease liability as described above for a total of €1.5 million.

On 31 December 2018, the note 24 "Engagements Hors bilan" (off balance sheet items) was reporting €3.5 million equal to future rental costs combined with charges and services embedded in the rental contracts.

Types of capitalized lease contracts

– Real-estate lease contracts

The Company has identified lease contracts according to the lease contracts on premises dedicated to the activity of research and development. The lease term corresponds to the non-terminable period. These contracts do not provide renewal options.

The discount rate used to calculate the lease debt is based on, for each asset, incremental borrowing rate at the signature debt. The incremental borrowing rate is the rate that the lessee would pay to borrow the required funds to purchase the asset over similar period, security level and economic environment. This rate was obtained from the bank of the Company and is specific to the purpose of the financing, the amount of the credit, the nature of the credit, and the duration of the credit.

– Other-assets lease contracts

The main lease contracts identified correspond to company cars and license lease. The lease term corresponds to the non-terminable period. These contracts do not provide renewal options.

The discount rate used to calculate the lease debt is based, for each asset, on incremental borrowing rate at the signature debt. (Refer to the paragraph above "Real-estate lease contracts" regarding the method to determine the Incremental borrowing rate).

Types of non-capitalized lease contracts

– Short duration lease contracts

These are contracts whose duration is equal to or less than 12 months. Within the Company, they mainly relate to leases of:

- Storage areas with a notice period equal to or less than 12 months.

– Low value lease contracts

Low-value lease contracts relate to assets with a value equal to or less than US\$5,000. Within the Company, these include, notably, lease contracts on printers and mobile phones.

NOTE 3: INTANGIBLE ASSETS

Intangible assets break down as follows:

<i>(Amounts in euros)</i>	30/06/2019	31/12/2018
Patents, licenses, trademarks	10,499,989	10,499,989
Software	217,988	217,988
Total historical cost	10,717,977	10,717,977
Accumulated amort. of patents, licenses, trademarks	3,607,914	3,345,414
Accumulated amort. of software	217,988	217,988
Impairments	4,364,988	4,531,238
Accumulated amortization	8,190,890	8,094,640
Net total	2,527,087	2,623,337

Intangible assets consist mainly of patents acquired by the company in 2012 for its IRIS[®] research and development activities.

In 2018, in application of IAS 36, the Company recorded a loss of value of patents related to the IRIS[®] project. (see note 3.2 of the 2018 registration document).

NOTE 4: PROPERTY, PLANT & EQUIPMENT

<i>(Amounts in euros)</i>	01/01/2018	Increase	Decrease	31/12/2018
Industrial and laboratory equipment	1,659,306	54,993	(2,160)	1,712,140
Building fixtures and fittings	1,027,376	38,480	(594,504)	471,352
IT equipment	193,140	–	–	193,140
Office furniture	391,899	350	(82,772)	309,476
Tangible assets in progress	24,537	805	(24,537)	805
Other tangible assets	–	–	–	–
Total brut	3,296,258	94,629	(703,973)	2,686,914
Accumulated amort. of industrial and laboratory equipment	987,921	222,715	(1,235)	1,209,402
Accumulated amort. of building fixtures and fittings	393,051	495,804	(594,504)	294,351
Accumulated amort. of IT equipment	160,476	14,979	–	175,455
Accumulated amort. of office furniture	187,468	60,961	(48,935)	199,493
Accumulated amort. of other tangible assets	–	–	–	–
Impairments	–	102,106	–	102,106
Total accumulated amortization	1,728,916	896,565	(644,674)	1,980,807
Net total	1,567,341	(801,936)	(59 299)	706,107

<i>(Amounts in euros)</i>	01/01/2019	Increase	Decrease	30/06/2019
Industrial and laboratory equipment	1,712,140	9,388	–	1,721,527
Building fixtures and fittings	471,352	–	–	471,352
IT equipment	193,140	6,026	–	199,166
Office furniture	309,476	–	–	309,476
Tangible assets in progress	805	–	(805)	–
Other tangible assets	–	–	–	–
Total brut	2,686,914	15,414	(805)	2,701,522
Accumulated amort. of industrial and laboratory equipment	1,209,402	101,573	–	1,310,974
Accumulated amort. of building fixtures and fittings	294,351	27,603	–	321,954
Accumulated amort. of IT equipment	175,455	5,528	–	180,983
Accumulated amort. of office furniture	199,493	28,269	–	227,762
Accumulated amort. of other tangible assets	–	–	–	–
Impairments	102,106	–	(31,668)	70,438
Total accumulated amortization	1,980,807	162,972	(31,668)	2,112,112
Net total	706,107	(147,559)	30,862	589,410

During the first half of 2019, the Company acquired laboratory and IT equipment for € 15,414.

As at December 31, 2018, the Company recorded a loss of value for 102,106 euros in IRIS® equipment. The company also recorded a decrease of tangible assets primarily related to fit-up and landscaping work of its left premises of 594,504 euros.

NOTE 5: RIGHT OF USE

The table below shows the right of use by category:

<i>(Amounts in euros)</i>	Real estate	Other assets	Total
At June 30, 2019			
Contracts ⁽¹⁾	1,557,909	50,380	1,608,289
Change in contracts	14,056	-	14,056
Total brut	1,571,965	50,380	1,622,345
Amortization	139,025	12,202	151,227
Net total	1,432,940	38,178	1,471,118

(1) See Note 2 Lease Contracts

The elements of lease debt are presented In Note 15.

NOTE 6: NON-CURRENT FINANCIAL ASSETS

<i>(Amounts in euros)</i>	01/01/2018	Increase	Decrease	31/12/2018
Deposits and guarantee	122,759	38,323	(78,480)	82,602
Financing deposit	279,464	–	(25,710)	253,754
Gross total	402,223	38,223	(104,190)	336,356

<i>(Amounts in euros)</i>	01/01/2018	Allocation	Writeback	31/12/2018
Provision for deposit and guarantee	–	–	–	–
Total provision	–	–	–	–
Net total	402,223	38,224	(104,190)	336,356

<i>(Amounts in euros)</i>	01/01/2019	Increase	Decrease	30/06/2019
Deposits and guarantee	82,602	684	–	83,286
Financing deposit	253,754	–	(1,422)	252,332
Gross total	336,356	684	(1,422)	335,618

<i>(Amounts in euros)</i>	01/01/2018	Allocation	Decrease	30/06/2018
Provision for deposit and guarantee	–	–	–	–
Total provision	–	–	–	–
Net total	336,356	684	(1,422)	335,618

Non-current financial assets comprise the deposit paid for the lease of the Company's premises.

The financing deposits correspond to the two advance payments to Kreos Capital of the last installment of tranches A & B of the bond financing.

NOTE 7: INVENTORIES AND WORK IN PROGRESS

<i>(Amounts in euros)</i>	31/12/2018	31/12/2017
Raw materials	624,041	624,041
Finished goods	225,272	225,272
Total historical cost	849,313	849,313
Depreciation of inventories and work in progress	849,313	849,313
Total inventories and work in progress in net value	–	–

After the recording, in application of IAS 36, of an Impairment loss corresponding to the residual value of IRIS® in inventories, the Company, in the absence of commercial product, does not record inventories.

NOTE 8: OTHER CURRENT ASSETS

Other current assets break down as follows:

<i>(Amounts in euros)</i>	30/06/2019	31/12/2018
Deposits and advances	75,778	76,537
State, Research Tax Credit and CICE	2,313,691	1,323,412
VAT	117,212	106,300
Liquidity agreement	70,478	95,847
Differed charges	383,593	470,709
Other	3,293	53,242
Net total	2,964,046	2,126,120

On 30 June 2019, other current assets consist mainly of a 2018 research tax credit receivable of 1,322,986 euros and a receivable incurred in first half of 2019 of 1,002,471 euros. The company expects to receive the payment of the 2018 receivable in the second half of 2019.

Prepaid expenses mainly correspond to expenses related to service contracts for real estate and insurance.

Research tax credit

The Company benefits from the provisions of Articles 244 c B and 49f F of the General Tax Code relating to research tax credit. In accordance with the principles described in Note 3.14 of the notes to IFRS financial statements established on 31 December 2018, the research tax credit is recognized in "Other income" in the year to which the qualifying research expenses relate.

The change in this research tax credit during the last two financial years is shown as follows:

<i>Change in research tax credit receivable (in euros)</i>	Amount
Receivable on 01/01/2018	2,070,716
Operating income	1,322,986
Payment received	(2,125,733)
Receivable on 31/12/2018	1,267,969
Receivable on 01/01/2019	1,267,969
Operating income	1,002,471
Payment received	-
Receivable on 30/06/2019	2,270,440

NOTE 9: CASH AND CASH EQUIVALENT

The item cash and cash equivalents break down as follows:

<i>(Amounts in euros)</i>	30/06/2019	31/12/2018
Cash	2,212,530	7,626,391
Term deposits	8,007,500	8,003,033
Money market funds (SICAV)	-	-
Net total	10,220,030	15,629,424

NOTE 10: SHARE CAPITAL

10.1 Issued share capital

Share capital at June 30, 2019 amounted to €1,346,949.60 divided into 22,449,160 shares fully subscribed and paid-up with a nominal value of €0.06.

This number excludes BSA (share subscription warrants), BCE (founders' share warrants) granted to certain investors and individuals who may or may not be employed by the Company and AGA (Free shares).

All the shares give their holders the right to a proportional share in the income and net assets of the Company.

The table below shows the history of share capital for the two periods presented:

Date	Nature of transactions	Share Capital	Issue Premium	Number of shares	Nominal value
	Balance at December 31, 2017	€ 816,005	€ 70,164,019	13,600,084	€ 0.06
January 04, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 110,000		
January 04, 2018	Fees recorded in diminution of issuance premium		€ (2,750)		
January 05, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 110,000		
January 05, 2018	Fees recorded in diminution of issuance premium		€ (2,750)		
January 10, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 110,000		
January 10, 2018	Fees recorded in diminution of issuance premium		€ (2,750)		
January 17, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 112,000		
January 17, 2018	Fees recorded in diminution of issuance premium		€ (2,800)		
January 18, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 110,000		
January 18, 2018	Fees recorded in diminution of issuance premium		€ (2,750)		
January 26, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 1,220,000		
January 26, 2018	Fees recorded in diminution of issuance premium		€ (30,500)		
January 29, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 1,020,000		
January 29, 2018	Fees recorded in diminution of issuance premium		€ (25,500)		
January 30, 2018	Fees recorded in diminution of issuance premium		€ (60,000)		
February 06, 2018	Exercise BSA 18/03/2013		€ 2,122		
February 07, 2018	Share capital increase from ordinary share issue (AGA)	€ 21,096	€ (21,096)	351,600	€ 0.06
February 07, 2018	Share capital increase from ordinary share issue (BSA Kepler Cheuvreux)	€ 54,000	€ (54,000)	900,000	€ 0.06
February 07, 2018	Share capital increase from ordinary share issue (BSA)	€ 2,122	€ (2,122)	35,372	€ 0.06
February 18, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 110,000		
February 18, 2018	Fees recorded in diminution of issuance premium		€ (2,750)		
February 20, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 110,000		
February 20, 2018	Fees recorded in diminution of issuance premium		€ (2,850)		
March 12, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 285,000		
March 12, 2018	Fees recorded in diminution of issuance premium		€ (7,125)		
March 13, 2018	Fees recorded in diminution of issuance premium		€ (12,500)		
March 26, 2018	Exercise BSA Kepler Cheuvreux 16/10/17		€ 91,000		

Date	Nature of transactions	Share Capital	Issue Premium	Number of shares	Nominal value
March 26, 2018	Fees recorded in diminution of issuance premium		€ (2,275)		
April 04, 2018	Fees recorded in diminution of issuance premium		€ (2,000)		
April 05, 2018	Exercice de BSA 18/03/2013		€ 2,122		
April 09, 2018	Share capital increase from ordinary share issue (BSA Kepler Cheuvreux)	€ 12,900	€ (12,900)	215,000	€ 0.06
April 09, 2018	Share capital increase from ordinary share issue (BSA)	€ 2,122	€ (2,122)	35,372	€ 0.06
April 11, 2018	Fees recorded in diminution of issuance premium		€ (2,000)		
May 01, 2018	Fees recorded in diminution of issuance premium		€ (12,360)		
May 03, 2018	Fees recorded in diminution of issuance premium		€ (544,605)		
May 07, 2018	Share capital increase from ordinary share issue	€ 340,592	€ 10,274,528	5,676,535	€ 0.06
May 07, 2018	Fees recorded in diminution of issuance premium		€ (313,501)		
May 09, 2018	Fees recorded in diminution of issuance premium		€ (12,000)		
May 17, 2018	Fees recorded in diminution of issuance premium		€ (37,518)		
May 25, 2018	Fees recorded in diminution of issuance premium		€ (12,364)		
May 28, 2018	Exercice BSPCE 02/10/2013		€ 4,944		
June 14, 2018	Fees recorded in diminution of issuance premium		€ (2,123)		
June 27, 2018	Share capital increase from ordinary share issue (BSPCE)	€ 4,944	€ (4,944)	82,400	€ 0.06
September 6, 2018	Exercice BSA Kepler Cheuvreux 16/10/17		€ 1,143,100		
September 6, 2018	Fees recorded in diminution of issuance premium		€ (28,578)		
September 11, 2018	Fees recorded in diminution of issuance premium		€ (1,834)		
October 9, 2018	Subscription of BSA 2018 KREOS		€ 1		
October 11, 2018	Share capital increase from ordinary share issue (BSA Kepler Cheuvreux)	€ 42,600	€ (42,600)	710,000	€ 0.06
December 28, 2018	Subscription of BSA Kepler Cheuvreux (KC)		€ 500		
	Balance at December 31, 2018	€ 1,296,382	€ 83,717,369	21,606,363	€ 0.06
January 8, 2019	Fees recorded in diminution of issuance premium		(50,000) €		
January 9, 2019	Exercice BSA Kepler Cheuvreux 21/12/18		336,000 €		
January 9, 2019	Fees recorded in diminution of issuance premium		(6,720) €		
January 15, 2019	Exercice BSA Kepler Cheuvreux 21/12/18		324,000 €		
January 15, 2019	Fees recorded in diminution of issuance premium		(6,480) €		
February 18, 2019	Exercice BSA Kepler Cheuvreux 21/12/18		75,000 €		
February 18, 2019	Fees recorded in diminution of issuance premium		(1,500) €		
March 5, 2019	Exercice BSA Kepler Cheuvreux 21/12/18		79,000 €		
March 5, 2019	Fees recorded in diminution of issuance premium		(1,580) €		
March 26, 2019	Exercice BSA Kepler Cheuvreux 21/12/18		75,000 €		
March 26, 2019	Fees recorded in diminution of issuance premium		(1,500) €		
April 4, 2019	Share capital increase from ordinary share issue (BSA Kepler Cheuvreux)	33,000 €	(33,000) €	550,000	0,06 €
April 30, 2019	Exercice BSA Kepler Cheuvreux 21/12/18		32,000 €		

Date	Nature of transactions	Share Capital	Issue Premium	Number of shares	Nominal value
April 30, 2019	Fees recorded in diminution of issuance premium		(640) €		
May 6, 2019	Exercise BSPCE 05/02/2014		13,368 €		
May 9, 2019	Exercise BSA Kepler Cheuvreux 21/12/18		77,500 €		
May 9, 2019	Fees recorded in diminution of issuance premium		(1,550) €		
May 29, 2019	Share capital increase from ordinary share issue (BSPCE)	13,368 €	(13,368) €	222,797	0,06 €
May 29, 2019	Share capital increase from ordinary share issue (BSA Kepler Cheuvreux)	4,200 €	(4,200) €	70,000	0,06 €
	Balance at June 30, 2019	1,346,950 €	84,608,699 €	22,449,160	0,06 €

The Board of Directors' meeting of April 4, 2019 and May 29, 2019 recorded the exercise of 620,000 Kepler Cheuvreux warrants giving rise to the issue of 620,000 shares and the exercise of 1,297,848 BSPCE giving rise to the issuance of 222,797 ordinary shares with a nominal value of € 0.06 and proceeded with a capital increase for an amount of € 50,568, bringing the number of shares constituting the Company's share capital to € 22,449,160.

10.2 Share subscription warrants share warrants for founders of companies

The Company has issued BSA (share subscription warrants), BCE (share warrants for founders of companies or stock options) and AGA (Free shares) as follows:

Type	Date	Number of warrants issued	Number of warrants exercised	Number of forfeited warrants	Number of outstanding warrants	Number of potential shares (*)
BSA						
BSA IMI n°2	27/04/2012	11,392,405	(11,392,405)	0	0	0
BSA Tranche 2 NEW INV	13/11/2013	12,002,713	(12,002,713)	0	0	0
BSA 2013	18/03/2013	1,978,020	(1,494,127)	0	483,893	83,066
BSA 2013	05/02/2014	820,000	(820,000)	0	0	0
BSA 2014	17/12/2014	40,000	0	0	40,000	41,200**
BSA 2015	23/06/2015	33,333	0	0	33,333	34,332**
BSA 2016 KREOS	29/09/2016	1	0	(1)	0	0
New BSA 2016 KREOS	27/06/2017	140,935	0	0	140,935	422,805***
BSA Kepler Cheuvreux	16/10/2017	2,000,000	(2,000,000)	0	0	0
BSA 2018 KREOS	25/07/2018	1	0	0	1	165,430
BSA Kepler Cheuvreux	28/12/2018	3,000,000	(620,000)	0	2,380,000	2,380,000
BSPCE						
BSPCE 2013	18/03/2013	2,000,517	(1,143,092)	0	857,425	147,191**
BSPCE 2013	02/10/2013	824,589	(824,589)	0	0	0
BSPCE 2013	05/02/2014	2,809,933	(1,707,848)	0	1,102,085	189,189**
AGA						
AGA 2014	17/12/2014	215,646	(64,068)	(151,578)	0	0
AGA 2016	28/01/2016	773,200	(351,600)	(421,600)	0	0
AGA 2017	11/12/2017	140,000	0	0	140,000	144,200**
AGA 2018	25/07/2018	251,800	0	(28,000)	223,800	223,800
Total		38,423,093	(32,420,442)	(601,179)	5,401,472	3,831,213

(*) Instruments issued prior to 17/06/2014 (date of the reverse stock split by 6 of the Company's shares) have been adjusted accordingly.

(**) The number of potential shares was adjusted at the end of the capital increase according to the adjustment clauses provided in the issue contract.

(***) See New BSA 2016 KREOS in general conditions of exercise below.

General conditions of exercise:

BSPCE 2013 et BSA 2013

Given the consolidation of shares by 6 adopted by the Combined General Meeting of 24 April 2014, six BSA 2013-03 or six BCE 2013-03 ("the warrants") entitle the holder to subscribe one ordinary share of par value of 0.06 euro at a subscription price of 0.06 euro. Following the capital increase on 7 May 2018, "the warrants" entitle the holder to subscribe 1.03 ordinary share of par value of 0.06 euro at a subscription price of 0.06 euro.

The warrants may be exercised for up to ten years starting from the allocation date. These have become totally exercisable following the IPO of the company (accelerated vesting provided for in the issuance agreement).

BSA 2014

Each BSA (share subscription warrants) entitles the holder to subscribe one ordinary share at a price of 6.80 euros. Following the capital increase on 7 May 2018, each BSA 2014 entitles the holder to subscribe 1.03 ordinary share of par value of 0.06 euro at a subscription price of 0.06 euro. The capital would be increased by € 2,472 by issuing 41,200 shares with a par value of € 0.06 and an issue premium of € 277,688 representing a total subscription amount of €280,160 in the event of the full exercise of all the BSA 2014.

The warrants may be exercised within seven years starting from the allocation date and 1/36 are exercisable at the end of each month from the allocation date.

BSA 2015

Each BSA 2015 entitles its holder to subscribe for one ordinary share at a subscription price of 6.23 euro. Following the capital increase on 7 May 2018, each BSA 2015 entitles the holder to subscribe 1.03 ordinary share of par value of 0.06 euro a subscription price of 0.06 euro. The capital would be increased by € 2,059.92 by issuing 34,332 shares with a nominal value of € 0.06, with an issue premium of € 211,828.44, representing a total subscription amount of € 213,888.36 in case of exercise of all the 2015 BSAs.

The main characteristics are identical in terms of content in relation to the Issuance Contract applicable to the 2014 BSAs.

The warrants (BSPCE/BSA) were awarded to persons with the following characteristics:

- Officers subject to the tax regime of employees and employees of the Company;
- Member of a study committee or acting as observer or independent director of the Company;
- Participating significantly in the scientific or economic development of the Company at the time of the award;
- Consultant, officer or partner of the companies providing services to the Company.

AGA 2014

The total number of shares granted in this plan is 215,646 of which 64,068 have been definitively granted, as the Board of Directors noted on February 16, 2017. These shares are not subject to any performance conditions.

Each free share in 2014 becomes definitive after a vesting period of 2 years. Once definitive, the beneficiary must retain the shares for two years.

The impact on the net income of share-based payments is shown in Note 20.

AGA 2016

On January 28, 2016, the Board of Directors has granted 773,200 free shares in two separate plans.

Plan AGA ALL 2016

The total number of shares allocated to this plan was 673,400, of which 300,000 allocated to executive directors, i.e. 90,000 to Bernard Gilly and 210,000 to Khalid Ishaque.

These shares were subject to the following Performance Conditions;

- Obtaining the CE mark for IRIS®II
- Positive results of the feasibility study on Prima; Achievement of safety and performance assessment criteria

Being reminded that these conditions are cumulative.

Each AGA 2016 has a 2-year vesting period and a 1-year retention period

The Board of Directors meeting on February 21, 2018 noted one of the two performance conditions had been fulfilled and decided the final allocation of 50% of the initial allocation plan. As a result, the Board of Directors has recorded the final allocation of 251,800 shares, with a retention period of 1 year. The unallocated free shares have been declared obsolete.

Plan AGA 2016

The total number of shares allocated in this plan was 99,800. These shares were not subject to any performance conditions.

Each AGA 2016 has a 2-year vesting period and a 1-year retention period. These shares were definitively recorded by decision of the Board of Directors on February 7, 2018.

The impact on net income from share-based payments is presented in note 20.

AGA 2017

The total number of shares allocated in this plan is 140,000. Following the capital increase with subscription rights on 7 May 2018, the total number of shares allocated is adjusted, according to plan, to 144,200 free shares. Each AGA 2017 has a 2-year vesting period and a 1-year retention period. These shares are not subject to any performance conditions.

The impact on net income from share-based payments is presented in note 20.

BSA 2016 KREOS

On September 27, 2016, Pixium Vision issued a warrant to Kreos Capital.

The BSA 2016 KREOS entitles its holder to subscribe for 207,817 ordinary shares at a subscription price of 5.2931 euros. The share capital would be increased by € 12,469.02 by issuing 207,817 shares with a par value of € 0.06, plus the nominal amount required to protect the holder's rights of the BSA and a total amount of subscription proceeds of € 1,099,996.16.

This bond became void following the subscription of New BSA 2016 KREOS in agreement with the decision of the Combined Shareholders' Meeting of June 27, 2017 to replace this BSA 2016 KREOS with the New BSA 2016 KREOS below.

New BSA 2016 KREOS

In accordance with the commitments agreed by the parties during the Venture Loan Agreement of September 27, 2016, and authorized by the Shareholders' Meeting of June 27, 2017, the 2016 BSA KREOS was substituted by the 140,935 New BSA 2016 KREOS. Each New BSA 2016 KREOS gives rights to subscribe for N shares equal to the following formula: $N = 1,100,000 / P / [\text{Number of BSA2016-KREOS}]$ where P is equal to € 7.8050, or in the assumption of a new IPO at a price lower than this amount, or any future issue of Transferable Securities at a lower exercise price than this amount in connection with a fund raising, at the lower of such amounts. In any event, the maximum number of shares to be issued has been capped at 422,805.

Following the capital increase carried out during the first half of 2018 at a price of € 1.87 each New BSA 2016 KREOS gives rights to subscribe for $N = 4,1738$ shares. The total number of shares to be Issued should stand at 588,235 shares, higher than the cap of 422,805 shares. Applying the emission contract, at December 31, 2018, the maximum number of shares to be created was 422,805 for a capital increase of € 25,368.30, based on a subscription price P equal to € 1.87, the subscription price of the capital increase completed on May 7, 2018.

BSA 2018 KREOS

Following the above-mentioned capital increase at a price of € 1.87, the 140,935 New BSA 2016 KREOS should have given rights to subscribe for 588,235 shares, above the cap of 422,805 shares. Consequently, the Board of Directors decided to issue one warrant "BSA 2018 KREOS" giving the right to subscribe to 165,430 ordinary shares with a par value of 0.06 €, equal to the difference between the number of shares to be issued (588,235) and the cap (422.805) of the New BSA 2016 KREOS. The subscription price per share is € 1.87 equal to the capital increase pricing.

BSA Kepler Cheuvreux

On October 16, 2017, an Equity Line was signed between Pixium Vision and Kepler Cheuvreux to support the development of the Company. Under the agreement, the Company issued a total of 2,000,000 warrants giving the right to subscribe to the same number of shares in favor of Kepler Cheuvreux who, provided that the conditions defined by the parties are met,

committed to exercise them within 24 months. As of December 31, 2018, 2,000,000 warrants were exercised carrying the balance of subscription warrants exercisable at zero.

AGA 2018

The total number of shares allocated to this plan is 251,800, including 25,700 shares allocated to Khalid Ishaque, Chief Executive Officer and director.

These shares are subject to the following Performance Conditions;

- Prima: Filing of the European pivotal study using useful information - confirm minimum power to elicit light perception - from 6-month French FIH study results
- Prima: Complete 5 implants in US FIH study

Being reminded that these conditions are cumulative.

Each AGA 2018 has a 1-year vesting period and a 1-year retention period

BSA Kepler Cheuvreux 2018

On December 21, 2018, an Equity Line agreement was signed between Pixium Vision and Kepler Cheuvreux to support the development of the Company.

Under the agreement, the Company has issued a total of 3,000,000 warrants giving the right to subscribe to the same number of shares in favor of Kepler Cheuvreux who, provided that the conditions defined by the parties are met, has committed to exercise them within 24 months. As of December 31, 2018, none of the warrants were exercised. As of June 30, 2019, 620,000 warrants were exercised carrying the balance of warrants exercisable at 2,380,000.

NOTE 11: REFUNDABLE ADVANCES

Bpifrance Financement granted Pixium Vision a refundable advance within the framework of the company's contribution to the SIGHT AGAIN R&D project.

This advance of a maximum amount of 5,225,680 euros breaks down as follow:

First payment at contract signature: 179,000 euros (paid in December 2014),

Milestone n°1: 1,900,000 euros (paid in July 2016)

Milestone n°2: 879,000 euros (paid in July 2018)

Milestone n°3: 764,680 euros

Milestone n°4: 1,483,000 euros

The repayment of this refundable advance will be reimbursed according to the following estimated timetable:

Year 1 at the latest on 30 June 2022: 500.000 euros

Year 2 at the latest on 30 June 2023: 750.000 euros

Year 3 at the latest on 30 June 2024: 1.000.000 euros

Year 4 at the latest on 30 June 2025: 1.500.000 euros

Year 5 at the latest on 30 June 2026: 2.100.000 euros

Or a total consideration of €5.850.000.

Following the repayment of the conditional advance, Pixium Vision may have to make additional payments over a period of two years of up to € 2,490,000 depending on reaching cumulative sales of € 100.000.000.

The difference in the valuation of the conditional advance according to the rates used is recognized as a subsidy. (IAS20.10A) The conditional advance is discounted at a rate of 11.5% in reference to the bond financing implemented with Kreos Capital.

Refundable advances to be reimbursed over one year are recorded in non-current liabilities, while the rest is recorded in current liabilities as deferred income (PCA).

The effect of "discounting" is shown in financial expenses. (See Note 21)

The table below shows the breakdown of debts recorded on the balance sheet by instalments of repayable advances:

<i>(Amounts in euros)</i>	First payment made at the signature	Milestone n°1	Milestone n°2	Milestone n°3	Milestone n°4	Total
Opening balance sheet debt 01/01/2018	128,010	1,358,748	-	-	-	1,486,758
(+) cashing	-	-	879,000	-	-	879,000
(-) reimbursement	-	-	-	-	-	-
Deferred income at cashing	-	-	(215,338)	-	-	(215,338)
Capitalized interest	14,721	156,256	37,227	-	-	208,204
(+) / (-) other movements	-	-	-	-	-	-
Closing balance sheet debt 31/12/2018	142,731	1,515,004	700,889	-	-	2,358,623
LT						2,358,623
CT						-
Deferred income considered as grants	-	-	215,338	-	-	215,338
Deferred income considering as other current liabilities	-	-	-	-	-	-
(+) / (-) other movements	-	-	-	-	-	-
Interest rate	4,57 %	5,69 %	6,48 %	7,55 %	9,03 %	-
Discount rate	11,5 %	11,5 %	11,5 %	11,5 %	11,5 %	-
Maturity in years	0-14	0-12	0-11	0-10	0-9	-

<i>(Amounts in euros)</i>	First payment made at the signature	Milestone n°1	Milestone n°2	Milestone n°3	Milestone n°4	Total
Opening balance sheet debt 01/01/2019	142,731	1,515,004	700,889	-	-	2,358,623
(+) cashing	-	-	-	-	-	-
(-) reimbursement	-	-	-	-	-	-
Deferred income at cashing	-	-	-	-	-	-
Capitalized interest	8,207	87,113	40,301	-	-	135,621
(+) / (-) other movements	-	-	-	-	-	-
Closing balance sheet debt 30/06/2019	150,938	1,602,117	741,190	-	-	2,494,243
LT						2,494,243
CT						-
Deferred income considered as grants	-	-	-	-	-	-
Deferred income considering as other current liabilities	-	-	-	-	-	-
(+) / (-) other movements	-	-	-	-	-	-
Interest rate	4,57 %	5,69 %	6,48 %	7,55 %	9,03 %	-
Discount rate	11,5 %	11,5 %	11,5 %	11,5 %	11,5 %	-
Maturity in years	0-14	0-12	0-11	0-10	0-9	-

Interest rate: These are calculated based on the repayment schedule.

Discount rate: This is the market rate used for Pixium vision.

NOTE 12: OTHER BOND FINANCING

Main features of the Bond Financing 2016

On September 27, 2016, Pixium Vision signed a bond financing with "KREOS Capital" for an Initial amount of € 11 million, drawn down for € 8 million in two tranches on March 28, 2017 and on June 30, 2017. It is composed of 8 million bonds with a nominal value of 1 euro. An optional third tranche of € 3 million has not been drawn and is obsolete.

Each of the amortized tranche carries 11.5% interest rate. Repayment terms of each tranche are respectively September 1, 2020 and June 1, 2020. The contractual annual interest rate is 11.5% with a repayment of each tranche to be made monthly and occurring in 33 instalments following a 9 months interest only period for the first tranche and 3 months for the second tranche. Interests are paid monthly from the drawdown date.

For this loan, Pixium Vision incurred a transaction fee.

On July 25, 2018, Pixium Vision signed an amendment to the initial contract. This amendment led to an early reimbursement of € 1.6 million of the Tranche A of the bond financing with cancellation of 1.6 million bonds. The reimbursement was enabled by the issue of convertible bonds in the amount of €1.6 million ("Convertible bonds 2018"). Neither the reimbursement period nor the interest rate was amended.

Main features of the Convertible bonds 2018

On July 25, 2018, the Company has issued to KREOS Capital 1.6 million convertible bonds with a €1 par value for a total of € 1.6 million. The annual coupon is 11,5% payable monthly. The redemption date of the convertible bonds is September 1st, 2020, with 2 optional extensions period of 6 months up to September 1st, 2021.

In the event of conversion being exercised, the number of shares to be received by the holder of the convertible bonds is determined according to the following calculation: Number of shares to be received = CR * Number of bonds converted. The conversion ratio, CR = 1 / (P-D), where P is equal to 2.2767 euros and D corresponds to the total dividends paid by the Company between August 1, 2018, and the date of conversion (it being specified P will be increased by 5% in case of implementation of the extension of six months and 10% in case of use of the extension option of 12 months) and within a limit of 1,000,000. ordinary shares of nominal value 0.06 euro.

In the absence of payment of dividends over the conversion or extension period, the number of shares to be created would be 702,772 if all the convertible bonds are exercised. In the event of conversion, admission of ordinary shares to trading on the regulated market of Euronext in Paris will be required under the existing ISIN code of ordinary shares of Pixium Vision (FR0011950641). The new ordinary shares will be immediately assimilated to the existing ordinary shares of Pixium Vision and will bear current dividend rights.

The contract of issue plans the absence of Implementation of the conversion option for 6 months from August 1st, 2018.

For this bond, Pixium Vision incurred a transaction fee.

Fair value of BSA Kreos

Pixium Vision has issued 140,936 share purchase warrants to an affiliated entity of Kreos Capital (see note 10.2 "BSA KREOS 2018" and "New BSA Kreos 2016") giving the right to subscribe for 588,235 new ordinary shares of the Company of nominal value of 0.06 euro at a price of 1.87 euros. The fair value of these warrants amounts to € 328,304, which is recognized as a liability in the financial position under "Other bonds". The fair value was estimated at December 31, 2018 by an appraiser using the "Black & Scholes" method. Changes in fair value are recognized in financial expenses in the income statement.

NOTE 13: NON-CURRENT PROVISIONS

Non-current provisions mainly consist of retirement obligations of more than one year.

<i>(Amounts in euros)</i>	30/06/2019	31/12/2018
Pension obligation	196,412	153,399
Various	–	–
Total net	196,412	153,399

Retirement benefit commitment break down as follows:

<i>(Amounts in euros)</i>	<i>Amount</i>
As at 31/12/2018	(168,435)
Cost of services rendered (operating expenses)	(31,302)
Interest charges (financial expenses)	(2,190)
Service paid	–
Actuarial gain / (loss)	48,528
As at 31/12/2018	(153,399)
Cost of services rendered (operating expenses)	(12,456)
Interest charges (financial expenses)	(1,205)
Service paid	–
Actuarial gain / (loss)	(29,353)
As at 30/06/2019	(196,412)

Each year, the Company carries out an external valuation of its pension liabilities consisting of indemnities upon retirement. The amount recognized for the first half of 2019 corresponds to half of the estimate made by the appraiser.

The company observed no retirement in 2019.

NOTE 14: CURRENT PROVISIONS

In June 30, 2019, current provisions correspond exclusively to social charges to be paid in relation to the free shares AGA 2017. The amount was 46,391 euros

In December 31, 2018, current provisions correspond exclusively to social charges to be paid in relation to the free shares AGA 2017 and 2018 plan. The amount was 43,715 euros

This provision is based on the probability to issue the share to beneficiaries and is accounted *pro rata temporis* over the acquisition period.

NOTE 15: LEASE DEBT

<i>(Amounts in euros)</i>	<i>Non-current</i>	<i>Current</i>	<i>Total</i>
As at June 30 2019			
Lease debt - Real estate	1,181,642	262,822	1,444,464
Lease debt - others	18,323	20,038	38,361
Total - Lease debt ⁽¹⁾	1,199,965	282,860	1,482,825

(1) See Note 2 Lease Contracts

The terms of the lease debt break down as follows:

<i>(Amounts in euros)</i>	2019
N +1	324,524
N +2	312,573
N +3	311,019
N +4	307,024
N +5	129,584
Beyond 5 years	66,440
Total	1,451,164
Of which:	
- principal	1,342,030
- interests	109,133

NOTE 16: TRADE ACCOUNTS PAYABLES

In accounts payable, no discount is applied as no payment deadlines exceeds 1 year.

Trade accounts payables and related accounts break down as follows:

<i>(Amounts in euros)</i>	30/06/2019	31/12/2018
Trade payables	1,155,845	983,951
Net total	1,155,845	983,951

NOTE 17: OTHER CURRENT LIABILITIES

Other current liabilities include short-term debts to employees and social and tax organizations. Deferred revenue relates to the grant received related to the R&D Project "GrapheneCore 2".

<i>(Amounts in euros)</i>	30/06/2019	31/12/2018
Social debt	1,439,939	981,844
Tax debt	39,832	9,611
Refundable advances	–	–
Deferred revenue	–	16,500
Borrowings and short-term financial debts	1,133	1,188
Other payables	142	6,967
Net total	1,481,046	1,016,110

NOTE 18: REVENUES

Revenues break down as follows:

<i>(Amounts in euros)</i>	30/06/2019	30/06/2018
Net sales	–	–
Research tax credit	1,002,471	859,067
Grants	6,037	7,125
Other revenues	47,220	47,072
Net total	1,055,728	913,264

NOTE 19: OPERATING EXPENSES

Cost of goods sold break down as follows:

Cost of goods sold <i>(Amounts in euros)</i>	30/06/2019	30/06/2018
Purchase of raw materials, supplies and other consumables	–	4,430
Change in inventory	–	32,081
Net total	–	36,511

Following the discontinuation of IRIS®II program in 2018, no more cost of manufacturing incurred in the first half of 2019.

Research and development expenses break down as follows:

R&D expenses <i>(Amounts in euros)</i>	30/06/2019	30/06/2018
Staff costs	1,409,234	466,618
Subcontractors, collaboration and consultants	1,136,457	826,031
Research supplies	821,363	296,178
Lease ⁽¹⁾	6,905	322,479
Amortization of right of use ⁽²⁾	117,666	–
Conferences, travel expenses	55,894	63,571
License fees	36,479	97,706
Amortization, depreciation and provisions	119,747	197,971
Various - Service delivery ⁽³⁾	165,079	–
Other	10,796	43,723
Net total	3,879,619	2,314,278

(1) In 2019, lease expenses correspond to unfunded leases

(2) See Note 2 Lease Contracts

(3) Service delivery linked to leases

In 2019, personnel expenses include a charge related to share-based payments of € 3,834 compared with a reversal of the provision for calculated expenses of € 0.8 million in 2018.

Selling and marketing expenses break down as follows:

Selling and marketing (Amounts in euros)	30/06/2019	30/06/2018
Staff costs	–	30,583
Fees	5,851	15,506
Communication, travel and entertainment expenses	2,202	23,148
Others	2,940	3,097
Net total	10,994	72,334

General and administrative expenses break down as follows:

General and administrative (Amounts in euros)	30/06/2019	30/06/2018
Staff costs	1,506,450	(187,290)
Fees	260,521	216,695
Lease ⁽¹⁾	9,218	63,365
Amortization of right of use ⁽²⁾	33,562	–
Insurance	23,418	25,078
Communication, travel and entertainment expenses	203,480	201,100
Postal and telecommunication costs	29,905	26,735
Administrative supplies and equipment leases	9,779	10,378
Amortization, depreciation and provisions	107,808	282,372
Various - Service delivery ⁽³⁾	29,542	–
Other	25,972	53,871
Net total	2,239,654	692,304

(1) In 2019, lease expenses correspond to non-capitalized lease contracts

(2) See Note 2 Lease Contracts

(3) Service delivery linked to leases contracts

In 2019, personnel expenses include a charge related to share-based payments of € 91,564 compared with a reversal of the provision for calculated expenses of € 0.7 million in 2018.

Moreover in 2018, the Company received a reimbursement of social charges related to 2014 free shares plan for €248k.

Amortization, depreciation and provisions decreased in 2019 due to the Impairment loss recognized at December 31, 2018 for patents related to the IRIS[®] project.

Staff costs

The Company employed 30 people on June 30, 2019, unchanged to June 30, 2018.

Staff expenses break down as follows:

Staff costs (Amounts in euros)	30/06/2019	30/06/2018
Wage and salaries	1,876,981	1,400,717
Social contributions	827,122	159,611
Pension liability expenses	12,456	16,185
Share-based payments	95,398	(1,368,973)
Net total	2,811,957	207,540

During the first half year 2018, the Company has received a reimbursement of € 309k linked to social charges on free shares plans. This profit has been booked and partly offset social contributions as of June 30, 2018.

The profit of € 1,369k booked on June 30, 2018 as share-based payments relates to the partial reversal of amortization of free share plan "AGA ALL 2016" following the decision of the Board of Directors of February 7, 2018 to allocate half of the initial plan.

NOTE 20: SHARE-BASED PAYMENTS

Share-based payments relate to all warrants (BSA/BSPCE/AGA) allocated to employees, members of the Board of Directors and scientific advisors.

The cost representing the granted benefit is recorded linearly in Personnel costs over the vesting period.

The amount of the expense recognized during the period breaks down as follows for each plan:

<i>In euros</i>	June 30, 2019					June 30, 2018				
	COGS	R&D	S&M	G&A	Total	COGS	R&D	S&M	G&A	Total
BSA	0	0	0	0	0	0	0	0	0	0
BSA – 03/18/2013	0	0	0	0	0	0	0	0	0	0
BSA – 02/05/2014	0	0	0	0	0	0	0	0	0	0
BSA – 12/17/2014	0	0	0	0	0	0	0	0	0	0
BSA – 06/23/2015	0	0	0	0	0	0	0	0	930	930
BSPCE	0	0	0	0	0	0	0	0	0	0
BSPCE – 03/08/2013	0	0	0	0	0	0	0	0	0	0
BSPCE – 10/02/2013	0	0	0	0	0	0	0	0	0	0
BSPCE – 02/05/2014	0	0	0	0	0	0	0	0	0	0
Free Shares (AGA)	0	3,834	0	91,564	95,398	0	(735,171)	0	(634,732)	(1,369,903)
AGA – 12/17/2014	0	0	0	0	0	0	0	0	0	0
AGA – 01/28/2016	0	0	0	0	0	0	(735,171)	0	(727,414)	(1,462,585)
AGA - 12/11/2017	0	0	0	92,682	92,682	0	0	0	92,682	92,682
AGA - 25/07/2018	0	3,834	0	(1,118)	2,716	0	0	0	0	0
Total	0	3,834	0	91,564	95,398	0	(735,171)	0	(633,802)	(1,368,973)

* BSA (warrants) issued to the benefit of Kreos are not accounted through the IFRS 2 rule. They are accounted for their « Fair value » in the Balance Sheet as a part of the Venture Loan (Note 12)

The main characteristics of the different plans are shown in the following table:

	BSA				BCE				AGA			
Date of assignment (CA)	18/03/13	05/02/14	17/12/14	23/06/15	18/03/13	02/10/13	05/02/14	17/12/14	28/01/16	11/12/17	25/07/2018	
Vesting period	4 years	4 years	3 years	3 years	4 years	4 years	4 years	2 years	2 years	2 years	1 year	
Contractual life	10 years	10 years	7 years	7 years	10 years	10 years	10 years	–	–	–	–	
Average expected life of instrument	6 years	6 years	4,5 years	4,5 years	6 years	6 years	6 years	–	–	–	–	
Total number of instruments originally issued (*)	329 668	136 666	40 000	33 333	333 419	137 432	468 319	215 646	773 200	140 000	251 800	
Parity Instrument / Share (*)	1	1	1	1	1	1	1	1	1	1	1	
Strike price (*)	€ 0.06	€ 0.06	6,80 €	6,23 €	€ 0.06	€ 0.06	€ 0.06	N/A	N/A	N/A	N/A	
Evaluation model used	Black and Scholes											
Fair value of share at grant date (*)	€ 0.06	€ 0.06	6,10 €	6,02 €	€ 0.06	€ 0.06	€ 0.06	6,10 €	5,25 €	2,67 €	1,79 €	
Expected volatility (1)	45,0 %	45,0 %	45,0 %	45,0 %	45,0 %	45,0 %	45,0 %	–	–	–	–	
Expected Dividends	–	–	–	–	–	–	–	–	–	–	–	
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	OUI	N/A	1,79 €	
Fair value of option (*)	0,03 €	0,02 €	1,64 €	1,91 €	0,03 €	0,03 €	0,02 €	6,04 €	5,25 €	2,67 €	1,79 €	

* In order to ensure better comparability between the instruments and the same conversion parity, instruments issued before 17/06/2014 (the date of the consolidation by 6 of the shares of my Company) were adjusted accordingly (number, Exercise, value of the action ...).

(1) based on the historical volatility of a panel of comparable companies

Detailed information on the number of options by category and exercise prices for the fiscal year is shown in Note 10.2.

NOTE 21: FINANCIAL INCOME AND EXPENSES

Financial Income and expenses break down as follows:

Financial income and expenses (Amounts in euros)	30/06/2019	30/06/2018
Financial income	119,242	90,620
<i>Valuation of KREOS Warrants</i>	117,178	–
<i>Other financial income</i>	2,064	90,620
Financial expenses	(514,275)	(877,019)
<i>Interest, loans and debts</i>	(475,411)	(511,023)
<i>Valuation of KREOS Warrants</i>	–	(276,738)
<i>Financial expenses on Leases (1)</i>	(25,426)	–
<i>Other financial expenses</i>	(13,438)	(89,258)
Net total	(395,033)	(786,399)

(1) See Note 2 Lease Contracts

As at June 30, 2019, financial income consisted of interest related to the remuneration of term deposits and the variation of the fair value (FV) of the BSA KREOS for € 117,178.

The financial charges consist of interest on the Kreos debt for € 339,791 and calculated interest on the refundable advance "Sight Again" for € 135,621 and on the leases for € 25,426.

NOTE 22: RELATED PARTY TRANSACTIONS

The remuneration presented below, granted to the members of the Board of Directors of the Company, was expensed in the years presented:

Related party transactions (<i>Amounts in euros</i>)	30/06/2019	30/06/2018
Wages and salaries	237,443	196,306
Directors' attendance fee	42,500	67,000
Benefits in kind	19,403	19,403
Pension liability expenses	1,693	4,250
Share-based payment	1,386	(726,242)
Net total	302,425	(439,284)

The profit of € 0,7 million booked on June 30, 2018 as share-based payments relates to the partial reversal of amortization of free share plan "AGA ALL 2016" following the decision of the Board of Directors of February 7, 2018 to allocate half of the initial plan.

During the first half of 2019, the Company sold Atis chips to Prophesee for an amount of € 26,400 excluding tax.

NOTE 23: MAJOR DEVELOPMENTS THAT OCCURED AFTER THE REPORTING DATE

- On **July 18, 2019**, Pixium Vision announced sustained success of Its Prima system after 12 months In Dry Age-related macular degeneration patients.

IV – ACTIVITY REPORT

P&L ANALYSIS

Income Statement summary

<i>In thousand Euros</i>	H1 2019	H1 2018 Adjusted (*)	H1 2018 Reported
Revenues	1,055.7	913.3	913.3
Operating expenses	(5,323.1)	(4,877.0)	(4,484.4)
Research and development	(3,869.0)	(3,146.2)	(3,049.4)
General & Administration	(1,445.2)	(1,622.4)	(1,326.1)
Marketing & Communication	(11.0)	(71.9)	(72.3)
Cost of goods sold	-	(36.5)	(36.5)
Current Operating Result	(4,269.4)	(3,963.8)	(3,571.1)
Non-recurring items	(805.1)	1,761.6	1,368.9
Operating Result	(5,074.5)	(2,202.2)	(2,202.2)
Net Result	(5,469.6)	(2,988.6)	(2,988.6)
Earnings per share (€)	(0.25)	(0.20)	(0.20)

(*) operating expenses 2018 were adjusted from the share-based payment – refer to the Interim Financial Report 2018

Revenues increased to €1.1 million of which €1.0 million from a Research Tax Credit (CIR). CIR increased compared to 2018 reference period and reflects the sustained effort of the Company in its R&D projects, especially in the development of its bionic vision system Prima.

Research & Development (R&D) spending amounted €3.87 million compared with €3.04 million in H1 2018. In 2019, Pixium Vision sustainably invested in the technical development of its Prima system, especially its projection system which has been filed for a patent, as well as image processing algorithm. In parallel, the Company is running the feasibility studies both in France and the USA. Spending in R&D also reflects the increase in manufacturing of Prima 2 glasses in order to serve the coming European pivotal trial. R&D spending account for 73% of global expenses.

General and Administration expenses amounted €1.45 million as of 30 June 2019 compared with €1.54 million a year earlier. G&A expenses are almost stable from one period to the other. The company maintained its strict cost control policy and focus its financial efforts in its R&D projects.

The spending in **Marketing & communication** reached €10,994 (versus €71,865). The absence of commercial activity explains the low level of expenses during H1 2019.

In order to present a better readability of its operations, Pixium Vision is reporting an **Current Operating Result** excluding non-recurring items. Adjusted operating result is a loss of €4.27 million (compared with a €3.78 million loss at end June 2018). The 13% drop of **Current Operating Result** resulted from the increase in R&D efforts in the development of the bionic vision system Prima preparing for the next step in its clinical development.

Non-recurring items totaled a non-cash charge of €0.81 million in H1 2019 (vs. a gain of €1.58 million in H1 2018). They included the share-based payment impact as calculated from IFRS 2 rule, a provision related to the cost of leaving of the CEO announced in April 2019. In the first half 2018, IFRS 2 rules resulted in a non-cash profit of €1.37 million, moreover the Company received a reimbursement of social charges related to 2014 free shares plan for €248k as well as a reversal of provision on social charges related to 2016 free shares plan for 184k€.

Net financial result showed a loss of €0.40 million (vs. €0.79 million), mainly related to the execution of the bond financing with Kreos Capital, through valuation of warrants and interest expenses.

Net Result reported a loss of €5.47 million (versus a loss of €2.99 million in H1 2018). Net earnings per share amounted (€0,25) and (€0,20) respectively at June 30, 2019 and June 30, 2018.

CASH FLOW ANALYSIS

Cash flow statement summary

<i>In thousand Euros</i>	H1 2019	H1 2018
Opening cash & cash equivalent	15,629.4	10,531.6
(Decrease) / Increase in cash	(5,409.4)	6,203.6
<i>O/W net cash flows from operating activities</i>	(5,071.2)	(5,486.7)
<i>O/W net cash flows from investing activities</i>	(15.3)	77.8
<i>O/W net cash flows from financing activities</i>	(322.9)	11,612.5
Closing cash & cash equivalent	10,220.0	16,735.2

Net cash outflow from Operating activities amounted €5.07 million and €5.47 million respectively at June 30, 2019 and June 30, 2018. In 2019, the Company increased its commitments to its key suppliers in order to prepare the manufacturing of its systems ahead of its coming clinical development. Despite the increase in R&D spending, the cash outflow lowered by almost 8% thanks to the sustained efforts to contain G&A spending linked to a strict control policy.

As of June 30, 2019, **net cashflow from financing activities** reached (€0,32) million. According to newly applied IFRS 16, rental charges are partly booked in financing for €0.16 million. Reimbursement of the bond financing amounted for €1.0 million in the first half 2019. These items were partially offset for €0.9 million net proceeds from the equity line financing signed in December 2018.

During H1 2019, **cashflow from investing activities** are not significant (€15,293) covering tools and laboratory material. In 2018, Pixium Vision benefitted a cash deposit reversal following the reduction of the premises used by the Company.

On June 30, 2019, Pixium Vision had a **positive net cash position** of € 10.22 million.

V – AUDITOR'S REPORT ON 2019 INTERIM FINANCIAL REPORT

PIXIUM VISION

Société Anonyme
74 rue du Faubourg Saint Antoine
75012 PARIS

Statutory auditor's report on interim financial report for the first half 2019

Aux actionnaires,

En exécution de la mission qui nous a été confiée par votre assemblée générale et en application de l'article L.451-1-2 III du code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels condensés de la société PIXIUM VISION, relatifs à la période du 1er janvier au 30 juin 2019, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels condensés ont été établis sous la responsabilité de votre conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I- Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels condensés avec la norme IAS 34 –norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur le paragraphe « continuité d'exploitation » de la note 2 « Principes généraux et déclaration de conformité » de l'annexe aux comptes semestriels qui expose la situation de la société au regard du principe de la continuité d'exploitation.

II- Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels condensés sur lesquels a porté notre examen limité. Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels condensés.

Lyon, le 25 juillet 2019

Le commissaire aux comptes

DELOITTE & ASSOCIES

Dominique VALETTE

VI – STATEMENT OF THE PERSON RESPONSIBLE FOR THE 2019 INTERIM FINANCIAL REPORT

I certify that, to my knowledge, the condensed interim financial statements were prepared in accordance with applicable accounting standards and give a fair view of the assets, the financial position, and the results of the Company at 30 June 2019 and that the interim management report includes a fair review of major developments that occurred during the first six months of the year, their impact on the financial statements, the main transactions between related parties and a description of the principal risks and uncertainties for the remaining six months of the year.

Lloyd Diamond
Chief Executive Officer
July 25, 2019