



A French *société anonyme* (limited company) with share capital social of €1,611,601.08 Registered office: 74 rue du Faubourg Saint-Antoine, 75012 Paris Paris Trade and Companies Register No. 538 797 655

2020 HALF-YEAR FINANCIAL REPORT

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I – DESCRIPTION OF THE GROUP

The Group

Pixium Vision, a bioelectronics group that specialises in sensorial neuromodulation, was created in December 2011 based on the collaborative work of several scientific teams from prestigious and academic institutions, such as the French Institut de la Vision (UPMC, CNRS, INSERM), the Quinze-Vingts National Ophthalmology Medical Centre and Stanford University in California.

The Group's objective is to design, develop and market its Bionic Vision Systems (BVS), which are active implantable medical devices for the treatment of blindness due to the degeneration of retinal photoreceptor cells. Many diseases of the retina (whether of genetic origin, such as pigmentary degeneration of the retina (retinitis pigmentosa (RP)), or related to ageing such as age-related macular degeneration (AMD), are due to the acute or progressive degeneration of the photoreceptor cells. The disappearance of these cells prevents the conversion of visual stimuli into electrical signals, which are then transmitted to and analysed by the brain. The goal of Pixium Vision's technology is to replace these signal processing functions of the retina by electrically stimulating the surviving retinal cells, which then transmit this stimulation to the brain via the optic nerve. The ultimate objective of these innovative systems, which Pixium Vision is currently developing, is to partially restore the vision of patients suffering from age-related macular degeneration (AMD) or retinitis pigmentosa and, thus, considerably enhance their autonomy, mobility and quality of life.

The BVSs include three components: (i) an implantable part (the retinal implant) that contains photoreceptor electrodes, (ii) a portable visual interface (goggles with a camera and a data transmission system) and (iii) a pocket processor.

Recent progress in microelectronics, optics and artificial intelligence has enabled Pixium Vision to envisage a therapeutic solution that will ultimately provide patients with vision as close to normal as possible.

Pixium Vision's BVS are protected by 30 patent families, which cover the key components of the systems it has developed.

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

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. Prima is an innovative technology, which is currently in the clinical development stage. Safety and efficacy tests have been conducted on rodents and safety tests have been carried out on animal models closer to humans. Development of the mass-production process for implants has also been finalised. In 2017, Pixium Vision filed regulatory applications with the US and European authorities to begin human trials of Prima. On 19 October 2017, the French National Agency for the Safety of Medicines and Health Products (ANSM) authorised a clinical trial of feasibility in humans. This feasibility trial aims to evaluate the safety and restoration of visual perception in five patients implanted with Prima. On 10 July 2018, the Group announced that it had finalised the implants in the five patients in France, for whom it announced positive results at 6 months and 12 months on 8 January and 18 July 2019 respectively. During the fourth quarter of 2019, the patients in France who had received implants were fitted with new transparent glasses that combine residual peripheral vision and central prosthetic vision. In parallel, in December 2017, the US FDA authorised a feasibility trial of Prima in five patients with dry age-related macular degeneration (AMD). The first patient was implanted in January 2020 at a hospital in Pittsburgh. Patient recruitment for this study is ongoing in Pittsburgh and Miami.

Major events during the first half of 2020

Due to the health measures adopted by the government in the first half of 2020, Pixium Vision was obliged to suspend some of its R&D activities during the period, in particular its clinical studies and the development of its Prima bionic vision system.

- On **13 January 2020**, Pixium Vision announced that its Prima system had been successfully implanted in a first patient in the United States.
- On **13 February 2020**, Pixium Vision announced its 2019 annual results and provided an update on its business.
- On **14 February 2020**, Pixium Vision announced the transfer of the listing of its shares to the Euronext Growth Paris market.
- On **19 February 2020**, Pixium Vision announced that to continue to accelerate its development it had drawn down a further tranche, with a nominal value of €1.25 million, under the financing contract with ESGO.
- On **2 March 2020**, Pixium Vision announced the publication in the “Ophthalmology” journal of promising clinical data for the Prima System in the treatment of dry AMD.
- On **4 March 2020**, Pixium Vision announced the successful activation of the [Prima System] in the first patient in the US feasibility study.
- On **23 March 2020**, Pixium Vision provided an update on the impact of COVID-19 on its activities.
- On **31 March 2020**, Pixium Vision announced new positive results for its Prima System in the treatment of dry AMD.
- On **16 April 2020**, Pixium Vision announced its cash position at 31 March 2020 and provided an update on its activities and financial outlook until the first quarter of 2021.
- On **4 May 2020**, Pixium Vision reinforced its financial position by drawing down a €1.25 million tranche under its agreement with ESGO and obtaining a pre-approved €2.5 million loan guaranteed by the French government.
- On **28 May 2020**, Pixium Vision held its Combined General Meeting and a Board of Directors meeting.
- On **8 June 2020**, Pixium Vision announced the resumption of the Prima System feasibility study in France.
- On **12 June 2020**, Pixium Vision launched a capital increase with pre-emptive subscription rights for a maximum amount of €7.8 million for its Prima System clinical registration trial.
- On **19 June 2020**, Pixium Vision was selected to participate in the “Next French Healthcare” programme coordinated by Business France and Bpifrance, thereby increasing its visibility in the United States.

II - RISK FACTORS

The risk factors to which the Group is exposed are described in Chapter 3 of the 2019 Universal Registration Document that was filed on 24 April 2020 with the *Autorité des Marchés Financiers* (AMF – French Financial Markets Authority). Management's assessment of the nature and level of risks has not changed during the last half-year.

The 2019 Universal Registration Document is available on the Group's website:

<https://www.pixium-vision.com/fr/2020/04/document-denregistrement-universel-2019/>

III – FIRST HALF 2020 SUMMARIZED FINANCIAL STATEMENTS

Statement of Financial Position

(Amounts in euros)	Note	30/06/2020	31/12/2019
ASSETS			
Non-current assets			
Intangible assets	3	2,267,894	2,361,384
Property, plant and equipment	4	401,616	484,378
Use rights	5	1,183,874	1,324,356
Non-current financial assets	6	168,296	336,625
Total non-current assets		4,021,679	4,506,744
Current assets			
Inventories and work in progress	7	–	–
Trade receivables		5,472	5,472
Other current assets	8	1,890,050	2,310,076
Cash and cash equivalents	9	5,004,384	6,791,500
Total current assets		6,899,906	9,107,048
TOTAL ASSETS		10,921,585	13,613,792
LIABILITIES			
Shareholders' equity			
Share capital		1,611,601	1,462,093
Additional paid-in capital		6,760,209	85,163,586
Reserves		(2,623,216)	(73,049,369)
Profit/(loss)		(3,802,327)	(9,875,913)
Total shareholders' equity		1,946,267	3,700,398
Non-current liabilities			
Refundable advances	11	2,781,519	2,629,865
Venture loans	12	1,826,032	3,157,352
Long-term lease liabilities	15	926,824	1,057,309
Non-current provisions	13	187,333	188,660
Total non-current liabilities		5,721,708	7,033,185
Current liabilities			
Current provisions	14	–	260,000
Trade payables	16	638,735	843,010
Short-term lease liabilities	15	287,844	288,635
Short-term venture loans		1,254,692	
Other current liabilities	17	1,072,339	1,488,563
Total current liabilities		3,253,609	2,880,209
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,921,585	13,613,792

Statement of Profit and Loss

<i>(Amounts in euros)</i>	<i>Note</i>	<i>At 30 June</i>		
		2020	2019 adjusted	2019 reported
Operating revenue	18			
Net sales		-	-	-
Research Tax Credit		743,633	1,002,471	1,002,471
Grants		479,698	6,037	6,037
Other revenues		27,360	47,220	47,220
Total revenues		1,250,691	1,055,728	1,055,728
Operating expenses	19			
Cost of goods sold		-	-	-
Research and development		(2,860,082)	(3,879,619)	(3,879,619)
Sales and marketing		-	(10,994)	(10,994)
General and administrative expenses		(1,664,309)	(2,239,654)	(2,239,654)
Total expenses		(4,524,390)	(6,130,266)	(6,130,266)
Operating income		(3,273,699)	(5,074,538)	(5,074,538)
Financial income*		-	2,064	119,242
Financial expenses		(528,628)	(514,275)	(514,275)
Financial results	21	(528,628)	(512,210)	(395,033)
Pre-tax current income		(3,802,327)	(5,586,749)	(5,469,571)
Corporation tax		-	-	-
Net result		(3,802,327)	(5,586,749)	(5,469,571)
Other non-transferable comprehensive income				
Actuarial gains/(losses) on pension plans	13	13,835	(29,353)	(29,353)
Change in fair value valuation of Kreos BSA warrants		17,669	117,178	-
Total profit/(loss) for the period		(3,770,823)	(5,498,924)	(5,498,924)
Weighted average number of shares		25,683,846	21,765,438	21,765,438
Net earnings per share		(0.15)	(0.25)	(0.25)
Diluted earnings per share		(0.15)	(0.25)	(0.25)

* Changes in fair value that were recognized as financial income/expenses are now recognized in other non-transferable comprehensive Income.

Statement of Cash Flows

At 30 June

(Amounts in euros)	2020	2019
Cash flows from operating activities		
Profit/(loss) for the period	(3,802,327)	(5,469,571)
Reconciliation of net profit to cash flows used in operating activities		
Depreciation/amortisation and impairment	198,164	227,555
Losses on disposals	265	–
Provisions	(261,528)	2,676
Government grants	47,552	(16,500)
Financial results	355,321	71,538
Leases	177,355	176,653
Expenses on share-based payments	259,908	95,398
Retirement benefit obligations	13,832	13,661
Other	(12,449)	–
Cash flows from operating activities	(3,023,904)	(4,898,590)
Inventories	–	–
Trade receivables	–	(5,184)
Other receivables	437,371	(820,783)
Trade payables	(205,956)	171,894
Other current liabilities	4,721	481,436
Net cash flows from operating activities	(2,787,769)	(5,071,228)
Acquisitions/Disposals of property, plant and equipment	(22,176)	(14,609)
Acquisitions of intangible assets	–	–
Acquisitions (decrease) of financial holdings	185,867	(684)
Net cash flows from investment activities	163,691	(15,293)
Increase/(Decrease) of refundable advances	–	–
Increase/(Decrease) of financial debt	(1,339,921)	(1,080,587)
Payment of lease liabilities	(168,150)	(164,946)
Treasury shares	3,542	(19,237)
Capital increase	2,341,489	941,898
Net cash flows from financing activities	836,960	(322,873)
Opening cash and cash equivalents	6,791,500	15,629,424
Closing cash and cash equivalents	5,004,383	10,220,030
(Decrease)/Increase in cash position	(1,787,117)	(5,409,394)

Statement of changes in equity

Share capital						
(Amounts in euros)	Number of shares	Amount	Additional paid-in capital	Reserves	Profit/(loss)	Total equity
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 result				(13,571,113)	13,571,113	-
Capital increase	2,761,858	165,711		-		165,711
Net result				(9,875,913)	(9,875,913)	
Costs deducted from the issue premium			(293,189)			(293,189)
Neutralisation of treasury shares				(13,430)		(13,430)
Exercise of BSA warrants			1,017,086			1,017,086
ORNAN2019			722,320			722,320
Change in fair value valuation				258,494		258,494
Actuarial gains/(losses)			(6,116)			(6,116)
Share-based payments			370,843			370,843
At 31 December 2019	24,368,221	1,462,093	85,163,586	(73,045,322)	(9,875,913)	3,700,398
Appropriation of prior result				(9,888,362)	9,875,913	(12,449)
Allocation of retained earnings to issue premium			(80,000,000)	80,000,000		-
Capital increase	2,491,797	149,508	(149,508)			-
Net result				(3,802,327)	(3,802,327)	
Costs deducted from the issue premium			(162,500)			(162,500)
Neutralisation of treasury shares				23,103		23,103
Exercise of BSA warrants			3,989			3,989
ORNAN 2019 issue			1,904,641			1,904,641
Change in fair value valuation				17,669		17,669
Actuarial gains/(losses)				13,835		13,835
Share-based payments			259,908			259,908
At 30 June 2020	26,860,018	1,611,601	6,760,209	(2,623,216)	(3,802,327)	1,946,267

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY

The Group is described in Chapter I of this document along with the major events of the first half of 2020. Post-balance sheet events are described in Note 24 of this chapter.

NOTE 2: GENERAL PRINCIPLES AND STATEMENT OF COMPLIANCE

Preliminary remarks:

The Group's summary consolidated financial statements are presented in euros, unless otherwise stated.

On 16 November 2017, the Group incorporated a subsidiary, Pixium Vision, LLC, which is domiciled in the State of Delaware, USA. With the start of the feasibility study in the US in early 2020, the subsidiary engaged in clinical study activity. At 30 June 2020, it was considered significant for the purpose of Pixium Vision SA's half-year financial statements, which justifies preparing consolidated financial statements for the Group.

The balance sheet date of the half-year consolidated financial statements is 30 June 2020.

The half-year consolidated financial statements were closed at 30 June 2020 and were prepared under the responsibility of the Board of Directors, which approved them on 23 July 2020.

General principles and statement of compliance

In accordance with European Regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, the Group's financial statements at 30 June 2020 were prepared in compliance with International Financial Reporting Standard (IFRS), as approved by the European Union at the reporting date of these financial statements.

The IFRS standards as adopted by the European Union differ in certain respects from the IFRS standards published by the IASB. However, the Group has ensured that the financial information for the periods presented would not have been materially different if the IFRS standards as published by the IASB had been applied.

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

The financial statements have been prepared in accordance with the IFRS standards adopted by the European Union and in force on 30 June 2020 for all periods presented.

The IFRS standards are available on the European Commission's 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

These financial statements also comply with the standards and interpretations adopted by the IASB at the same date.

Going concern

The Group's management applied the going concern assumption based on the following elements:

- The Group's shareholders' equity is positive and stood at €1.9 million on 30 June 2020.
- The cash position at 30 June 2020 was positive at €5.0 million. The Group solidified its cash position in 2020 by drawing down two additional €1.25 million tranches under the convertible bond contract (ORNAN 2019) with the European Select Growth Opportunity Fund (ESGO), which was signed on 5 November 2019. On the basis of current price and liquidity conditions, the Group considers that it will be able to draw down one or more tranches in H2 2020.
- In July 2020, the Group received a €2.2 million repayable advance in connection with the "Sight Again" research programme and is expecting an additional €0.5 million grant for the same project. These amounts will finance expenses incurred in key stages 3 and 4 of the project.
- On 6 July 2020, Pixium Vision announced the success of its capital increase with pre-emptive subscription rights, which raised €7.3 million (gross of fees) to finance the PRIMAVera pivotal study for the next 12 months.

NOTE 3: INTANGIBLE ASSETS

Intangible assets break down as follows:

<i>(Amounts in euros)</i>	30/06/2020	31/12/2019
Patents, licences, trademarks	10,499,989	10,499,989
Software	217,988	217,988
Total historical cost	10,717,977	10,717,977
Accumulated amortisation of patents, licences, trademarks	3,631,414	3,537,914
Accumulated amortisation of software	217,988	217,988
Impairment losses	4,600,682	4,600,691
Accumulated amortisation	8,450,083	8,356,593
Net total	2,267,894	2,361,384

Intangible assets comprise primarily patents the Group purchased in 2012 for its research and development of IRIS®. In accordance with IAS 36, the Group recognised an impairment loss of €4.6 million on the IRIS project® in 2018. (See Note 3.2) In 2019, the Group continued the review of its patents and decided not to maintain certain of them, which resulted in the impairment of a residual value €69,453. During the first semester of 2020, the Group did not recognise any new impairment losses.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

<i>(Amounts in euros)</i>	01/01/2020	Increase	Decrease	30/06/2020
Industrial and laboratory equipment	1,728,662	16,020	(67,018)	1,677,664
Building fixtures and fittings	471,352	–	–	471,352
IT equipment	209,528	5,264	–	214,793
Office furniture	311,430	446	(7,564)	304,312
Non-current assets in progress	–	446	–	446
Other property, plant and equipment	–	–	–	–
Gross total	2,720,973	22,176	(74,582)	2,668,567

Accumulated amortisation of industrial and laboratory equipment	1,342,273	52,558	(47,800)	1,347,032
Accumulated amortisation of building fixtures and fittings	349,516	27,518	–	377,034
Accumulated amortisation of IT equipment	186,767	5,716	–	192,483
Accumulated amortisation of office furniture	255,932	18,881	(7,299)	267,514
Accumulated amortisation of other property, plant and equipment	–	–	–	–
Impairment losses	102,106	–	(19,218)	82,887
Total accumulated amortisation	2,236,595	104,673	(74,317)	2,266,951
Net total	484,378	(82,498)	(265)	401,616

(Amounts in euros)	01/01/2019	Increase	Decrease	31/12/2019
Industrial and laboratory equipment	1,712,140	16,522	–	1,728,662
Building fixtures and fittings	471,352	–	–	471,352
IT equipment	193,140	16,389	–	209,528
Office furniture	309,476	1,953	–	311,430
Non-current assets in progress	805	–	(805)	–
Other property, plant and equipment	–	–	–	–
Gross total	2,686,914	34,864	(805)	2,720,973
Accumulated amortisation of industrial and laboratory equipment	1,209,402	132,871	–	1,342,273
Accumulated amortisation of building fixtures and fittings	294,351	55,166	–	349,516
Accumulated amortisation of IT equipment	175,455	11,312	–	186,767
Accumulated amortisation of office furniture	199,493	56,439	–	255,932
Accumulated amortisation of other property, plant and equipment	–	–	–	–
Impairment losses	102,106	–	–	102,106
Total accumulated amortisation	1,980,807	255,788	–	2,236,595
Net total	706,107	(220,924)	(805)	484,378

During the first semester of 2020, the Group purchased laboratory and IT equipment for a price of €21,284.

NOTE 5: USE RIGHTS

The table below breaks down use rights by category:

(Amounts in euros)	Real estate	Other assets	Total
At 30 June 2020			
Contracts	1,556,957	50,380	1,607,337
Contractual amendments	30,413	5,950	36,363
Gross total	1,587,370	56,330	1,643,700
Amortisation	422,541	37,286	459,826
Net total	1,164,829	19,045	1,183,874

(Amounts in euros)	Real estate	Other assets	Total
At 31 December 2019			
Contracts	1,556,957	50,380	1,607,337
Contractual amendments	14,888	5,950	20,838
Gross total	1,571,845	56,330	1,628,175
Amortisation	279,073	24,745	303,819
Net total	1,292,772	31,585	1,324,356

The components of lease liabilities are presented in Note 15.

NOTE 6: NON-CURRENT FINANCIAL ASSETS

(Amounts in euros)	01/01/2020	Increase	Decrease	30/06/2020
Deposits and guarantees	76,862	1,558	-	78,420
Financing guarantees	259,763	33,497	(203,385)	89,875
Gross total	336,625	35,055	(203,385)	168,295
(Amounts in euros)				
Provisions, deposits and guarantees	-	-	-	-
Total provisions	-	-	-	-
Net total	336,625	35,055	(203,385)	168,295

Non-current financial assets consist of the security deposit paid to the lessor for the Group's premises.

Financing guarantees consist primarily of prepayments on the last instalment of tranches A and B of the bond financing set up with Kreos Capital. During the first semester of 2020, the Group was reimbursed €140,000 corresponding to the deposit linked to Tranche B. Concerning the deposit of Tranche A, the reimbursement is spread over the last three instalments. The first one took place in June 2020 for €47,000.

NOTE 7: INVENTORIES AND WORK IN PROGRESS

<i>(Amounts in euros)</i>	30/06/2020	31/12/2019
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 net value of inventories and work in progress	-	-

After having recognised an impairment loss in 2018, in accordance with IAS 36, equal to the residual value of inventories in relation to the IRIS® device, the Group no longer markets any products and therefore does not recognise any inventories or work in progress.

NOTE 8: OTHER CURRENT ASSETS

Other current assets break down as follows:

<i>(Amounts in euros)</i>	30/06/2020	31/12/2019
Suppliers, advances and deposits	85,861	72,181
State, Research Tax Credit and Employment Tax Credit (CICE)	760,898	1,692,137
State, VAT	130,693	78,582
Accrued revenue	471,000	260,000
Liquidity agreement	64,587	52,231
Prepaid expenses	367,698	148,733
Other	9,313	6,212
Net total	1,890,050	2,310,076

At 30 June 2020, other current assets consisted primarily of a Research Tax Credit receivable of €743,633 for 2020. The Group anticipates a lower annual Research Tax Credit in 2020 than in 2019 due to grants and repayable advances to be received in the second half of the year. These amounts will be deducted from the expenditure base for the 2020 Research Tax Credit.

Accrued revenue of €471,000 recognised in 2020 corresponds to the grant portion of the Sight Again project in connection with the completion of key stages 3 and 4.

In 2020, prepaid expenses are primarily for lease-related expenses.

Research Tax Credit

The Company qualifies for the provisions of Articles 244 quater B and 49 septies F of the French Tax Code on the Research Tax Credit. In accordance with the principles described in Note 3.14 of the notes to the IFRS financial statements prepared at 31 December 2019, the Research Tax Credit is recognised in "Other revenues" 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 below:

Change in research tax credit receivable (in euros)	Amount
Receivable at 01/01/2019	1,267,969
Operating revenue	1,718,149
Payment received	(1,337,232)
Receivable at 31/12/2019	1,648,886
	Amount
Receivable at 01/01/2020	1,648,886
Operating revenue	743,633
Payment received	(1,674,872)
Receivable at 30/06/2020	717,647

NOTE 9: CASH AND CASH EQUIVALENTS

The cash and cash equivalents item break down as follows:

<i>(Amounts in euros)</i>	30/06/2020	31/12/2019
Cash	5,004,384	6,791,500
Term deposits	—	—
Marketable securities	—	—
Net total	5,004,384	6,791,500

NOTE 10: CAPITAL

10.1 Capital issued

The share capital at 30 June 2020 totalled €1,611,601.08 (one million six hundred and eleven thousand six hundred and one euros and eight cents). It is divided into 26,860,018 fully subscribed and paid-in shares with a nominal value of €0.06 each.

This number excludes free shares (AGAs), share warrants (BSAs) and founders' warrants (BSPCEs) granted to certain investors and individuals who may or may not be Group employees.

All shares confer on their holders the right to a proportional share of the Group's results and net assets.

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

Date	Nature of the transactions	Share capital	Issue premium	Number of shares	Nominal value
	Balance at 31 December 2018	€1,296,382	€83,717,369	21,606,363	€0.06
08 January 2019	Fees recorded in diminution of issuance premium		€(50,000)		
09 January 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€336,000		
09 January 2019	Fees recorded in diminution of issuance premium		€(6,720)		
15 January 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€324,000		
15 January 2019	Fees recorded in diminution of issuance premium		€(6,480)		
18 February 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€75,000		

Date	Nature of the transactions	Share capital	Issue premium	Number of shares	Nominal value
18 February 2019	Fees recorded in diminution of issuance premium		€(1,500)		
05 March 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€79,000		
05 March 2019	Fees recorded in diminution of issuance premium		€(1,580)		
26 March 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€75,000		
26 March 2019	Fees recorded in diminution of issuance premium		€(1,500)		
04 April 2019	Capital increase by issuing ordinary shares under Kepler Cheuvreux BSA warrants	€33,000	€(33,000)	550,000	€0.06
30 April 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€32,000		
30 April 2019	Fees recorded in diminution of issuance premium		€(640)		
06 May 2019	Exercise of BSPCE founders' warrants 05/02/2014		€13,368		
09 May 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€77,500		
09 May 2019	Fees recorded in diminution of issuance premium		€(1,550)		
29 May 2019	Capital increase by issuing ordinary shares under BSPCE founders' warrants	€13,368	€(13,368)	222,797	€0.06
29 May 2019	Capital increase by issuing ordinary shares under Kepler Cheuvreux BSA warrants	€4,200	€(4,200)	70,000	€0.06
24 July 2019	Capital increase by issuing ordinary share issues under the 2018 free share plan	€6,714	€(6,714)	111,900	
24 July 2019	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€37,500		
24 July 2019	Fees recorded in diminution of issuance premium		€(750)		
1 August 2016	Exercise of Kepler Cheuvreux BSA warrants 21/12/18		€25,000		
1 August 2016	Fees recorded in diminution of issuance premium		€(500)		
18 October 2019	Fees recorded in diminution of issuance premium		€(10,000)		
06 November 2019	Redemption of Kepler Cheuvreux BSA warrants subscription pro rata the remaining BSA warrants		€(389)		
06 November 2019	Drawdown of first tranche ORNAN 2019 (125 Notes)		€1,250,000		
06 November 2019	Subscription for first tranche ORNAN 2019 (2.5%)		€(31,250)		
06 November 2019	Commitment fees first tranche ORNAN 2019 (4%)		€(50,000)		
12 November 2019	Fees recorded in diminution of issuance premium		€(1,200)		
19 November 2019	Fees recorded in diminution of issuance premium		€(29,130)		
1 December 2019	Fees recorded in diminution of issuance premium		€(100,000)		
12 December 2019	Capital increase by issuing ordinary share issues under the 2017 free share plan	€8,652	€(8,652)	144,200	
12 December 2019	Capital increase by issuing ordinary shares under Kepler Cheuvreux BSA warrants	€2,700	€(2,700)	45,000	
12 December 2019	Conversion of ORNAN 2019 of 5/11/2019	€97,078	€(97,078)	1,617,961	
Balance at 31 December 2018		€1,462,093	€85,582,836	24,368,221	€0.06
11 February 2020	Exercise of BSPCE founders' warrants 5/2/2014		€2,678		
12 February 2020	Conversion of ORNAN 2019 of 5/11/2019	32,113	(32,113)	535,221	€0.06
12 February 2020	Capital increase by issuing ordinary shares under BSPCE founders' warrants	2,678	€(2,678)	44,632	€0.06
19 February 2020	Drawdown of second tranche ORNAN 2019 (125		€1,250,000		

Date	Nature of the transactions	Share capital	Issue premium	Number of shares	Nominal value
Notes)					
19 February 2020	Subscription for second tranche ORNAN 2019 (2.5%)		€(31,250)		
19 February 2020	Commitment fees second tranche ORNAN 2019 (4%)		€(50,000)		
21 February 2020	Exercise of BSA warrants 18/03/2013			€1,312	
4 April 2020	Conversion of ORNAN 2019 of 19/2/2019	€54,911	(54,911)	915,175	€ 0.06
4 April 2020	Capital increase by issuing ordinary shares under BSA warrants	€1,312	€ (1,312)	21,859	€ 0.06
5 May 2020	Drawdown of third tranche ORNAN 2019 (125 Notes)		€1,250,000		
5 May 2020	Subscription for third tranche ORNAN 2019 (2.5%)		€(31,250)		
5 May 2020	Commitment fees third tranche ORNAN 2019 (4%)		€(50,000)		
28 May 2020	Conversion of ORNAN 2019 of 19/2/2019	€56,648	€(56,648)	944,141	€ 0.06
28 May 2020	Conversion of ORNAN 2019 of 5/11/2019	€1,846	€(1,846)	30,769	€ 0.06
28 May 2020	Allocation of retained earnings to issue premium		€(80,000,000)		
Balance at 30 June 2020		1,611,601	7,774,818	26,860,018	€ 0.06

The Board of Directors acknowledged the following events in the first half of 2020:

- the exercise of 127,340 Kepler Cheuvreux BSA warrants resulting in the issue of 21,859 ordinary shares with a nominal value of €0.06;
- the exercise of 260,000 Kepler Cheuvreux BSA warrants resulting in the issue of 44,632 ordinary shares with a nominal value of €0.06;
- the conversion of 170 ORNAN bonds resulting in the issue of 2,425,306 ordinary shares with a nominal value of €0.06.

Therefore, the Board of Directors increased the share capital by a total amount of €149,508, thereby raising the number of shares comprising the Group's share capital to 26,860,018.

10.2 Share warrants, founders' warrants and free shares

The Group has issued share warrants (BSAs), founders' warrants (BSPCEs), stock options (SOs) and free shares (AGAs) as follows:

Type	Date	Total number of instruments originally issued	Number of instruments exercised	Number of lapsed instruments	Number of outstanding instruments	Number of potential shares (*)
BSAs						
2013 BSAs	18/03/2013	1,978,020	(1,621,467)	0	356,553	61,207**
2014 BSAs	17/12/2014	40,000	0	0	40,000	41,200**
2015 BSAs**	23/06/2015	33,333	0	0	33,333	34,332**
New 2016 Kreos BSAs	27/06/2017	140,935	0	0	140,935	422,805**
2018 Kreos BSAs	25/07/2018	1	0	0	1	165,430
BSPCEs						
2013 BSPCEs	18/03/2013	2,000,517	(1,143,092)	0	857,425	147,191**
2013 BSPCEs	05/02/2014	2,809,933	(1,967,848)	0	842,085	144,557**
AGAs						
AGA 2019-01	24/07/2019	20,000	0	0	20,000	20,000
AGA 2019-02	12/12/2019	375,000	0	(30,860)	344,140	344,140
AGA 2019-03	12/12/2019	56,250	0	0	56,250	56,250
SOS						
SO 2019-01	02/10/2019	1,107,818	0	0	1,107,818	1,107,818
SO 2019-02	12/12/2019	50,000	0	0	50,000	50,000
Total		40,032,161	(36,152,760)	(30,860)	3,848,540	2,594,930

(*) Instruments issued before 17/6/2014 (date of the one-for-six reverse stock split of the Company's shares) have been adjusted accordingly.

(**) The number of potential shares was adjusted following the capital increase of 7 May 2018, in accordance with the statutes on BSA warrants and BSPCE warrants (implementation of legal measures to protect the holders of securities), and in accordance with the adjustment clauses of the free share plan.

(***) See New 2016 Kreos BSAs in the general exercise requirements below.

General exercise requirements:

2013 BSPCEs and 2013 BSAs

In light of the six-for-one reverse stock split approved by the Annual Ordinary and Extraordinary Shareholders' Meeting of 24 April 2014, six 2013 BSPCEs or six 2013 BSAs (the "warrants") entitle their holders to subscribe for one ordinary share with a nominal value of €0.06 at a subscription price of €0.06. However, after the completion of the capital increase of 7 May 2018, which required implementing measures to protect the holders of securities pursuant to law, the exercise ratio is now six 2013 BSPCEs or six 2013 BSAs for 1.03 ordinary shares with a nominal value of €0.06 per share at a subscription price of €0.06 per share.

The warrants may be exercised at any time for up to ten full years from the award date. The warrants have all become exercisable following the listing of the Company on the Euronext market in Paris (accelerated vesting provided for in the issuance agreement).

2014 BSAs

Each 2014 BSA entitles its holder to subscribe for one ordinary share at a subscription price of €6.80. However, after the completion of the capital increase of 7 May 2018, which required implementing measures to protect the holders of securities pursuant to law, the exercise ratio is now one 2014 BSA for 1.03 ordinary shares with a nominal value of €0.06 per share at a subscription price of €6.80 per share. In the event all 2014 BSAs are fully exercised, the capital would be increased by €2,472 by issuing 41,200 shares with a nominal value of €0.06 and an issue premium of €277,688, i.e. a total subscription amount of €280,160.

The warrants may be exercised for up to seven full years from the award date and become exercisable at the rate of 1/36th per month from the award date.

2015 BSA

Each 2015 BSA entitles its holder to subscribe for one ordinary share at a subscription price of €6.23. However, after the completion of the capital increase of 7 May 2018, which required implementing measures to protect the holders of securities pursuant to law, the exercise ratio is now one 2015 BSA for 1.03 ordinary shares with a nominal value of €0.06 per share at a subscription price of €6.23 per share. In the event all 2015 BSAs are fully exercised, the capital would be increased by €2,059.92 by issuing 34,332 shares with a nominal value of €0.06 and an issue premium of €211,828.44, i.e. a total subscription amount of €213,888.36.

The main characteristics in terms of content are the same as under the Issuance Contract applicable to the 2014 BSAs.

The warrants (BSPCEs/BSAs) were awarded to persons who met the following requirements:

- Managers subject to the tax regime applicable to employees of the Group;
- Member of a study committee or acting as a non-voting director or independent director of the Group;
- Participating significantly in the scientific or economic development of the Group at the time of the award;
- Consultant, manager or partner of the companies providing services to the Group.

AGA 2014

A total of 215,646 shares were awarded under this plan, of which 64,068 have been definitively awarded, as the Board of Directors acknowledged on 16 February 2017. These shares are not subject to any performance conditions.

Each free share has a two-year vesting period and a two-year lock-in period.

The impact of share-based payments on the net result is presented in Note 22.

AGA 2016

On 28 January 2016, the Group's Board of Directors awarded 773,200 free shares under two plans.

AGA ALL 2016 plan

A total of 673,400 shares was awarded under this plan, including 300,000 shares awarded to corporate officers, i.e. 90,000 shares to Bernard Gilly and 210,000 shares to Khalid Ishaque.

These shares are subject to the following performance conditions:

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

The foregoing conditions are cumulative.

Each AGA 2016 has a two-year vesting period and a one-year lock-in period.

At its meeting of 21 February 2018, the Board of Directors acknowledged that one of the two performance conditions had been fulfilled and approved the definitive award of 50% of the number of shares under the initial award plan. As a result, the Board of Directors acknowledged the definitive award of 251,800 shares, with a one-year lock-in period. The free shares not awarded were declared to have lapsed.

AGA 2016 plan

A total of 99,800 shares were awarded under this plan. Each AGA 2016 has a two-year vesting period and a one-year

lock-in period. These shares are not subject to any performance conditions. These shares were definitively awarded by a decision of the Board of Directors adopted on 7 February 2018 and have a one-year lock-in period.

The impact of share-based payments on the net result is presented in Note 22.

AGA 2017

A total of 140,000 shares was awarded under this plan to a single beneficiary. Following the capital increase carried out on 7 May 2018 and the implementation of the adjustment clause, the beneficiary will receive 144,200 free shares, provided he meets the conditions provided for in the free share plan. Each AGA 2017 has a two-year vesting period and a one-year lock-in period. These shares are not subject to any performance conditions.

At its meeting of 12 December 2019, the Board of Directors acknowledged that the presence condition had been met. As a result, the Board of Directors acknowledged the definitive award of 144,200 shares, with a one-year lock-in period.

The impact of share-based payments on the net result is presented in Note 22.

2016 Kreos BSA

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

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

This warrant lapsed following the decision of the General Meeting of 27 June 2017 to replace this 2016 BSA with the New 2016 Kreos BSAs described below.

New 2016 Kreos BSAs

In accordance with the commitments made by the parties under the Venture Loan Agreement of 27 September 2016, which was approved by the General Meeting of 27 June 2017, the 2016 Kreos BSAs were replaced by the 140,935 New 2016 Kreos BSAs. Each New 2016 Kreos BSA confers the right to subscribe for "N" shares determined using the following formula: $N = 1,100,000 / P / [\text{Number of 2016 Kreos BSAs}]$, in which P is equal to €7.8050, or in the event of a new stock market listing at a price lower than this amount, or any subsequent issue of marketable securities at an strike price lower than this amount in connection with fundraising, at the lower of such amounts. In any event, the maximum number of shares to be issued was capped at 422,805.

Following the capital increase carried out in the first half of 2018 at a price of €1.87, each New 2016 Kreos BSA confers the right to subscribe for $N = 4.1738$ shares, i.e. 588,235 shares. However, under the issue contract for the New 2016 Kreos BSAs, at 30 June 2020, the maximum number of shares to be created is 422,805 for a capital increase of €25,368.30, the subscription price "P" of which is currently €1.87 on the basis of the subscription price used for the capital increase, which was completed definitively on 7 May 2018.

2018 Kreos BSAs

Following the capital increase referred to above, which was carried out at a price of €1.87, the 140,935 New 2016 Kreos BSAs should have conferred the right to subscribe for 588,235 shares, a number higher than the maximum of 422,805 shares. Consequently, the Board of Directors decided to issue a 2018 Kreos BSA share warrant conferring the right to subscribe for 165,430 ordinary shares with a value of €0.06, corresponding to the difference between the number of shares to be subscribed and the maximum number of shares authorized under the New 2016 Kreos BSAs. The subscription price of the shares obtained by exercising the 2018 Kreos BSAs is €1.87, which is the price of the 2018 capital increase. As a result, at 31 December 2019, the maximum number of shares to be created was 165,430 for a capital Increase of €9,925.80.

2017 Kepler Cheuvreux BSAs

On 16 October 2017, Pixium Vision and Kepler Cheuvreux signed an equity line funding agreement to support the Group's development. Under the agreement, the Group issued a total of 2,000,000 warrants conferring on Kepler Cheuvreux the right to subscribe for the same number of shares. Provided the conditions defined by the parties are met, Kepler Cheuvreux has undertaken to exercise the warrants within 24 months from the time the equity line funding is set up. At 31 December 2018, 2,000,000 share warrants were exercised, leaving a balance of zero exercisable share warrants.

AGA 2018

A total of 251,800 shares was awarded under this plan, including 25,700 shares awarded to Khalid Ishaque, a corporate officer.

These shares are subject to the following performance conditions:

- PRIMA: submission of an application for authorisation of a European pivotal study based on the useful information - minimum power necessary to elicit light perception - obtained from the six-month results of the French FIH study;
- PRIMA: carrying out five implants in connection with the US FIH study.

The foregoing conditions are cumulative.

Each AGA 2018 has a one-year vesting period and a one-year lock-in period.

At its meeting of 24 July 2019, the Board of Directors acknowledged that one of the two performance conditions had been fulfilled and approved the definitive award of 50% of the number of shares under the initial award plan as from 25 July 2019. As a result, the Board of Directors acknowledged the definitive award of 111,900 shares as from 25 July 2019, with a one-year lock-in period. The free shares not awarded were declared to have lapsed.

[2018 Kepler Cheuvreux BSAs](#)

On 21 December 2018, Pixium Vision and Kepler Cheuvreux signed an equity line funding agreement to support the Group's development.

Under the agreement, the Group issued a total of 3,000,000 warrants conferring on Kepler Cheuvreux the right to subscribe for the same number of shares. Provided the conditions defined by the parties are met, Kepler Cheuvreux has undertaken to exercise the warrants within 24 months from the time the equity line funding is set up. In 2019, 665,000 share warrants were exercised, leaving a balance of 2,335,000. The remaining 2,335,000 share warrants were cancelled on 6 November 2019 following the conclusion of a contract for the issue of bonds redeemable in cash and/or new shares (ORNAN 2019) (Note 13).

[AGA 2019-1](#)

On 24 July 2019, the Group's Board of Directors awarded 20,000 free shares under this plan to a single beneficiary. Each AGA 2019-1 has a two-year vesting period and a one-year lock-in period. These shares are not subject to any performance conditions.

[AGA 2019-2](#)

On 12 December 2019, the Group's Board of Directors awarded 375,000 free shares under this plan. These shares are subject to the following performance conditions:

- fitting all patients still enrolled in the PRIMA feasibility study in France and the United States with PRIMA 2 glasses and obtaining clinical data at six months, no later than 31 December 2020;
- implanting 100% of PrimaVera patients no later than 31 December 2021.

These conditions are independent and each one is a condition for 50% of the award.

Each AGA 2019-2 has a two-year vesting period and a one-year lock-in period.

[AGA 2019-3](#)

On 12 December 2019, the Group's Board of Directors awarded 56,250 free shares under this plan to a single beneficiary. Each AGA 2019-3 has a two-year vesting period and a one-year lock-in period. These shares are not subject to any performance conditions.

SO 2019-1

On 2 October 2019, the Group's Board of Directors awarded 1,107,818 stock options to the Chief Executive Officer.

A fraction of the stock options (20%) awarded will vest on 13 May 2020 without any performance conditions.

For the balance, the vesting period is three years from 13 May 2020 and 1/36th will vest each month of continued presence. Among these stock options, a fraction will be subject to several performance conditions to be met no later than 13 May 2023.

All the options will vest and will be exercisable on the fourth anniversary of the award, provided the defined performance conditions are met.

SO 2019-2

On 12 December 2019, the Group's Board of Directors awarded 50,000 free shares to a single beneficiary. The vesting period is three years from the first anniversary of the award (award of 25% at the end of the first year and the balance at the rate of 1/36th per month of presence as from the first anniversary of the grant). All options will vest and will be exercisable on the fourth anniversary of the award.

NOTE 11: REFUNDABLE ADVANCES

Bpifrance Financement granted Pixium Vision a refundable advance in connection with its contribution to the "SIGHT AGAIN" competitiveness cluster fundamental R&D project.

This advance of a maximum amount of €5,225,680 breaks down as follows:

- First instalment paid when the contract is signed: €179,000 (payment received in December 2014),
- Key stage 1: €1,900,000 (payment received in July 2016),
- Key stage 2: €879,000 (payment received in July 2018),
- Key stage 3: €784,680,
- Key stage 4: €1,483,000.

This refundable advance will be repaid in accordance with the following forecast timetable:

- Year 1 no later than 30 June 2022: €500,000,
- Year 2 no later than 30 June 2023: €750,000,
- Year 3 no later than 30 June 2024: €1,000,000,
- Year 4 no later than 30 June 2025: €1,500,000,
- Year 5 no later than 30 June 2026: €2,100,000.

For a total of €5,850,000.

After the refundable advance has been repaid, Pixium Vision may be required to make additional payments over a period of two years of up to € 2,490,000 if its total sales reach €100,000,000.

The difference in the value of the refundable advance depending on the rates used is recognised as a grant (IAS20.10A). The refundable advance is discounted at a rate of 11.5%, using the bond financing set up with Kreos Capital as a reference.

The portion of refundable advances to be repaid in more than one year is recognised in non-current liabilities, and the portion to be repaid within one year is recognised in current liabilities as prepaid income.

The impact of "unwinding" discounted advances is shown in financial expenses. (See Note 21)

Repayments are owed if the project is successful. In the event of failure, a contractual revision clause allows the financial returns to be adjusted, if applicable.

The table below shows the breakdown of debts reported on the balance sheet for each repayable advance instalment:

<i>(Amounts in euros)</i>	First instalment paid when the contract is signed	Key stage 1	Key stage 2	Key stage 3	Key stage 4	Total
Opening balance sheet debt 1/1/2020	159,145	1,689,229	781,491	–	–	2,629,865
(+) receipts	–	–	–	–	–	–
(-) repayments	–	–	–	–	–	–
Prepaid income upon receipt	–	–	–	–	–	–
Compound interest	9,177	97,412	45,066	–	–	151,654
(+) / (–) other movements	–	–	–	–	–	–
Balance sheet debt 30/6/2020	142,731	1,515,004	700,889	–	–	2,781,518
LT						2,781,518
ST						–
Prepaid income recognised as grants	–	–	–	–	–	–
Prepaid income recognised 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 instalment paid when the contract is signed	Key stage 1	Key stage 2	Key stage 3	Key stage 4	Total
Opening balance sheet debt 1/1/2019	142,731	1,515,004	700,889	–	–	2,358,623
(+) receipts	–	–	–	–	–	–
(-) repayments	–	–	–	–	–	–
Prepaid income upon receipt	–	–	–	–	–	–
Compound interest	16,414	174,225	80,602	–	–	271,242
(+) / (–) other movements	–	–	–	–	–	–
Balance sheet debt 31/12/2019	159,145	1,689,229	781,491	–	–	2,629,865
LT						2,629,865
ST						–
Prepaid income recognised as grants	–	–	–	–	–	–
Prepaid income recognised 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: calculated based on the repayment schedule.

Discount rate: the market rate applied for Pixium Vision.

NOTE 12: FINANCING AND FINANCIAL INSTRUMENTS

Key features of 2016 amortising bonds

On 27 September 2016, Pixium Vision signed a bond financing agreement with Kreos Capital for an initial amount of €11 million, which it drew down by €8 million in two tranches on 28 March 2017 and 30 June 2017. It comprises 8 million bonds with a nominal value of €1. A third optional tranche of €3 million was not drawn down and has lapsed.

Each of the amortising tranches bears interest at 11.5%. The maturity dates are 1 September and 1 June 2020 respectively. The repayments on each tranche are made monthly over 33 months, with a payment deferral of nine months for the first tranche and three months for the second tranche. Interest is paid monthly from the drawdown date.

Pixium Vision paid the transaction costs for this financing.

On 25 July 2018, Pixium Vision signed an amendment with Kreos Capital to the €11 million bond financing agreement that had been signed on 27 September 2016. This amendment resulted in the prepayment of Tranche A of the bond issue in the amount of €1.6 million and the cancellation of the same number of bonds (1,600,000), and the simultaneous issue of €1.6 million of convertible bonds ("2018 Convertible Bonds"). Neither the total term of the financing nor the financing rate were changed.

On 25 July 2018, the Group issued 1.6 million convertible bonds with a nominal value of €1 ("2018 Convertible Bonds"), for an amount of €1.6 million, to Kreos Capital, the sole holder. The convertible bonds carry an annual coupon of 11.5% payable monthly. The repayment date of the convertible bonds is 1 September 2020, which the Group has the option of extending for two six-month periods, i.e. until 1 September 2021.

If the conversion option is exercised, the number of shares to which the convertible bondholder is entitled is calculated using the following formula: Number of shares to be received = CR * Number of bonds converted. The conversion ratio is calculated as follows: CR = 1 / (P-D), in which P is equal to €2.2767 and D is equal to the total dividends paid by the Group between 1 August 2018 and the conversion date (P will be increased by 5% if the six-month extension option is exercised and by 10% if the 12-month extension option is exercised), up to a maximum of 1,000,000 ordinary shares with a nominal value of €0.06.

If no dividends are paid during the conversion period or during the period in which the extension option is exercised, the number of shares to be created would be 702,772 if all the convertible bonds are exercised. In the event of conversion, an application for the admission of the ordinary shares to trading on the Euronext regulated market in Paris will be submitted under the current ISIN code of Pixium Vision's ordinary shares (FR0011950641). The new ordinary shares will be immediately identical to Pixium Vision's existing ordinary shares and will carry immediate dividend rights.

The issue contract provides that the conversion option will not be exercised for a period of six months from 1 August 2018.

Pixium Vision paid the transaction costs for this bond issue.

Fair value of Kreos BSA warrants

Pixium Vision issued a total of 140,936 share warrants to a Kreos Capital affiliate (see Note 11.2 "2018 Kreos BSAs" and "New 2016 Kreos BSAs") conferring the right to subscribe for a total of 588,235 new ordinary shares of the Group with a nominal value of €0.06 at a price of €1.87. The fair value of these BSA warrants is €69,810, which is recognised as a liability on the statement of financial position in the "Venture loans" item. The fair value was estimated at 31 December 2019 by a valuation expert using the "Black & Scholes" method. Changes in fair value are recognised in other items of comprehensive income.

Key features of ORNAN 2019 bonds

On 5 November 2019, the Group concluded a financing agreement with European Select Growth Opportunities Fund (ESGO) for a maximum amount of €10 million in the form of bonds redeemable in cash and/or in new shares (ORNAN 2019) over a maximum period of 30 months. The Group also announced the drawdown of a first tranche of bonds for an amount of €1.25 million, in the form of an issue of 125 ORNAN 2019 bonds with a nominal amount of €10,000 each.

The ORNAN 2019 bonds do not carry a coupon and their maturity date is one year from the date of issue, i.e. 5 November 2020. Upon conversion, they entitle the holder thereof to receive, at the Group's election: (i) an allotment of new shares and/or (ii) a sum in cash equal to all or part of the amount whose conversion the Investor requests.

- **Payment in shares:**

$$N = Vn / P$$

In which:

“N”: equals the number of ordinary shares of the Group to be delivered to the Investor;

“Vn”: equals the nominal value of one Bond, i.e. €10,000;

“P”: equals 92% of the lowest volume-weighted daily price of the Group’s shares on the trading days on which Investors have not sold any shares of the Group on the market during the 10 trading days immediately preceding the date on which the Group receives a conversion notice, which must be at least equal to the minimum issue price for new shares set by a general meeting (i.e. at least equal to the weighted average of the Group’s share price over the last three (3) trading days before the issue price is determined (i.e. on the date the conversion notice is received), subject to a possible maximum discount of 20%).

- **Payment in cash:**

$$M = (Vn / P) * C$$

In which:

“M”: equals the cash amount to be paid;

“Vn”: equals the nominal value of one Bond, i.e. €10,000;

“P”: equals 92% of the lowest volume-weighted daily price of the Group’s shares on the trading days on which Investors have not sold any shares of the Group on the market during the 10 trading days immediately preceding the date on which the Group receives a conversion notice, which must be at least equal to the minimum issue price for new shares set by a general meeting (i.e. at least equal to the weighted average of the Group’s share price over the last three (3) trading days before the issue price is determined (i.e. on the date the conversion notice is received), subject to a possible maximum discount of 20%).

“C”: equals the volume-weighted average price of the Group’s shares on the date the Group receives a conversion notice.

The issue of subsequent bond tranches resulting in the issue of ORNAN 2019 issuance warrants is subject to the transfer of Pixium Vision to Euronext Growth Paris. These issues will be the subject of a specific disclosure.

NOTE 13: NON-CURRENT PROVISIONS

Non-current provisions comprise primarily pension liabilities due in more than one year.

(Amounts in euros)	30/06/2020	31/12/2019
Pension liabilities	187,333	186,732
Other provisions	–	1,928
Net total	187,333	188,660

Retirement benefit obligations break down as follows:

<i>(Amounts in euros)</i>	<i>Amount</i>
At 31/12/2018	(153,399)
Cost of services rendered (operating expense)	(24,806)
Interest expense (financial expense)	(2,410)
Service paid	—
Actuarial gain	(6,116)
At 31/12/2019	(186,732)
Cost of services rendered (operating expense)	(13,718)
Interest expense (financial expense)	(719)
Service paid	—
Actuarial differences	13,835
At 30/6/2020	(187,333)

Each year, the Group carries out an external valuation of its pension liabilities consisting of retirement benefits. The amount recognised for the first half of 2020 is equal to half the appraiser's annual estimate.

There were no retirements from the Group during the period.

NOTE 14: CURRENT PROVISIONS

At 31 December 2019, the Group had established a current provision of €260,000 for the grant portion of key stage 3 of the Sight Again project, which was recognised as "Accrued revenue" (see Note 9). This provision reflected the risk that the grant will not be received. As the "Sight Again" subsidy was granted in the first half of 2020, the Group reversed this provision.

NOTE 15: LEASE LIABILITIES

<i>(Amounts in euros)</i>	<i>Non-current</i>	<i>Current</i>	<i>Total</i>
At 30 June 2020			
Lease liabilities - real estate	920,042	275,302	1,195,344
Lease liabilities - other	6,782	12,542	19,324
Total - Lease liabilities ⁽¹⁾	926,824	287,844	1,214,667

(1) See Note 2 "Leases"

<i>(Amounts in euros)</i>	<i>Non-current</i>	<i>Current</i>	<i>Total</i>
At 31 December 2019			
Lease liabilities - real estate	1,046,884	267,189	1,314,073
Lease liabilities - other	10,426	21,446	31,872
Total - Lease liabilities ⁽¹⁾	1,057,309	288,635	1,345,944

Lease liabilities maturities break down as follows:

<i>(Amounts in euros)</i>	<i>H1 2020</i>
N +1	287,844
N +2	288,810
N +3	296,638

N +4	212,886
N +5	106,882
Over 5 years	21,609
Total	1,214,667

NOTE 16: TRADE PAYABLES

No discounting was applied to trade payables because none of the amounts had payment terms exceeding one year at the end of each period presented.

(Amounts in euros)	30/06/2020	31/12/2019
Trade payables	638,735	843,010
Net total	638,735	843,010

NOTE 17: OTHER CURRENT LIABILITIES

Other current liabilities include short-term debts to employees and social security and tax authorities. Prepaid income corresponds to the grant received in connection with the “GrapheneCore 2” R&D project.

(Amounts in euros)	30/06/2020	31/12/2019
Social security liabilities	994,098	983,755
Tax liabilities	29,669	33,749
Refundable advances	–	–
Prepaid income	47,552	–
ST borrowings and financial debts	1,254,692	468,737
Other payables	1,020	2,322
Net total	2,327,031	1,488,563

NOTE 18: OPERATING REVENUE

Operating revenue breaks down as follows:

(Amounts in euros)	30/06/2020	30/06/2019
Sales	–	–
Research Tax Credit	743,633	1,002,471
Grants	479,698	6,037
Other revenues	27,360	47,220
Net total	1,250,691	1,055,728

NOTE 19: OPERATING EXPENSES

Research and development expenses break down as follows:

R&D expenses (Amounts in euros)	30/06/2020	30/06/2019
Payroll expense	1,545,346	1,409,234
Subcontracting, collaboration and consultants	564,093	1,136,457
Research supplies	257,038	821,363
Leases ⁽¹⁾	8,150	6,905
Amortisation of use rights	121,353	117,666
Conferences, travel expenses	71,184	55,894
Licence fees	35,404	36,479
Provisions and amortisation allowances	95,075	119,747
Miscellaneous - Services provided ⁽²⁾	137,301	165,079
Other	25,139	10,796
Net total	2,860,082	3,879,619

(1) Lease expenses correspond to non-capitalised leases

(2) Service contracts associated with leases

At 30 June 2020, payroll expenses included an expense for share-based payments of €82,562, compared to an expense of €3,834 a year earlier.

Subcontracting costs and purchases of research supplies decreased in 2020 because of the suspension of clinical and research activities due to COVID-19.

A breakdown of general and administrative expenses by type is shown below:

General and administrative (Amounts in euros)	30/06/2020	30/06/2019
Payroll expense	954,148	1,506,450
Fees	289,428	260,521
Leases ⁽¹⁾	13,756	9,218
Amortisation of use rights	34,655	33,562
Insurance	22,109	23,418
Communication, travel and entertainment expenses	120,565	203,480
Postage and telecommunication costs	23,685	29,905
Administrative supplies and equipment leases	7,841	9,779
Provisions and amortisation allowances	65,150	107,808
Miscellaneous - Services provided ⁽³⁾	28,843	29,542
Other	104,131	25,972
Net total	1,664,309	2,239,654

(1) Lease expenses correspond to non-capitalised leases

(2) Service contracts associated with leases

At 30 June 2020, payroll expenses included an expense for share-based payments of €177,346, compared to an expense of €91,564 a year earlier.

In 2019, payroll expenses included an expense for share-based payments of €91,564, compared to the reversal of provision for estimated expenses of €0.7 million in 2018. In addition, the Group recognised a non-recurring expense of €562,000 for severance payments to its Chief Executive Officer in May 2019.

Provisions and amortisation allowances fell in 2020 due to the impairment loss recognised at 31 December 2019 on the patents for the IRIS® project.

Sales and marketing expenses break down as follows:

Sales and marketing (Amounts in euros)	30/06/2020	30/06/2019
Payroll expense	–	–
Fees	–	5,851
Communication, travel and entertainment expenses	–	2,202
Other	–	2,940
Net total	–	10,994

Payroll expense

The Group employed 26 persons at 30 June 2020, compared with 30 at 30 June 2019.

Payroll expense breaks down as follows:

Payroll expense (Amounts in euros)	30/06/2020	30/06/2019
Wages and salaries	1,472,874	1,876,981
Social contributions	703,363	827,122
Pension liability expenses	14,437	12,456
Share-based payments	259,908	95,398
Net total	2,450,582	2,811,957

In 2019, the Group recognised a non-recurring expense of €562,000 for compensation paid to its Chief Executive Officer, which was allocated between "Wages and salaries" and "Social contributions" for the respective amounts thereof.

NOTE 20: PAYMENT IN SHARES

Share-based payments relate to all financial instruments (BSA warrants/BSPCE warrants/free shares (AGAs)/SOs) awarded to employees, members of the Board of Directors and scientific advisors. The BSA warrants in connection with the Kreos bonds do not come within the category covered by IFRS 2. They are included at fair value as a liability on the statement of financial position in the "Venture loan" item (See Note 13).

The expense representing the benefit awarded is recognised on a straight-line basis as a payroll expense over the vesting period.

The amount of the annual accounting expense in connection with all share-based payments breaks down as follows:

<i>In euros</i>	30 June 2020			30 June 2019		
	R&D	G&A	Total	R&D	G&A	Total
AGAs	77,677	65,198	142,874	3,834	91,564	95,398
AGA - Award of 11/12/2017	0	0	0	0	92,682	92,682
AGA - Award of 25/07/2018	0	0	0	3,834	(1,118)	2,716
AGA-01 - Award of 24/07/2019	7,469	0	7,469	0	0	0
AGA-02 - Award of 12/12/2019	70,207	11,670	81,877	0	0	0
AGA-03 - Award of 12/12/2019	0	53,528	53,528	0	0	0
SOs	4,885	112,148	117,034	0	0	0
SO - Award of 2/10/2019	0	112,148	112,148	0	0	0
SO - Award of 22/12/2019	4,885	0	4,885	0	0	0
Total	82,562	177,346	259,908	3,834	91,564	95,398

*The BSA warrants in connection with the Kreos bonds do not come within the category covered by IFRS 2. They are included at fair value as a liability on the statement of financial position in the "Venture loan" item. See Note 12.

The key features of the various plans are shown in the table below:

	BSAs			BCEs				AGAs				
Award date (CA)	18/03 2013	05/02 2014	17/12 2014	23/06 2015	18/03 2013	02/10 2013	05/02 2014	17/12 2014	28/01 2016	11/12 2017	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	years
Contractual duration	10 years	10 years	7 years	7 years	10 years	10 years	10 years	–	–	–	–	–
Average expected duration 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	
Instrument/share ratio ^(*)	1	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 award 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 %	45.0 %	–	–	–	–
Expected dividends	–	–	–	–	–	–	–	–	–	–	–	–
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	YES	
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	

	AGA 2019				SO 2019	
Award date (CA)	24/07 2019	12/12 2019	12/12 2019		02/10 2019	12/12 2019
Vesting period	2 years	2 years	2 years		4 years	4 years
Contractual duration	–	–	–		7 years	7 years
Average expected duration of instrument	–	–	–		6 years	6 years
Total number of instruments originally issued ^(*)	20,000	375,000	56,250		1,107,818	50,000
Instrument/share ratio ^(*)	1	1	1		1	1
Strike price (€) ^(*)	N/A	N/A	N/A		€ 1.10	€ 0.63
Evaluation model used	Black and Scholes					
Fair value of share at award date ^(*)	€ 1.50	€ 0.98	€ 0.98		€ 1.01	€ 0.63
Expected volatility ⁽¹⁾	–	–	–		52.11 %	56.95 %
Expected dividends	–	–	–		–	–
Performance conditions	N/A	YES	N/A		YES	N/A
Fair value of option^(*)	€ 1.50	€ 0.98	€ 0.98		€ 0.42	€ 0.28

(*) In order to provide clearer comparability between the instruments and the same conversion ratio, instruments issued before 17/6/2014 (the date of the six-for-one reverse stock split of the Group's shares) have been adjusted accordingly (number, strike price, share value, etc.).

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

Detailed information on the number of options by category and strike price is provided in Note 10.2.

NOTE 21: FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

Financial income and expenses (<i>Amounts in euros</i>)	30/06/2020	30/06/2020 adjusted ⁽¹⁾	30/06/2019 reported
Financial income	–	2,064	119,242
<i>Fair value change of Kreos BSAs</i>	–	–	117,178
<i>Other financial income</i>	–	2,064	2,064
Financial expenses	(528,628)	(514,275)	(514,275)
<i>Interest on loans and debts</i>	(305,064)	(475,411)	(475,411)
<i>Financial expenses on Leases</i>	(21,348)	(25,426)	(25,426)
<i>ORNAN one-day-loss ⁽²⁾</i>	(190,750)	–	–
<i>Other financial expenses</i>	(11,466)	(13,438)	(13,438)
Net total	(528,628)	(512,210)	(395,033)

(1) Since December 2019, changes in fair value are recognized in other non-transferable comprehensive Income.

(2) The one-day-loss corresponds to the difference between the fair value and the transaction price of the convertible bonds.

The Group did not recognise any financial income at 30 June 2020.

At 30 June 2020, financial expenses consisted of interest on the Kreos debt in the amount of €153,410, interest calculated on the "Sight Again" repayable advance in the amount of €151,654, interest calculated on leases in the amount of €21,348 and the recognition of a valuation difference ("one-day loss") of €190,750 corresponding to the difference between the fair value of the unconverted ORNAN 2019 bonds at 30 June 2020 and their issue price.

NOTE 22: RELATED-PARTY TRANSACTIONS

The remuneration shown below, which was paid to the members of the Group's Board of Directors, was expensed during the periods presented (amounts in euros):

Related-party transactions (<i>Amounts in euros</i>)	30/06/2020	30/06/2019
Wages and salaries	228,720	237,443
Directors' fees	60,000	42,500
Benefits in kind	66,339	19,403
Pension liability expenses	–	1,693
Share-based payments	112,148	1,386
Net total	467,207	302,425

NOTE 23: OFF-BALANCE SHEET COMMITMENTS

ORNAN 2019 bonds to be issued.

At 30 June 2020, 625 ORNAN bonds were still to be issued. The fair value of these ORNAN bonds if issued would be €7,187,500. (See Note 12 "Key features of ORNAN 2019 bonds")

NOTE 24: POST-BALANCE SHEET DATE EVENTS

- On **6 July 2020**, Pixium Vision announced the success of its capital increase with pre-emptive subscription rights: €7.3 million (gross of fees) raised to finance the Prima System PRIMAvera pivotal study

IV – ACTIVITY REPORT

ANALYSIS OF INCOME STATEMENT

Income statement summary

<i>In thousands of euros</i>	H1 2020	H1 2019
Operating revenue	1,250.7	1,055.7
Operating expenses	(4,524.4)	(6,130.3)
Research and development	(2,860.1)	(3,879.6)
General and administrative expenses	(1,664.3)	(1,588.8)
Sales and marketing expenses	-	(11.0)
Current operating income	(3,273.7)	(4,423.7)
Non-recurring items	-	(650.9)
Operating income	(3,273.7)	(5,074.5)
Net result	(3,802.3)	(5,586.7)
Net earnings per share	(0.15)	(0.26)

Operating income totalled €1.25 million, which includes a research tax credit of €0.7 million and €0.5 million in accrued subsidies on the “Sight Again” Project.

Research and development (R&D) expenses totalled €2.86 million compared with €3.88 million the previous year. Due to the health measures adopted by the government in the first half of 2020, Pixium Vision was obliged to suspend some of its R&D activities during the period, in particular its clinical studies and the development of its Prima bionic vision system. The Group nevertheless continued to prepare the submission package for the Primavera pivotal study. R&D expenses accounted for 63% of total expenses.

General and administrative expenses (G&A) totalled €1.66 million at end-June 2020, compared to €1.59 million at end-June 2019. G&A expenses are broadly stable year on year. The Group is continuing its policy of controlling operating expenses and concentrates its resources on its research and development projects.

The Group incurred no **Sales and marketing expenses** in the first half of 2020.

In order to provide a clearer picture of the progression of Pixium Vision’s operations, the Group also discloses its **Current operating income** excluding non-recurring items. This item posted a loss of €3.27 million (compared to a loss of €4.42 million at end-June 2019). The 26% drop in **Current operating income** was due to the suspension of clinical studies and of the development of the Prima system over the period.

At end-June 2019, **non-recurring items** consisted primarily of a provision in connection with the departure of the Chief Executive Officer, which had been announced in April 2019.

Financial results were negative by €0.5 million, in line with previous year, primarily due to interest expense in connection with the bond financing set up with Kreos Capital, as well as the interest on refundable advances for the “Sight Again” project.

The **Net result** was a loss of €3.80 million (compared to a loss of €5.59 million in the first half of 2019). **Net earnings per share** totalled €(0.15) and €(0.26) at end-June 2020 and end-June 2019, respectively.

ANALYSIS OF STATEMENT OF CASH FLOWS

<i>Statement of cash flows summary</i>	H1 2020	H1 2019
<i>In thousands of euros</i>		
Opening cash and cash equivalents	6,791.5	15,629.4
(Decrease)/Increase in cash position	(1,787.1)	(5,409.4)
<i>O/W net cash flows from operating activities</i>	(2,787.8)	(5,071.2)
<i>O/W net cash flows from investment activities</i>	163.7	(15.3)
<i>O/W net cash flows from financing activities</i>	837.0	(322.9)
Closing cash and cash equivalents	5,004.4	10,220.0

Net cash outflow from operating activities totalled €2.88 million and €5.07 million at 30 June 2020 and 30 June 2019, respectively. In 2020, the Group was obliged to postpone its clinical activities and, therefore, suspended orders from its key suppliers for the production of devices for ongoing clinical development. As a result, cash outflow fell by nearly 45% compared to the previous year.

At 30 June 2020, **Net cash flows from financing activities** totalled €0.84 million. In accordance with IFRS 16, a portion of lease instalments, in the amount of €0.16 million, was included in financing activities. Furthermore, the Company continued the scheduled repayment of the bond issue for an amount of €1.30 million. These items were set off by a net amount of €2.3 million obtained under the financing contract with the European Select Growth Opportunities Fund (ESGO), which was signed in November 2019.

In the first half of 2020, **Cash flows from investment activities** were quite low and consisted primarily of purchases of industrial and laboratory equipment.

Pixium Vision closed the first half of 2020 with a **Net cash position** of €5.0 million.

V – STATUTORY AUDITORS’ REPORT ON THE 2020 HALF-YEAR FINANCIAL REPORT

PIXIUM VISION

Société anonyme (limited company)

74 rue du Faubourg Saint-Antoine
75012 PARIS

**Limited review report
Of the auditor
On the summarized half-year consolidated financial statements**

Period from 1 January to 30 June 2020

PIXIUM VISION

Société anonyme (limited company)

74 rue du Faubourg Saint-Antoine
75012 PARIS

Limited review report Of the auditor On the summarized half-year consolidated financial statements

Period from 1 January to 30 June 2020

Au Directeur Général,

En notre qualité de commissaire aux comptes de la société PIXIUM VISION, et en réponse à votre demande, nous avons effectué un examen limité des comptes consolidés semestriels résumés relatifs à la période du 1er janvier au 30 juin 2020, tels qu'ils sont joints au présent rapport.

Ces comptes consolidés semestriels résumés ont été établis sous la responsabilité de votre conseil d'administration le 23 juillet 2020 sur la base des éléments disponibles à cette date dans un contexte évolutif de crise liée au Covid-19 et de difficultés à apprécier ses incidences et les perspectives d'avenir. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France et la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes relative à cette intervention. 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 consolidés semestriels résumés, 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 consolidés semestriels résumés avec la norme IAS 34 –norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

Ce rapport est régi par la loi française. Les juridictions françaises ont compétence exclusive pour connaître de tout litige, réclamation ou différend pouvant résulter de notre lettre de mission ou du présent rapport, ou de toute question s'y rapportant.

Lyon, le 24 juillet 2020

Le commissaire aux comptes

DELOITTE & ASSOCIES

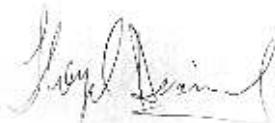
Dominique VALETTE

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VI – STATEMENT OF THE PERSON RESPONSIBLE FOR THE 2020 HALF-YEAR FINANCIAL REPORT

I certify that, to my knowledge, the summary financial statements for the past half-year were prepared in accordance with applicable accounting standards and give a fair view of the assets, financial position and results of the Company at 30 June 2020, and that the half-year business report presents a fair overview of major events 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
24 July 2020

A handwritten signature in black ink, appearing to read "Lloyd Diamond".