HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2019

A French Limited Company with a share capital of €492,929.26
Registered office: Technopole Bordeaux Montesquieu – Allée François Magendie – 33650 Martillac
Bordeaux B 493 845 341

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GENERAL COMMENTS

Definitions

In this half-year financial report and unless otherwise indicated:

- The “Company” or “Implanet” means Implanet SA, which has its registered office at Technopole Bordeaux Montesquieu, Allée François Magendie, 33650 Martillac, France, and is registered in the Bordeaux Trade and Companies Register under number 493 845 341;
- The “Group” refers to Implanet SA and its subsidiaries, Implanet Gmbh and Implanet America Inc.;
- "Financial Report" indicates this half-year financial report at June 30, 2019;
- "2017 Document de Référence" means the 2017 Document de Référence filed with the French Financial Markets Authority on April 16, 2018, under the number D.18-0337.

About IMPLANET

Founded in 2007, IMPLANET is a medical technology company that manufactures high-range implants designed for orthopedic surgery. Its star product, the latest generation implant, JAZZ, is designed to improve the treatment of spinal disorders requiring spinal fusion. IMPLANET's proven orthopedic platform, based on perfect control of the traceability of its products, gives it a proven ability to develop this innovation.

Protected by four families of international patents, JAZZ has obtained 510(k) clearance from the Food and Drug Administration (FDA) in the United States, CE marking and Anvisa authorization in Brazil. IMPLANET employs 39 staff and recorded 2018 revenue of €6.7 million.

Based near Bordeaux, France, IMPLANET opened a subsidiary in Boston, United States in 2013 and a subsidiary in Germany in July 2018.

IMPLANET is listed on the Euronext Growth market in Paris following the transfer of the listing from the Euronext regulated stock market in Paris (compartment C) in July 2017.

1. STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1.1 Person responsible for the half-year financial report

Ludovic Lastennet, Implanet Chief Executive Officer.

1.2 Statement of the person responsible

(Art. 222-3 - 4° of the French Financial Markets Authority General Regulation)

"I certify that, to the best of my knowledge, the condensed financial statements for the half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all companies included in the scope of consolidation. The half-year management report provides an accurate account of the significant events during the first six months of the year and their impact on the half-year financial statements, major transactions with related parties and a description of the main risks and uncertainties affecting the Company in the remaining six months of the year."

Martillac, September 9, 2019.

Ludovic Lastennet, Implanet Chief Executive Officer.

2. MANAGEMENT REPORT AT JUNE 30, 2019

2.1. Significant events in the first half of 2019

February 2019:

- Strategic partnership between SeaSpine and Implanet in the United States.
  SeaSpine, a global medical technology company focused on surgical solutions for the treatment of spinal disorders, will have exclusive rights to sell the Jazz® line under its own brand name across the US. This will accelerate Implanet expansion in the world's largest market.

March 2019:

- FDA clearance for JAZZ Cap® System. JAZZ Cap® is a unique and complete proprietary solution for securing screws in poor quality bone – a factor in 10% to 30% of vertebral fusion cases in adult patients.

April 2019:

- €500 thousand loan granted by Région Nouvelle Aquitaine with a 18 months in fine redemption term.
- Implementation of a bond financing line ("OC") with Nice & Green on April 15th, 2019 for a total amount of €3 million (300 OC of €10,000 par value). Issue of 12 monthly tranches of €250 thousand from May 2019. OC subscription price is at 98% of par value. OC are not interest bearing and have a 12 months maturity, given that, except default events, OC not converted at their maturity date shall be converted.

June 2019:

- Successful First JAZZ Cap® Surgeries in the US.
- Booking of its first orders supporting the launch of Kico Knee and SeaSpine partnerships.

2.2. Activity, results and cash flow

2.2.1 Revenue and gross margin

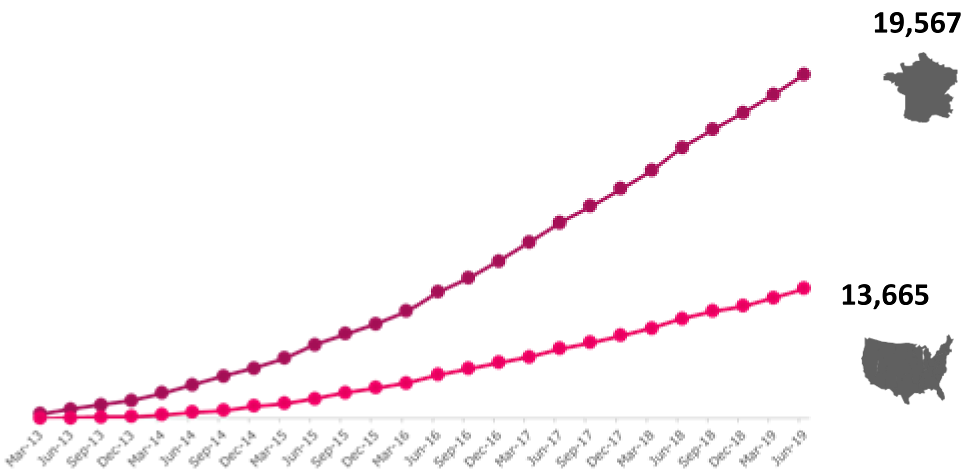
Revenue by segment (in €'000)	First half-year 2019	First half-year 2018	Change
Spine (JAZZ)	2,384	2,197	+8%
Knee + Arthroscopy	1,434	1,434	-
Total revenue	**3,818**	**3,632**	**+5%**

Over the first half of 2019, Implanet's revenue increased 5% to €3.82 million.

The Knee business reported first-half revenue of €1.43 million, stable compared to the equivalent period in 2018.

JAZZ® revenue in the first half rose 8% to €2.38 million from €2.20 million in 2018 on the back of a strong increase in the United States where JAZZ® sales grew 11% in the first half to reach €1.21 million. Revenue from the Rest of Europe rose 52% to €0.37 million. In France, sales declined 7% overall during the first half as a result of the postponement of some surgeries into July.

Overall, in the first half, Implanet sold 4,561 JAZZ® units across its three geographical regions, representing a 7% increase compared to the previous year (2018: 4,270 JAZZ® units).



Jazz vendus par trimestre (cumulé)

Thanks to the increase of the revenue, the gross margin follows the same trend in the period to reach €2,177 thousand in first half of 2019 compared to €2,023 thousand in first half of 2018.

2.2.2 Recurring operating expenses

The Company has continued its efforts to limit its recurring operating expenses.
Over the first half of 2019, these overhead costs decreased by -18%, i.e. -€874 thousand compared with the first half of 2018.

Research and development costs, net of the Research and Innovation Tax Credit, for an amount of €248 thousand in the first half of 2019, decreased by €128 thousand compared with the first half of 2018. This decrease was mainly due to a reduction in intellectual property fees.

Regulatory and quality costs, net of the Research and Innovation Tax Credit, for an amount of €373 thousand in the first half of 2019, decreased by €52 thousand compared to the first half of 2018.

Marketing and sales expenses, for a total amount of €1,759 thousand in the first half of 2019, decreased by €449 thousand compared with the first half of 2018. This change was mainly due to the payroll expenses decrease in marketing following the restructuring finalized late 2018 and the reduction of the commissions paid to sales agents in the United States.

Operating costs, for an amount of €322 thousand in the first half of 2019, decreased by €88 thousand compared with the first half of 2018.

General and administrative expenses, for an amount of €1,197 thousand in the first half of 2019, decreased by €156 thousand compared with the first half of 2018. This decrease was mainly due to a reduction in fees.

2.2.3 Non-recurring operating incomes and expenses

The Company booked as of June 30, 2019 non-recurring operating incomes for €171 thousand.

This amount corresponds to the reversal of the surplus provision for a commercial dispute following the sale of its Hip business.

2.2.4 Financial income (loss)

Financial income (loss) amounted to –€275 thousand at June 30, 2019 compared to –€22 thousand at June 30, 2018, i.e. a decrease of €253 thousand. This change was mainly due to an increase in the Company’s cost of financing (implementation of new convertible bonds).

2.2.5 Group cash flow

The table below presents selected items from the consolidated cash flow statement presented in section 3 of this Financial Report:

(€'000 - Selected items from the half-year condensed consolidated financial statements in accordance with IFRS)	**June 30, 2019 6 months**	**June 30, 2018 6 months**
Cash flows from operating activities	**(1,097)**	**(2,843)**
Of which free cash flow	*(1,754)*	*(2,420)*
Of which change in working capital requirement (-)	*657*	*422*
Cash flows from investing activities	**143**	**(260)**
Of which acquisitions of fixed assets and capitalization of development expenses	*(255)*	*(260)*
Of which financial investments	*398*	*0*
Cash flows from financing activities	**1,680**	**1,114**
Of which transactions on equity & OCABSA issue	*1,289*	*1,000*
Of which loans & factoring	*391*	*114*
Changes in exchange rates	**32**	**4**
Change in cash	**758**	**(1,985)**

Cash consumption, integrating operational cash flows and fixed asset acquisitions, was €1.4 million over the first half of 2019 compared with €3.1 million over the same period in 2018.

2.3. Progress and outlook

During the second half of 2019, the Company wishes to accelerate its growth through the following strategy:

- to roll out the direct sales model, which has proven its worth in France and the United States, in targeted promising European markets (United Kingdom and Germany);

- to accelerate development of the JAZZ® product range in the United States under a partnership established with SEASPINE, demonstrating our ability to develop disruptive technologies that meet market demand for new innovations and to target the United States, the world's largest market;

- to implement the partnership with Kico Knee Innovation Company Pty Ltd to distribute the Madison knee implant in the United States and Australia.

Each of these themes has its own characteristics but relies on a joint platform for development, quality assurance/regulatory affairs, production and logistics, which is particularly effective thanks to its recent design and the experience of the Company executives.

2.4. Post-balance sheet events

July 2019:

- Agreement in July 2019 from BPI France bank for two innovation loans for €400 thousand and €150 thousand respectively, the following characteristics:
    - €400 thousand:
        - Redemption term: 81 months, with a deferred redemption period in capital and a first instalment on June 30th, 2022 and 27 quarterly repayments;
        - Interest rate: 1.02 %.
    - €150 thousand:
        - Redemption term: 7 years, with a deferred redemption period in capital of 24 months and then 20 quarterly instalments;
        - Interest rate: 4.84 %

- Implanet granted major patent for Jazz Lock® implant in the United States. The JAZZ Lock® easy to use and unique locking mechanism is not patented in the United States.

August 2019:

- On August 29th, the Company booked a capital decrease decided by the general shareholders' meeting of June 25th, 2019 by reducing the nominal value of the shares from €0.05 to €0.01.

2.5. Risk factors and related party transactions

2.5.1. Risk factors

The risk factors facing the Company are similar to those set out in Chapter 4 "Risk factors" of the 2017 Document de Référence and § 2.4 "Main risks and uncertainties" of the 2018 Annual Financial Report. There was no significant change in the first half of 2019.

The Company does not expect any changes in these risks during the second half of 2019.

2.5.2. Related party transactions

Related party transactions are similar to those set out in Chapter 19 "Transactions with related parties" of the 2017 Document de Référence and in Chapter 8 of the 2018 Annual Financial Report.

No new material agreements were made with any directors or members of the Board of Directors in the first half of 2019 other than those mentioned in the 2017 Document de Référence or in the 2018 Annual Financial Report.

3. HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

Consolidated statement of financial position

IMPLANET	Notes	6/30/2019	12/31/2018
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		**€'000**	**€'000**
ASSETS			
Intangible fixed assets	3.1	1,012	854
Property, plant and equipment	3.2	1,300	652
Other non-current assets	4	477	628
Total non-current assets		**2,789**	**2,134**
Inventories	5	3,539	3,502
Trade receivables and related accounts	6.1	2,264	2,226
Other receivables	6.2	827	588
Current financial assets	4	79	326
Cash and cash equivalents	7	607	74
Total current assets		**7,315**	**6,716**
TOTAL ASSETS		**10,104**	**8,850**
LIABILITIES			
Shareholders' equity			
Capital	8	2,308	1,706
Paid-in capital		4,325	18,413
Translation reserve		(413)	(446)
Other comprehensive income		(38)	(52)
Reserves - Group share		(2,448)	(11,667)
Profit/(loss) - Group share		(1,825)	(5,551)
Shareholders' equity attributable to parent company shareholders		**1,908**	**2,403**
Minority interests		-	-
Total shareholders' equity		**1,908**	**2,403**
Non-current liabilities			
Amounts due to personnel	11	153	157
Non-current financial debts	10	2,001	1,058
Non-current liabilities		**2,154**	**1,215**
Liabilities related to assets held for sale			
Current financial liabilities	10	1,778	1,586
Derivative instrument liability	10	231	85
Provisions	12	-	501
Trade and other accounts payable		2,550	2,403
Tax and social security liabilities	13.1	1,139	528
Other payables and miscellaneous debt	13.2	344	130
Liabilities related to assets held for sale		**6,042**	**5,232**
TOTAL LIABILITIES AND EQUITY		**10,104**	**8,850**

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Consolidated income statement

IMPLANET CONSOLIDATED INCOME STATEMENT	Notes	6/30/2019 6 months €'000	6/30/2018 6 months €'000
Revenue	14	3,818	3,632
Cost of sales	15.1	(1,641)	(1,609)
Gross margin		**2,177**	**2,023**
Research and Development expenses			
Research and Development expenses	15.3	(329)	(447)
Share-based payments	15.3	(3)	(6)
Subsidy	15.3	85	77
Cost of regulatory affairs and quality assurance			
Cost of regulatory affairs and quality assurance	15.4	(378)	(427)
Share-based payments	15.4	(1)	(1)
Subsidy	15.4	6	2
Sales and marketing expenses			
Sales and marketing expenses	15.2	(1,788)	(2,190)
Share-based payments	15.2	(14)	(18)
Subsidy	15.2	43	
Operating costs			
Operating costs	15.5	(321)	(410)
Share-based payments	15.5	(1)	0
General costs			
General costs	15.6	(1,193)	(1,341)
Share-based payments	15.6	(4)	(12)
Current operating income		**(1,721)**	**(2,750)**
Non-recurring operating income and expenses	16	171	-
Net operating income		**(1,550)**	**(2,750)**
Financial expenses	17	(186)	(322)
Financial income	17	12	(1)
Change in the fair value of the derivative	17	(64)	302
Foreign exchange gains and losses	17	(37)	(1)
Net income before taxes		**(1,825)**	**(2,772)**
Tax expense	18	-	-
Net P/L		**(1,825)**	**(2,772)**
Share attributable to parent company shareholders		*(1,825)*	*(2,772)*
Minority interests		-	-
Weighted average number of shares in circulation		39,864,980	28,276,392
Basic earnings per share (€/share)	19	**(0.05)**	**(0.10)**
Diluted earnings per share (€/share)	19	**(0.05)**	**(0.10)**

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Statement of consolidated comprehensive income

IMPLANET STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME	6/30/2019 6 months €'000	6/30/2018 6 months €'000
Net income/(loss) for the period	**(1,825)**	**(2,772)**
Actuarial differences	14	9
Items non-recyclable in profit/(loss)	**14**	**9**
Translation differences	32	35
Items recyclable in profit/(loss)	**32**	**35**
Other comprehensive income (net of taxes)	**46**	**44**
Comprehensive income	**(1,779)**	**(2,728)**
Group share	*(1,779)*	*(2,728)*
Minority interests	-	-

Changes in shareholders' equity

IMPLANET CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	Note	Capital *Number of shares*	Capital	Additional paid-in capital	Reserves and net income	Translation differences	Actuarial differences	Shareholders' equity - Group share	Interest Minority interests	Shareholders' equity
			in €'000							
At December 31, 2017		*27,592,562*	**1,380**	**17,167**	**(11,737)**	**(466)**	**(55)**	**6,288**	-	**6,288**
Total net income/(loss)			-	-	(2,772)	-	-	(2,772)	-	(2,772)
Other comprehensive income			-	-	-	35	9	44	-	44
Comprehensive income			**-**	**-**	**(2,772)**	**35**	**9**	**(2,728)**	**-**	**(2,728)**
Dividends								-		-
Conversion of bonds	8	*1,721,432*	86	584	-	-	-	670	-	670
Exercise of warrants (BSA)			-	6	-	-	-	6	-	6
Change in treasury shares			-	-	(1)	-	-	(1)	-	(1)
Share-based payments	9		-	-	36	-	-	36	-	36
Share issue costs			-	(3)	-	-	-	(3)	-	(3)
At June 30, 2018		*29,313,994*	**1,466**	**17,754**	**(14,473)**	**(431)**	**(46)**	**4,269**	-	**4,269**
At December 31, 2018		*34,112,749*	**1,706**	**18,413**	**(17,218)**	**(446)**	**(52)**	**2,403**	-	**2,403**
Total net income/(loss)			-	-	(1,825)	-	-	(1,825)	-	(1,825)
Other comprehensive income			-	-	-	32	14	46	-	46
Comprehensive income			**-**	**-**	**(1,825)**	**32**	**14**	**(1,779)**	**-**	**(1,779)**
Conversion of bonds	8	*12,044,201*	602	672	-	-	-	1,275	-	1,275
Exercise of warrants (BSA)			-	-	-	-	-	-	-	-
Retained earnings' allocation			-	(14,749)	14,749	-	-	-	-	-
Change in treasury shares			-	-	(0)	-	-	(0)	-	(0)
Share-based payments	9		-	-	22	-	-	22	-	22
Share issue costs			-	(12)		-	-	(12)	-	(12)
At June 30, 2019		*46,156,950*	**2,308**	**4,325**	**(4,273)**	**(413)**	**(38)**	**1,908**	-	**1,908**

For translation purposes only

Consolidated cash flow statement

IMPLANET CONSOLIDATED STATEMENT OF CASH FLOWS	Notes	6/30/2019 6 months €'000	6/30/2018 6 months €'000
CASH FLOWS GENERATED FROM OPERATIONS			
Total net income/(loss)		**(1,825)**	**(2,772)**
(-) Elimination of depreciation, amortization and impairment on intangible fixed assets	3.1	(45)	(51)
(-) Elimination of depreciation and amortization on property, plant and equipment	3.2	(200)	(252)
(-) Elimination of amortization on right-of-use (IFRS 16)	3.2	(123)	-
(-) Allocations to provisions	11, 12	491	(34)
(-) Expense related to share-based payments	9	(22)	(36)
(-) Gross financial interest paid		(49)	(8.565)
(-) Capitalized financial interest		(1)	(3.236)
(-) Financial interests		-	
(-) Change in the fair value of the derivative	10.3	(64)	302
(-) Capital gains or losses on disposals of fixed assets		(0)	(1)
(-) Other (accretion of advances, impact of amortized cost, etc.)		(58)	(268)
Free cash flow before cost of net financial indebtedness and taxes		**(1,754)**	**(2,420)**
(-) Change in the working capital requirement (net of impairment of trade receivables and inventories)		**(657)**	**422**
Cash flow generated from operations		**(1,097)**	**(2,843)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible fixed assets	3.1	-	(11)
Capitalization of development expenses	3.1	(203)	(99)
Acquisition of property, plant and equipment	3.2	(53)	(150)
Demobilization of term accounts classed as other current and non-current financial assets		398	275
Subscription of term accounts classed as other current and non-current financial assets			(275)
Financial interests			(1)
Cash flows from investing activities		**143**	**(260)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase, net of conversion of bonds into shares			-
Expenses relating to capital increase		(12)	(0)
Share subscription warrants (BSA)	9	-	-
Issue of convertible bonds, net of expenses	10.3	1,289	1,000
Bank borrowings	10.4	160	500
Receipt of advances and innovations loans, net of costs	10.2	500	-
Repayment of finance leases	10.1	(131)	(27)
Repayment of bank loans	10.4	(151)	(180)
Gross financial interest paid		(49)	(9)
Other financing flows (factoring)	10	75	(170)
Cash flows related to financing activities		**1,680**	**1,114**
Impact of variations in exchange rates		32	4
Increase (reduction) in cash		**758**	**(1,985)**
Cash and cash equivalents at the start of the year (including overdraft facilities)	7	(151)	2,609
Cash and cash equivalents at the year end (including overdraft facilities)	7	607	624
Increase (reduction) in cash		**758**	**(1,985)**

Cash and cash equivalents at the year (including bank overdrafts facilities)	Notes	6/30/2019	6/30/2018
Cash and cash equivalents	7	607	624
Bank overdraft facilities	10	-	-
Cash and cash equivalents at the year end (including overdraft facilities)		**607**	**624**

Detailed analysis of the changes in the working capital requirement (WCR)

Details of the change in the working capital requirement (Amounts in €'000)	06/30/2019 6 months	06/30/2018 6 months
Other non-current assets	0	0
Inventories (net of inventory impairment)	37	328
Trade receivables and related accounts (net of impairment of trade receivables)	39	(95)
Other receivables	238	137
Trade and other accounts payable	(147)	(162)
Tax and social security liabilities	(611)	200
Other payables and miscellaneous debt	(214)	13
Total variations	**(657)**	**422**

Notes to the half-year condensed consolidated financial statements

(Unless indicated otherwise, the amounts shown in these notes are in thousands of euros, with the exception of data related to shares. Some numbers may have been subject to rounding for the purposes of calculating the financial information contained in the half-year condensed consolidated financial statements. As a result, the totals in some tables may not correspond exactly to the sum of the preceding figures.)

Note 1: Information relating to the Company and its business

The information below constitutes the Notes to the half-year condensed consolidated IFRS financial statements at June 30, 2019.

The half-year condensed consolidated financial statements of Implanet were approved by the Board of Directors on September 9, 2019 and authorized for publication.

1.1. Information relating to the Company and its business

Created in December 2006, Implanet's business is the technical, clinical, marketing and commercial development of high-quality implants and surgical instruments by introducing innovative technological solutions.

Implanet's range currently covers spinal, arthroscopy and knee products.

The Company has decided to outsource the majority of the operations necessary for the manufacture of its products and works with a network of about 20 subcontractors, on the basis of very precise technical specifications.

Implanet is a listed company since November 25, 2013 and transferred its listing from the Euronext regulated market in Paris (compartment C) to the Euronext Growth continuous multilateral trading facility on July 11, 2017.

Address of the registered office:
Technopole Bordeaux Montesquieu – Allée François Magendie – 33650 Martillac, France

Registry number: RCS 493 845 341 - Bordeaux, France

The IMPLANET company and its subsidiaries are hereafter referred to as the "Company" or the "Group".

1.2. Significant events in the first half of 2019

<u>February 2019:</u>

- Strategic partnership between SeaSpine and Implanet in the United States.
  SeaSpine, a global medical technology company focused on surgical solutions for the treatment of spinal disorders, will have exclusive rights to sell the Jazz® line under its own brand name across the US. This will accelerate Implanet expansion in the world's largest market.

March 2019:
- FDA clearance for JAZZ Cap® System. JAZZ Cap® is a unique and complete proprietary solution for securing screws in poor quality bone – a factor in 10% to 30% of vertebral fusion cases in adult patients.

April 2019:
- €500 thousand loan granted by Région Nouvelle Aquitaine with a 18 months in fine redemption term.
- Implementation of a bond financing line ("OC") with Nice & Green on April 15th, 2019 for a total amount of €3 million (300 OC of €10,000 par value). Issue of 12 monthly tranches of €250 thousand from May 2019. OC subscription price is at 98% of par value. OC are not interest bearing and have a 12 months maturity, given that, except default events, OC not converted at their maturity date shall be converted.

June 2019:
- Successful First JAZZ Cap® Surgeries in the US.
- Booking of its first orders supporting the launch of Kico Knee and SeaSpine partnerships.

1.3. Subsequent events

Juillet 2019:
- Agreement in July 2019 from BPI France bank for two innovation loans for €400 thousand and €150 thousand respectively, the following characteristics:
    - €400 thousand:
        - Redemption term: 81 months, with a deferred redemption period in capital and a first instalment on June 30th, 2022 and 27 quarterly repayments;
        - Interest rate: 1.02 %.
    - €150 thousand:
        - Redemption term: 7 years, with a deferred redemption period in capital of 24 months and then 20 quarterly instalments;
        - Interest rate: 4.84 %

- Implanet granted major patent for Jazz Lock® implant in the United States. The JAZZ Lock® easy to use and unique locking mechanism is not patented in the United States.

August 2019:

- On August 29th, the Company booked a capital decrease decided by the general shareholders' meeting of June 25th, 2019 by reducing the nominal value of the shares from €0.05 to €0.01.

Note 2: Accounting principles, rules and methods

2.1. Principle for preparation of the financial statements

Declaration of compliance

The Company has prepared its consolidated financial statements in accordance with the standards and interpretations published by the International Accounting Standards Boards (IASB) and adopted by the European Union as at the date of preparation of the financial statements, and this for all the periods presented.

This referential, available on the website of the European Commission, incorporates the international accounting standards (IAS and IFRS), and the interpretations issued by interpretations committees (the IFRS Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC).

In accordance with the provisions of European Regulation No. 1606/2002 dated July 19, 2002, the half-year condensed consolidated financial statements of Implanet at June 30, 2019 have been prepared in compliance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Since they are condensed financial statements, they do not include all the information required by the IFRS guidelines for the preparation of consolidated financial statements. These notes must therefore be supplemented by reading the consolidated financial statements of Implanet published in respect of the fiscal year ended December 31, 2018.

Going concern principle

The going concern principle was used by the Board of Directors in view, in particular, of the following factors:

- Implementation of the Company's strategic plan which focuses on three priorities:
  - to roll out the direct sales model, which has proven its worth in France and the United States, in targeted promising European markets (United Kingdom and Germany);
  - to roll out the partnership signed with KICO KNEE INNOVATION COMPANY PTY LTD to distribute the Madison knee implant in the United States and Australia;
  - to accelerate development of the JAZZ® product range in the United States under the partnership established with SeaSpine.
- The conclusion on April 15, 2019 of an equity line with Nice & Green to issue convertible bonds for a total amount of €3 million. The issuance will be done through twelve monthly tranches of €250 thousand each;
- The cash and cash equivalent for a total amount of €0.6 million;
- The placements for a total amount of €0.4 million;
- The agreement in July 2019 from BPI France bank for a €0.4 million and a €0.2 million loans (see section 1.3 Subsequent events).

The analysis performed by the board of directors also includes:

- The sensivity analysis on the operations;

- The finalization of a financing line up to €1.2 million which the management is comfortable to achieve in a short term period; and
- The finalization of a future partnership to distribute the Madison knee implant in the United States.

Based on those assumptions and information, cash and cash equivalents are estimated, by the board of directors, to be sufficient to meet the Company's working capital requirements through the next 12 months.

Furthermore, the Company continues to explore additional solutions to finance the acceleration in its business development. These solutions could involve, without being comprehensive, a private placement to investors, capital increases, new convertible bonds, public financings.

The loss-making situation of the Group during the periods presented arises from:

- its stage of development: research and development costs for projects in progress: mechanical testing, filing of patents, protection of intellectual property etc,
- commercial rollout costs: launch of new products, territorial expansion, particularly in the US, etc.

Accounting methods

The accounting principles used for the preparation of the consolidated financial statements for the period ended June 30, 2019 are identical to those used for the fiscal year ended December 31, 2017, excluding the application of new standards, amendments to standards and interpretations which are mandatory for the Group on January 1, 2019.

- *IFRS 16 - Leases* published on January 13, 2016. This standard aligns the treatment of operating leases with that of finance leases (i.e. recognition of a liability in the balance sheet for future lease payments and a right of use);
- *IFRIC 23 - Uncertainty over income tax treatments* published on June 7, 2017;
- *Amendments to IAS 19 – Plan amendment, curtailment or settlement*, published on February 7, 2018;
- *2015–2017 IFRS improvement cycle*, published on December 12, 2017; and
- *Amendments to IFRS 9 - Financial Instruments* published on October 12, 2017.

Except for IFRS 16, these new texts published by the IASB have not had any significant impact on the Company's financial statements.

IFRS 16 was published in January 2016. It replaces IAS 17 "Leases", IFRIC 4 "Determining whether an arrangement contains a lease", SIC-15 "Operating leases - Incentives", and SIC-27 "Evaluating the substance of transactions in the legal form of a lease". IFRS 16 lays down the principles applicable to lease accounting, evaluation, presentation and disclosure and requires lessees to use the same model for the accounting of all leases in their balance sheet, along the same line as the recognition of finance leases under IAS 17. The standard comprises two accounting exemptions for lessees (leases of low-value assets and short-term leases of less than 12 months). On the date of entry into force of a lease, the lessee recognizes a liability for lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset for the term of the lease (i.e. the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation of the right-of-use asset. The change in the presentation of operating lease expenses results in a corresponding increase in cash flows from operating activities and a decrease in cash flows from financing activities.

In accordance with the new standard, the Group has determined the term of the lease, including the prorogation or cancellation option agreed by the lessee. These options were evaluated at the beginning of the lease. This required judgment on the part of Management. The measurement of the present value of future lease payments is still required, using the appropriate discount rate in accordance with IFRS 16. The discount rate is equivalent to the interest rate implicit in the lease or, if it can be determined, the incremental borrowing rate on the lease start date. The incremental borrowing rate may have a significant impact on the net present value of the right-of-use asset and the lease liabilities recognized, requiring the application of judgment.

Lessees need to reassess lease liabilities in certain events (e.g. amendment of the duration of the lease, modification of future lease payments due to a change in the index or rate used to determine these payments). The lessee generally recognizes the revalued amount of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16

The Group has decided to adopt IFRS 16 by applying the modified retrospective approach to contracts previously recognized as operating leases. Consequently, operating leases will only be recognized in the balance sheet as from January 1, 2019 and comparative information is not restated.

The lease liabilities are measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019. The right-of-use asset is valued at the same amount as the lease liability, adjusted to include any advance payments or lease-related provisions and recognized in the statement of financial position immediately before the date of first application.

In accordance with IFRS 16, the Company applies the following principles:

- Application of the same discount rate to assets with similar characteristic; and
- Use of the exemption permitted by the standard for leases ending within 12 months of the transition date.

The Company excludes the initial direct costs of the valuation of right-of-use assets on the date of the initial request.

This standard requires lessees to recognize, for all eligible leases, all remaining lease payments as follows:

- On the assets side: a right-of-use asset, recognized under property, plant and equipment;
- On the liabilities side: a lease liability recognized under financial liabilities.

The application of this standard as from January 1, 2019 has resulted in an increase of €875,000 in the Company's financial liabilities, and an increase of €875,000 in its property, plant and equipment (see Note 10.1). The weighted average incremental borrowing rate applied by the Company to lease liabilities recognized in its consolidated financial statements at January 1, 2019 was 2.00%.

The reconciliation of the lease liabilities recognized at January 1, 2019 with the commitments in respect of non-cancellable leases disclosed at December 31, 2018 breaks down as follows:

Reconciliation between the off-balance sheet commitments at closing on December 31, 2018 and the recognition of user rights at January 1, 2019	**Amounts in €'000**
Off-balance sheet commitments on commercial leases and financial leases at December 31, 2018	**842**
Contracts previously restated according to IAS 17	-
Contracts benefiting from an exemption according to IFRS 16	(29)
Discounting according to the term adopted for IFRS 16	(34)
Difference in terms adopted between the off-balance sheet commitments and IFRS 16	-
Intangible off-balance commitment	86
Impacts of the change in rents' revaluation reference index	12
Liabilities relating to rental contracts at January 1, 2019	**875**

The table below shows the interim consolidated income statement as if IAS 17 was still applied, compared to the same statement after application of IFRS 16.

	At June 30, 2019		
Amounts in €'000	**Released**	**Impact / IFRS 16**	**Excl. IFRS 16**
Revenue	3,818	-	3,818
Cost of sales	(1,641)	-	(1,641)
Gross margin	**2,177**	**-**	2,177
Research and Development expenses	(248)	(0)	(248)
Cost of regulatory affairs and quality assurance	(373)	(0)	(373)
Sales and marketing expenses	(1,759)	(0)	(1,759)
Operating costs	(322)	(3)	(325)
General costs	(1,197)	(3)	(1,199)
Current operating income	**(1,721)**	**(6)**	(1,727)
Non-recurring operating income and expenses	171	-	171
Net operating income	**(1,550)**	**(6)**	(1,556)
Financial expenses	(186)	8	(178)
Financial income	12	-	12
Change in the fair value of the derivative	(64)		(64)
Foreign exchange gains and losses	(37)	-	(37)
Net financial income	**(275)**	**8**	(267)
Net income before taxes	**(1,825)**	**2**	(1,824)
Tax expense	-	-	-
Net P/L	**(1,825)**	**2**	(1,824)

IFRS 16 has had an impact on the interim consolidated statement of cash flows for the half-year ended June 30, 2019. Cash outflows related to leases are classified under "Cash flows from financing activities", instead of under "Cash flows from operating activities". The table below shows the interim consolidated statement of cash flows as if IAS 17 was still applied, compared to the same statement after application of IFRS 16.

	At June 30, 2019		
Amounts in €'000	**Released**	**Impact / IFRS 16**	**Excl. IFRS 16**
Cash flow generated from operations	(1,097)	(121)	(1,218)
Cash flows from investing activities	143		143
Cash flows related to financing activities	1,680	121	1,802
Impact of variations in exchange rates	32		32
Increase (reduction) in cash	**758**	-	758
Cash and cash equivalents at the start of the year	(151)		(151)
Cash and cash equivalents at the year end	607		607
Increase (reduction) in cash	**758**	-	758

2.2. Change of accounting method

With the exception of the new texts identified above, the Company has not made any changes to its accounting methods during the first half of 2019.

2.3. Use of judgments and estimates

During the course of the preparation of these interim consolidated financial statements, the main judgments made by management as well as the principal assumptions used are the same as those applied during the preparation of the financial statements for the year ended December 31, 2018, namely:

- Grant of warrants or founders' warrants or stock options to the employees, executives and external service providers (refer to note 9),
- Determination of the fair value of derivative liabilities (refer to note 10),
- Recognition of development expenses in assets (refer to note 3.1),
- Impairment of inventories (refer to note 5),
- Impairment of trade receivables (refer to note 6.1),
- Recognition of revenue (refer to note 14),
- Provision for liabilities and expenses (refer to note 12).

These estimates are based on the going concern principle and were prepared based on the information available at the time of their preparation. They are continuously evaluated on the basis of past experience and other factors considered reasonable, which constitute the basis of the assessments of the carrying amount of the assets and liabilities. The estimates may be revised if the circumstances on which they were based change, or as a result of new information. The actual results may differ significantly from these estimates, depending on different assumptions or conditions.

2.4. Consolidation scope and methods

Subsidiaries

As of June 30, 2019, the Company has two wholly-owned subsidiaries:

- Implanet America Inc., created in February 2013, and
- Implanet GmbH, created in July 2018.

SUBSIDIARIES	6/30/2019		12/31/2018		6/30/2018	
	Percentage of control	Percentage of interest	Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
Implanet America Inc.	100%	100%	100%	100%	100%	100%
Implanet GmbH	100%	100%	100%	100%	N/A	N/A

Conversion of the financial statements of foreign subsidiaries

The exchange rates used for the periods presented are as follows:

FOREIGN EXCHANGE RATE	6/30/2019		12/31/2018		6/30/2018	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
USD - Dollar US	1.1380	1.1301	1.1450	1.1854	1.1658	1.2057

Note 3: Intangible fixed assets, property, plant and equipment

3.1. Intangible fixed assets

INTANGIBLE FIXED ASSETS (Amounts in €'000)	Software (lease-financing)	Software	Development expenses	Total	Including right-of-use
GROSS VALUES					
Statement of financial position at December 31, 2018	**26**	**390**	**1,870**	**2,286**	**26**
Capitalization of development expenses	-	-	203	203	-
Acquisition	-	-	-	-	-
Disposal	-	-	-	-	-
Foreign exchange impact	-	-	-	-	-
Transfer	-	-	-	-	-
Statement of financial position at June 30, 2019	**26**	**390**	**2,073**	**2,489**	**26**
DEPRECIATION AND AMORTIZATION					
Statement of financial position at December 31, 2018	**26**	**390**	**1,017**	**1,432**	**26**
Increase	-	1	44	45	-
Decrease	-	-	-	-	-
Foreign exchange impact	-	-	-	-	-
Statement of financial position at June 30, 2019	**26**	**390**	**1,061**	**1,477**	**26**
NET CARRYING AMOUNT					
At December 31, 2018	**-**	**-**	**854**	**854**	**-**
At June 30, 2019	**-**	**-**	**1,012**	**1,012**	**-**

Capitalized development costs capitalized over the first-half of 2019 relate mainly to relate mainly to the *Jazz™ Cap SP* (€99 thousand) and Madison for the American market (€78 thousand).

There has not been any indication of loss of value in application of IAS 36.

3.2. Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT (Amounts in €'000)	**Constructions (right-of-use)**	**Equipment and tooling**	**Equipment and tooling (right-of-use)**	**Fixtures and fittings**	**Fixtures and fittings (right-of-use)**	**Office and IT equipment and furniture**	**Office and IT equipment and furniture (right-of-use)**	**Transport equipment (right-of-use)**	**Total**	**Including right-of-use**
GROSS VALUES										
Statement of financial position at December 31, 2018	**-**	**3,667**	**1,326**	**87**	**225**	**337**	**135**	**8**	**5,785**	**1,694**
Impact on first application of IFRS 16	823	-	-	-	-	-	24	28	875	875
Acquisition	-	53	-	-	-	-	-	43	95	43
Cession	-	(26)	-	-	-	-	-	-	(26)	-
Impact change	-	-	-	-	-	0	-	-	0	-
Transfert	-	-	-	-	-	-	-	-	-	-
Statement of financial position at June 30, 2019	**823**	**3,694**	**1,326**	**87**	**225**	**337**	**159**	**78**	**6,729**	**2,611**
AMORTISSEMENTS										
Statement of financial position at December 31, 2018	**-**	**3,174**	**1,212**	**86**	**225**	**294**	**133**	**8**	**5,132**	**1,578**
Impact on first application of IFRS 16	110	-	-	-	-	-	3	10	123	123
Increase	-	167	20	1	-	10	2	-	200	22
Decrease	-	(26)	-	-	-	-	-	-	(26)	-
Foreign exchange impact	-	-	-	-	-	0	-	-	0	-
Statement of financial position at June 30, 2019	**110**	**3,316**	**1,232**	**87**	**225**	**304**	**138**	**18**	**5,429**	**1,722**
NET CARRYING AMOUNT										
At December 31, 2018	**-**	**493**	**114**	**1**	**0**	**43**	**2**	**0**	**652**	**116**
At June 30, 2019	**713**	**378**	**94**	**-**	**-**	**33**	**21**	**60**	**1,300**	**889**

The technical installations, equipment and tooling principally comprise ancillary devices commissioned when they are delivered to healthcare facilities.

There has not been any indication of loss of value in application of IAS 36.

The first application of this standard as from January 1, 2019 has resulted in an increase of €875,000 in the gross value.

Note 4: Other financial assets

OTHER FINANCIAL ASSETS (Amounts in €'000)	6/30/2019	12/31/2018
Term accounts	375	525
Liquidity contract	31	32
Guarantees	71	71
Total other non-current financial assets	**477**	**628**
Medium-term notes (MTN)	-	301
Term accounts	79	25
Total other current financial assets	**79**	**326**

Non-current financial assets comprise:

- two term deposits with a total value of €375 thousand, of which:
  - one €100 thousand term deposit, pledged in favor of Banque Courtois as security for a €210 thousand bank loan taken out in 2017 and maturing in September 2020;
  - one €275 thousand term deposit, pledged in favor of Banque Courtois as security for a €500 thousand bank loan taken out in 2018 and maturing in 2021;
- the cash reserve related to the liquidity contract;
- guarantees in respect of the commercial leases for its French and US premises.

Current financial assets comprise one €79 thousand term deposit pledged in favor of HSBC as security for a €200 thousand bank loan taken out in 2017 and maturing in May 2020.

Note 5: Inventories

INVENTORIES (Amounts in €'000)	6/30/2019	12/31/2018
Inventories of raw materials	106	69
Inventories of goods for resale	3,428	3,357
Inventories of semi-finished products	1	7
Inventories of ancillary devices and instruments	685	721
Gross total inventories	**4,219**	**4,153**
Impairment of inventories of goods for resale	(597)	(567)
Impairment of stocks of ancillary devices and instruments	(84)	(85)
Total impairment of inventories	**(681)**	**(651)**
Net total inventories	**3,539**	**3,502**

Note 6: Receivables

6.1. Trade receivables

TRADE RECEIVABLES AND RELATED ACCOUNTS (Amounts in €'000)	6/30/2019	12/31/2018
Trade receivables and related accounts	2,513	2,477
Impairment of trade receivables and related accounts	(249)	(252)
Net total of trade receivables and related accounts	**2,264**	**2,226**

The age of the receivables breaks down as follows:

TRADE RECEIVABLES AND RELATED ACCOUNTS (Amounts in €'000)	6/30/2019	12/31/2018
Not yet due	1,405	1,132
Due for less than 90 days	329	515
Due for between 90 days and 6 months	224	229
Due for between 6 and 12 months	119	126
Due for more than 12 months	436	476
Gross total trade receivables and related accounts	**2,513**	**2,477**

6.2. Other receivables

OTHER RECEIVABLES (Amounts in €'000)	6/30/2019	12/31/2018
Value added tax (1)	346	226
Research tax credit (2)	261	159
Business competitiveness tax credit	8	41
Employees and related accounts	31	21
Prepaid expenses (3)	147	141
Miscellaneous	33	0
Total other receivables	**827**	**588**

(1) VAT receivables relate mainly to deductible VAT and the refund of VAT claimed.

(1) Research tax credit ("CIR")
This line also includes Innovation tax credit "CII":

- Estimated CIR at June 30, 2019: €72 thousand,
- Estimated CII at June 30, 2019: €30 thousand,
- CIR 2018: €159 thousand.

(3) Prepaid expenses relate to current expenses.

Note 7: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (Amounts in €'000)	6/30/2019	12/31/2018
Bank accounts	607	74
Total cash and cash equivalents	**607**	**74**

Note 8: Capital

8.1 Issued capital

COMPOSITION OF THE SHARE CAPITAL	6/30/2019	12/31/2018
Capital (in €'000)	2,308	1,706
Number of shares	46,156,950	34,112,749
of which ordinary shares	46,156,950	34,112,749
Nominal value (in euros)	€ 0.05	€ 0.05

At June 30, 2019, the share capital amounted to €2,307,847.50. It is divided into 46,156,950 ordinary shares which are fully subscribed and paid up with a nominal value of €0.05.

During the first half of 2019, the Company carried out a capital increase of €602 thousand following the conversion of:

- 9 bonds held by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND generating the issue of 784,615 shares with a nominal value of €0.05;
- 52 bonds held by NICE & GREEN generating the issue of 11,259,586 shares with a nominal value of €0.05.

8.2 Management of capital

The Company's policy consists of maintaining a solid capital base, in order to maintain the confidence of investors and creditors and to support the future development of the business.

Following its listing, the Company signed a liquidity contract on November 20, 2013 in order to limit the intra-day volatility of Implanet shares. For this purpose, the Company initially entrusted €400 thousand to ODDO Corporate Finance in order that the latter can take long or short positions in the Company's shares. This contract was transferred to TSAF – Tradition Securities and Futures on December 1, 2017.

At June 30, 2019, 176,000 treasury shares were recognized as a deduction from shareholders' equity.

8.3 Distribution of dividends

The Company did not distribute any dividends during the periods presented.

Note 9: Warrants and founders' warrants

Warrants ("BSA")

The table below summarizes the data related to the plans issued, as well as the assumptions used for the valuation in accordance with IFRS 2:

Type	Award Date	Features of the plans				Assumptions used		
		Total number of options awarded	Exercise period	Initial exercise price	Adjusted exercise price (1)	Volatility	Risk-free rate	Total initial valuation, IFRS2 (Black&Scholes) (in €'000)
BSA 09/11	AGM of 09/26/2011	**60,000**	10 years	€ 1.00	€ 8.21	37.90%	1.69%	17
BSA 05/12	AGM of 06/29/2012	**10,245**	10 years	€ 1.00	€ 8.21	37.17%	1.46%	3
BSA 2012	AGM of 06/29/2012	**165,000**	10 years	€ 1.50	€ 12.31	37.17%	1.46%	17
BSA 09/2012	AGM of 10/11/2012	**100,000**	10 years	€ 1.50	€ 12.31	37.17%	1.04%	10
BSA 01/2013	AGM of 01/22/2013	**25,000**	10 years	€ 1.50	€ 12.31	37.49%	1.08%	2
BSA 01/2014	Board meeting of 01/08/2014	**27,398**	10 years	€ 6.68	€ 5.48	34.05%	1.30%	53
BSA 07/2015	Board meeting of 07/15/2015	**44,699**	10 years	€ 2.89	€ 2.75	33.15%	0.31%	22
BSA 07/2016 T1	Board meeting of 07/11/2016	**56,000**	10 years	€ 1.33	€ 1.27	34.86%	-0.51%	12
BSA 07/2016 T2	Board meeting of 07/11/2016	**30,000**	10 years	€ 1.33	€ 1.27	34.86%	-0.51%	5
BSA 09/2017	Board meeting of 09/19/2017	**60,000**	10 years	€ 0.66	N/A	34.42%	-0.10%	11
BSA 01/2018	Board meeting of 01/23/2018	**80,000**	10 years	€ 0.65	N/A	34.67%	0.08%	9

(1) *Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).*

<u>Change in outstanding options</u>

Type	Award Date	Number of options outstanding					Maximum number of subscribable shares (1)
		12/31/2018	Granted	Exercised	Void	6/30/2019	
BSA 09/11	AGM of 09/26/2011	60,000				60,000	7,308
BSA 05/12	AGM of 06/29/2012	10,245				10,245	1,248
BSA 2012	AGM of 06/29/2012	40,000				40,000	4,872
BSA 09/2012	AGM of 10/11/2012	100,000				100,000	12,180
BSA 01/2013	AGM of 01/22/2013	25,000				25,000	3,654
BSA 01/2014	Board meeting of 01/08/2014	16,199				16,199	19,730
BSA 07/2015	Board meeting of 07/15/2015	44,699				44,699	46,934
BSA 07/2016 T1	Board meeting of 07/11/2016	56,000			(10,000)	46,000	48,300
BSA 07/2016 T2	Board meeting of 07/11/2016	30,000				30,000	31,500
BSA 09/2017	Board meeting of 09/19/2017	40,000				40,000	40,000 *
BSA 01/2018	Board meeting of 01/23/2018	80,000			(20,000)	60,000	60,000 *
Total		**502,143**	-	-	**(30,000)**	**472,143**	**275,726**

**note that some warrants are in the process of being vested*

(1) *Following the reverse share split as described above*

Founders' warrants ("BSPCE")

The table below summarizes the data related to the plans issued, as well as the assumptions used for the valuation in accordance with IFRS 2:

Type	Award Date	Features of the plans				Assumptions used		
		Total number of options awarded	Exercise period	Initial exercise price	Adjusted exercise price (1)	Volatility	Risk-free rate	Total initial valuation, IFRS2 (Black&Scholes) (in €'000)
BSPCE 02/2009	Board meeting of 02/05/2009	**106,500**	10 years	€ 1.50	€ 12.31	38.11%	3.20%	**37**
BSPCE 03/2010	Board meeting of 04/22/2010	**167,500**	10 years	€ 1.50	€ 12.31	34.57%	2.54%	**64**
BSPCE 06/2011	Board meeting of 04/06/2011	**269,000**	10 years	€ 1.50	€ 12.31	37.90%	3.12%	**117**
BSPCE 09/2011	Board meeting of 11/18/2011	**103,500**	10 years	€ 1.50	€ 12.31	37.90%	2.24%	**45**
BSPCE 03/2016	Board meeting of 03/24/2016	**370,000**	10 years	€ 1.50	€ 1.43	34.40%	-0.16%	**133**
BSPCE 07/2016 T1	Board meeting of 07/11/2016	**209,488**	10 years	€ 1.33	€ 1.27	34.86%	-0.51%	**68**
BSPCE 07/2016 T2	Board meeting of 07/11/2016	**50,000**	10 years	€ 1.33	€ 1.27	34.86%	-0.51%	**18**
BSPCE 01/2018	Board meeting of 01/23/2018	**418,000**	10 years	€ 0.65	N/A	34.67%	0.08%	**79**

(1) Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).

<u>Change in outstanding options</u>

Type (Amounts in €'000)	6/30/2018				6/30/2019			
	Probable cost of the plan to date	Cumulative expense at the start of the year	Expense for the period	Cumulative expense to date	Probable cost of the plan to date	Cumulative expense at the start of the year	Expense for the period	Cumulative expense to date
BSPCE 03/2016	129	101	13	114	129	120	9	129
BSPCE 07/2016 T1	67	59	4	64	67	67	-	67
BSPCE 07/2016 T2	18	13	2	15	18	16	1	17
BSPCE 01/2018	73	-	17	17	69	36	11	47
BSA 07/2015	22	20	1	21	22	22	-	22
BSA 07/2016 T1	12	9	2	10	12	11	(0)	11
BSA 09/2017	7	1	2	3	8	4	1	5
BSA 01/2018	9	-	2	2	9	5	(0)	4
Stock option 07/2015	14	12	0	13	14	14	0	14
Stock option 03/2016	11	19	(9)	10	11	11	0	11
Stock option 01/2018	4	-	1	1	4	2	1	3
Total			**36**				**22**	

**note that some warrants are in the process of being vested*

(1) Following the reverse share split as described above

Stock options

The table below summarizes the data related to the plans issued, as well as the assumptions used for the valuation in accordance with IFRS 2:

Type	Award Date	Features of the plans				Assumptions used		
		Total number of options awarded	Exercise period	Initial exercise price	Adjusted exercise price (1)	Volatility	Risk-free rate	Total initial valuation, IFRS2 (Black&Scholes) (in €'000)
Stock option 07/2015	Board meeting of 07/15/2015	22,500	10 years	€ 2.66	€ 2.53	33.15%	0.31%	19
Stock option 03/2016	Board meeting of 03/24/2016	70,000	10 years	€ 1.50	€ 1.43	34.40%	-0.16%	25
Stock option 01/2018	Board meeting of 01/23/2018	22,500	10 years	€ 0.65	N/A	34.67%	0.08%	4

(1) *Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).*

<u>Change in outstanding options</u>

Type	Award Date	Number of options outstanding					Maximum number of subscribable shares (1)
		12/31/2018	Granted	Exercised	Void	6/30/2019	
Stock option 07/2015	Board meeting of 07/15/2015	12,500				12,500	13,125
Stock option 03/2016	Board meeting of 03/24/2016	10,000				10,000	10,500
Stock option 01/2018	Board meeting of 01/23/2018	22,500				22,500	22,500 *
Total		45,000	-	-	-	45,000	46,125

**note that some warrants are in the process of being vested*

(1) *Following the reverse share split as described above*

IFRS expenses recognized during the first semester 2018 and the first semester 2019

Type (Amounts in €'000)	6/30/2018				6/30/2019			
	Probable cost of the plan to date	Cumulative expense at the start of the year	Expense for the period	Cumulative expense to date	Probable cost of the plan to date	Cumulative expense at the start of the year	Expense for the period	Cumulative expense to date
BSPCE 03/2016	129	101	13	114	129	120	9	129
BSPCE 07/2016 T1	67	59	4	64	67	67	-	67
BSPCE 07/2016 T2	18	13	2	15	18	16	1	17
BSPCE 01/2018	73	-	17	17	69	36	11	47
BSA 07/2016 T1	12	9	2	10	12	11	(0)	11
BSA 09/2017	7	1	2	3	8	4	1	5
Stock option 07/2015	14	12	0	13	14	14	0	14
Stock option 03/2016	11	19	(9)	10	11	11	0	11
Stock option 01/2018	4	-	1	1	4	2	1	3
Total			36				22	

Note 10: Financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in €'000)	6/30/2019	12/31/2018
Financial debts - finance leases	552	21
Reimbursable advances and interest-free loans	1,130	731
Loans from financial institutions (1)	319	307
Non-current financial debts	**2,001**	**1,058**
Right-of-use	278	23
Reimbursable advances and interest-free loans	162	82
Bank overdraft	-	225
Bond	128	117
Derivatives liabilities	231	85
Debt under the factoring contract	910	835
Loans from financial institutions (1)	300	303
Current financial liabilities (including derivatives liabilities)	**2,009**	**1,671**
Total financial liabilities	**4,010**	**2,729**

(1) The bank loans are guaranteed by a pledge of a term deposit account for €275 thousand, €100 thousand and €79 thousand respectively (see note 4).

Reconciliation redemption value/balance sheet value

RECONCILIATION REDEMPTION VALUE / BALANCE SHEET VALUE (amounts in €'000)	Redemption value 06/30/2019	Amortized cost	Fair value	Balance sheet value	
				06/30/2019	12/31/2018
Right-of-use	830	-	-	830	44
Reimbursable advances and interest-free loans	1,398	(106)	-	1,292	813
Bank overdraft	-	-	-	-	225
Bond	150	(22)	-	128	117
Derivatives liabilities		-	231	231	85
Debt under the factoring contract	910	-	-	910	835
Loans from financial institutions	619	-	-	619	610
Total financial liabilities	**3,906**	**(127)**	**231**	**4,010**	**2,729**

Breakdown of financial liabilities by maturity, in redemption value

FINANCIAL LIABILITIES BY MATURITY DATE IN REDEMPTION VALUE (amounts in €'000)	6/30/2019			
	Gross amount	Part due in less than one year	From 1 to 5 years	More than five years
Right-of-use	830	278	552	-
Reimbursable advances and interest-free loans	1,398	160	1,238	-
Bank overdraft	-	-	-	-
Bond	150	150	-	-
Debt under the factoring contract	910	910	-	-
Loans from financial institutions	619	300	319	-
Total financial liabilities	**3,906**	**1,798**	**2,109**	**-**
Current financial liabilities	*1,798*			
Non-current financial debts	*2,109*			

10.1. Financial liabilities – Lease commitments

FINANCIAL LIABILITIES CHANGES - RIGHT-OF-USE	Amounts in €'000	Current part	Non-current part	
			From 1 to 5 years	More than 5 years
At December 31, 2018	**44**	23	21	-
(+) Impact first application IFRS 16	875			
(+) Subscription	43			
(-) Redemption	(131)			
At June 30, 2019	**830**	278	552	-

The application of this standard as from January 1, 2019 has resulted in an increase of €875,000 in the Company's financial liabilities.
The table below shows the changes in the leasing commitments:

FINANCIAL LIABILITIES CHANGES - RIGHT-OF-USE (Amounts in €'000)	Leases previously treated according IAS 17	Right-of-Use	Not significant off-balance sheet commitments	Total
At December 31, 2018	**44**	**-**	**-**	**44**
(+) Impact first application IFRS 16		823	52	875
(+) Subscription			43	43
(-) Redemption	(11)	(107)	(13)	(131)
FX Change				-
At June 30, 2019	**33**	**716**	**82**	**830**

MATURITY OF LEASES COMMITMENTS, IN REDEMPTION VALUE (Amounts in €'000)	Leases previously treated	Right-of-Use	Not significant off-balance sheet	Total
At June 30, 2019	**33**	**716**	**82**	**830**
Part due in less than one year	20	215	36	271
Part due between 1 and 5 years	13	500	45	559
Part due in more than 5 years	-			-

10.2. Reimbursable advances

CHANGES IN REIMBURSABLE ADVANCES AND INTEREST-FREE LOANS (Amounts in €'000)	BPI - Interest-free innovation loan - JAZZ Braid	BPI - Marketing Insurance	Nouvelle Aquitaine Region - Loan	Total
At December 31, 2018	**734**	**79**	**-**	**813**
(+) Subscription			500	500
(-) Redemption				-
Subsidies			(34)	(34)
Financial expenses	10	2	2	13
At June 30, 2019	**743**	**81**	**468**	**1,292**

Breakdown of reimbursable advances by maturity, in redemption value

MATURITY OF REIMBURSABLE ADVANCES AND INTEREST-FREE LOANS, IN REDEMPTION VALUE (Amounts in €'000)	BPI - Interest-free innovation loan - JAZZ Braid	BPI - Marketing Insurance	Nouvelle Aquitaine Region - Loan	Total
At June 30, 2019	**800**	**98**	**500**	**1,398**
Part due in less than one year	160	-	-	160
Part due between 1 and 5 years	640	98	500	1,238
Part due in more than 5 years	-	-	-	-

On May 21, 2019, the Company obtained Nouvelle-Aquitaine District's agreement for a short term loan of €500 thousand.

This loan has the following characteristics:

- Term: 12 months from the agreement date, before 04/01/2020;
- Interest rate; 0%
- Redemption term: 18 month *In fine*
- Guarantee granted by the Company: business pledge

10.3. Bonds

Changes in bonds issues

CHANGES IN BOND ISSUES (Amounts in €'000)	Convertible bonds with European Select Growth Opportunities Fund	Convertible bonds OCAPI with Nice & Green- November 2018	Convertible bonds OCAPI with Nice & Green - April 2019	Total
At December 31, 2018	**77**	**40**	**-**	**117**
(+) Subscription		804	500	1,304
(-) Derivative liability			(82)	(82)
(+/-) Impact of amortized cost	13	6	60	79
(+/-) Translation	(90)	(850)	(350)	(1,290)
At June 30, 2019	**-**	**-**	**128**	**128**

Breakdown of bond loans by maturity, in redemption value

MATURITY OF BOND ISSUES, IN REDEMPTION VALUE (Amounts in €'000)	Convertible bonds with European Select Growth Opportunities Fund	Convertible bonds OCAPI with Nice & Green- November 2018	Convertible bonds OCAPI with Nice & Green - April 2019	Total
At June 30, 2019	**-**	**-**	**150**	**150**
Part due in less than one year	-	-	150	**150**
Part due between 1 and 5 years	-	-	-	**-**
Part due in more than 5 years	-	-	-	**-**

On April 15th, 2019, the Company entered into an issuance of convertible bonds with a profit sharing plan ("OCAPI") with Nice & Green enabling a minimum raise of €3.0 million under the following time schedule:

DATES	OCAPI #
May 2019	1 to 25
June 2019	26 to 50
July 2019	51 to 75
August 2019	76 to 100
September 2019	101 to 125
October 2019	126 to 150
November 2019	151 to 175
December 2019	176 to 200
January 2020	201 to 225
February 2020	226 to 250
March 2020	251 to 275
April 2020	276 to 300

- The OCAPIs have the following characteristics:
  - nominal value: €10,000;
  - subscription price: 98% of par value;
  - maturity: 12 months;
  - no interest;
  - conversion or reimbursement at the Company convenience
    - conversion terms: N = Vn/P where
      - N is the number of shares that can be subscribed,
      - Vn is the value of the bond receivable,
      - P is 92% of the lowest of the 6 average daily prices quoted weighted by the volumes of the Company's share immediately preceding the conversion application date (it being specified that P cannot be less than 75% of the 5 average daily prices quoted weighted by the volumes and cannot be less than the nominal value of one Implanet share;
    - reimbursment terms: V = Vn/0.97 where
      - V is the amount to be repaid,
      - Vn is the value of the bond receivable.

The Company may also benefit from a profit sharing plan amounting to 10% of the net profit achieved by Nice & Green between the granting date and the date when all the shares from the conversion of the OCAPIs will be sold.

10.4. Bank loans

CHANGE IN BANK LOANS (Amounts in €'000)	Loan 04/2017	Loan 09/2017	Loan 04/2018	R&D Tax Credit - Dailly Credit	Total
At December 31, 2018	**95**	**124**	**391**	**-**	**610**
(+) Subscription	-	-	-	160	160
(-) Redemption	(33)	(35)	(83)	-	(151)
At June 30, 2019	**62**	**89**	**308**	**160**	**619**

During the first semester of 2019, the Company decided to finance 2018 CIR for a total amount of €160 thousand.

Breakdown of loans from bank loans by maturity, in redemption value

BANK LOANS BY MATURITY (Amounts in €'000)	Loan 04/2017	Loan 09/2017	Loan 04/2018	R&D Tax Credit - Dailly Credit	Total
At June 30, 2019	**62**	**89**	**308**	**160**	**619**
Part due in less than one year	62	71	167	-	300
Part due between 1 and 5 years	-	18	141	160	319
Part due in more than 5 years	-	-	-	-	-

Note 11: Employee benefit obligations

The main actuarial assumptions used for evaluation of the retirement benefits are the following:

ACTUARIAL ASSUMPTIONS	6/30/2019		12/31/2018	
	Managers	**Non managers**	**Managers**	**Non managers**
Retirement age	Voluntary departure between ages 65 and 67			
Collective agreements	Metallurgy Engineers and Managers	Metallurgy Gironde Landes	Metallurgy Engineers and Managers	Metallurgy Gironde Landes
Discount rate (IBOXX Corporates AA)	0.98%		1.57%	
Mortality table	INSEE 2017		INSEE 2017	
Rate of revaluation of salaries	2.00%		2.00%	
Rate of turnover	Average (AG2R table)		Average (AG2R table)	
Rate of Social Security charges	46%	42%	50%	49%

The provision for retirement commitments has changed as follows:

AMOUNTS DUE TO PERSONNEL (Amounts in €'000)	Retirement benefits
At December 31, 2018	**157**
Past service costs	8
Financial costs	1
Actuarial differences	(14)
At June 30, 2019	**153**

Note 12: Provisions

PROVISIONS (Amounts in €'000)	6/30/2019				
	Amount at start of year	Allocations	Reversals	Release of surplus provisions	Amount at year end
Provisions for legal disputes	501		(330)	(171)	-
Total provisions for liabilities and expenses	**501**	**-**	**(330)**	**(171)**	**-**

PROVISIONS (Amounts in €'000)	12/31/2018				
	Amount at start of year	Allocations	Reversals	Release of surplus provisions	Amount at year end
Provisions for legal disputes	576		(75)		501
Total provisions for liabilities and expenses	**576**	**-**	**(75)**	**-**	**501**

The provision booked in the consolidated financials as of December 31, 2018, related to a trade dispute has been fully reversed on the first half of 2019 (see note 16).

Note 13: Current liabilities

13.1. Tax and social security liabilities

TAX AND SOCIAL SECURITY LIABILITIES (Amounts in €'000)	6/30/2019	12/31/2018
Employees and related accounts	346	239
Social Security and other social bodies	744	264
Other taxes, duties and similar payments	49	24
Total tax and social security liabilities	**1,139**	**528**

The Company managed to defer the payment of Social Security debts over a 12 months period beginning on June 2019.

13.2. Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in €'000)	6/30/2019	12/31/2018
Customers - credit memos to issue	-	94
Directors' fees due to members of the Board of Directors	15	30
Miscellaneous (1)	329	6
Total other current liabilities	**344**	**130**

(1) Including €303 thousand related to the indemnity to be paid over a 12 months period (see note 16).

Note 14: Revenue

Accounting principles

Implementation of IFRS 15 has been mandatory since 1 January 2018.

The Company recognizes revenue on the date on which the customer has obtained control of the goods or services.

Revenue is recognized for the amount to which it expects to be entitled in exchange for the goods or services supplied. The highly probably elements of variable consideration and the significant financial elements are included in the transaction price.
The Company has reviewed its contracts and not detected any significant elements of variable consideration, such as specific return clauses. In addition, the Company does not grant or benefit from any special financing arrangements as part of its contracts.

As a consequence, the application of IFRS 15 did not have any impact on most of the customers transactions and the Company's revenue is always recognized at a point in time:

- **sales in France to distributors:**
  - instruments and a set of implants are provided to healthcare facilities (instruments in Implanet’s fixed assets and implants in consigned inventory)
  - invoicing to distributors and the recognition of income take place on the date of the fitting of the implants, generating restocking from consignment stock

- **sales in France, Germany and UK, direct or via sales agents:**
  - instruments and a set of implants are provided to healthcare facilities (instruments in Implanet’s fixed assets and implants in consigned inventory)
  - invoicing to distributors and the recognition of income take place on the date of the fitting of the implants, generating restocking from consignment stock
  - in case of sales via sales agents, agents' commission is recognized under “Sales, distribution and marketing expenses”, at the same time as

- **export and US sales to distributors:** the transfer of ownership and the recognition of income occur at the time of collection of the merchandise from Implanet (Incoterms: EXWORKS).

- **Export and US sales via sales agents:**
  - the transfer of ownership and the recognition of income occur at the time of collection of the merchandise from Implanet (Incoterms: EXWORKS)
  - agents' commission is recognized under “Sales, distribution and marketing expenses”, on the date of the fitting of the implants.

The Company's revenues result from the sales of orthopedics' implants.
Revenue by region and type of products is as follows:

REVENUES BY REGION (Amounts in €'000)	**6/30/2019**	**6/30/2018**
France	2,062	2,122
United States	1,206	1,084
Brazil	233	207
Spain	135	86
Rest of the World	183	132
Total revenue	**3,818**	**3,632**

REVENUES BY TYPE OF PRODUCTS (Amounts in €'000)	**6/30/2019**	**6/30/2018**
Spinal	2,384	2,197
Knee + Arthroscopy	1,434	1,434
Total revenue	**3,818**	**3,632**

With regard to the concentration of credit risk, one French distributor represents more than 27% of consolidated revenue at June 30, 2019. Other distributors individually represent less than 8% of consolidated revenue.

Note 15: Operating expenses

15.1. Cost of sales

COST OF SALES (Amounts in €'000)	**6/30/2019**	**6/30/2018**
Purchases of raw materials and goods	(1,476)	(1,420)
Depreciation and amortization of ancillary devices	(165)	(189)
Cost of sales	**(1,641)**	**(1,609)**

15.2. Sales and marketing expenses

SALES, DISTRIBUTION AND MARKETING (Amounts in €'000)	6/30/2019	6/30/2018
Leases	(26)	(26)
Materials and supplies	(16)	(40)
Insurance policies	(31)	(47)
Outsourced employees	(1)	-
Intermediary compensation Fees	(154)	(90)
Advertising	(46)	(94)
Transport	(5)	(7)
Travel, assignments and entertaining	(235)	(272)
Duties and taxes	(2)	(1)
Payroll expenses	(783)	(954)
Depreciation and amortization of fixed assets	(3)	(6)
Share-based payments	(14)	(18)
Royalties	(87)	(85)
Sales commission	(374)	(542)
Allocations/reversals of provisions for impairment of trade rece	3	(4)
Amortization of Rights-of-use of leased assets	(4)	-
Miscellaneous	(24)	(23)
Sales, distribution and marketing expenses	**(1,801)**	**(2,208)**
Bpifrence advance and loan	43	-
Subsidies	**43**	**-**
Sales, distribution and marketing expenses, net	**(1,759)**	**(2,208)**

15.3. Research and development expenses

RESEARCH AND DEVELOPMENT (Amounts in €'000)	6/30/2019	6/30/2018
Leases	(6)	(12)
Hardware, equipment and works	(13)	(9)
Studies and research	(27)	(36)
Fees and other intellectual property expenses	(46)	(107)
Travel, assignments and entertaining	(5)	(9)
Duties and taxes	(1)	(3)
Payroll expenses	(308)	(322)
Capitalization of R&D expenses	114	85
Depreciation and amortization of capitalized R&D expense	(29)	(31)
Depreciation and amortization of fixed assets	(1)	(1)
Share-based payments	(3)	(6)
Amortization of Rights-of-use of leased assets	(6)	-
Miscellaneous	(2)	(2)
Research and Development expenses	**(333)**	**(453)**
Research tax credit	85	77
Subsidies	**85**	**77**
Research and development costs, net	**(248)**	**(376)**

15.4. Costs of Regulatory affairs and quality assurance

REGULATORY AFFAIRS AND QUALITY ASSURANCE (Amounts in €'000)	6/30/2019	6/30/2018
Materials and supplies not for stock	(39)	(33)
Leases	1	0
Studies and research	(148)	(76)
Intermediary compensation Fees	(30)	(20)
Travel, assignments and entertaining	(2)	-
Payroll expenses	(210)	(273)
Capitalization of R&D expenses	89	14
Depreciation and amortization of capitalized R&D expense	(15)	(15)
Depreciation and amortization of fixed assets	(2)	(9)
Share-based payments	(1)	(1)
Amortization of Rights-of-use of leased assets	(5)	-
Miscellaneous	(16)	(13)
Regulatory affairs and quality assurance costs	**(379)**	**(428)**
Research tax credit	6	2
Subsidies	**6**	**2**
Regulatory affairs and quality assurance costs, net	**(373)**	**(425)**

15.5. Operating costs

OPERATING COSTS (Amounts in €'000)	6/30/2019	6/30/2018
Materials and supplies not for stock	(7)	(5)
Leases	1	(66)
Hardware, equipment and works	(20)	(19)
Transport	(11)	(22)
Travel, assignments and entertaining	(0)	(1)
Payroll expenses	(168)	(223)
Depreciation and amortization of fixed assets	(19)	(32)
Share-based payments	(1)	0
Allocation/reversal of provision for impairment of inventories	(29)	(35)
Amortization of Rights-of-use of leased assets	(66)	-
Miscellaneous	(1)	(8)
Operating costs	**(322)**	**(410)**

15.6. General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in €'000)	6/30/2019	6/30/2018
Materials and supplies not for stock	(27)	(38)
Leases	(46)	(98)
Hardware, equipment and works	(44)	(68)
Insurance policies	(87)	(99)
Intermediary compensation Fees	(343)	(424)
Advertising	(20)	(2)
Travel, assignments and entertaining	(38)	(55)
Postal and telecommunication expenses	(19)	(22)
Banking services	(25)	(18)
Duties and taxes	(6)	(5)
Payroll expenses	(468)	(478)
Attendance fee	(10)	(10)
Depreciation and amortization of fixed assets	(4)	(20)
Share-based payments	(4)	(12)
Amortization of Rights-of-use of leased assets	(47)	-
Miscellaneous	(9)	(3)
General costs	**(1,197)**	**(1,353)**

Note 16: Non-recurring operating income and expenses

Accounting principles

Non-recurring operating income and expenses comprise significant items which, due to their unusual nature and character, cannot be considered as part of the Group's ordinary activities. These may include:

- certain restructuring expenses;
- other operational income and expenses such as provisions for legal disputes involving substantial amounts;
- capital gains or losses on disposals, or the significant and unusual impairment of non-current assets.

In the context of the sale of its Hip business in 2014, the Company transferred its distribution contracts to the purchaser, involving the modification of certain sales arrangements. In 2017, one of the distributors alleges that this operation amounts to the cancellation of the sales agreement and is claiming damages.

The Company signed on June 17, 2019 a memorandum of understanding with this distributor to definitively settle this litigation with a payment of an indemnity of €330 thousand payable over a 12 months period. Pursuant to this agreement, the Company reversed the provision of €501 thousand related to this litigation.

Therefore, the non-recurring operating income is amounting to €171 thousand for the first half of 2019.

The Company did not book other non-recurring operating income and expenses as of June 30, 2018.

Note 17: Financial income and expenses, net

FINANCIAL INCOME AND EXPENSES (Amounts in €'000)	**6/30/2019**	**6/30/2018**
Amortized cost of loans	(49)	(307)
Changes in the fair value of derivative liabilities	(64)	302
Other financial expenses	(136)	(15)
Financial income	12	(1)
Foreign exchange gains and (losses)	(37)	(1)
Total financial income and expenses	**(275)**	**(22)**

Note 18: Income tax

Based on the same rules as applied at December 31, 2018, the Group did not recognize any deferred tax assets at June 30, 2019.

Note 19: Earnings per share

BASIC EARNINGS PER SHARE (Amounts in €'000)	**6/30/2019**	**6/30/2018**
Net income for the year	(1,825)	(2,772)
Weighted average number of shares in circulation	39,864,980	28,276,392
Basic earnings per share (€/share)	**(0.05)**	**(0.10)**
Diluted earnings per share (€/share)	**(0.05)**	**(0.10)**

Note 20: Related parties

As part of the ordinary management of the Company, it maintains arm's length relations with its subsidiaries.

20.1. Executive compensation (excluding awards of capital instruments)

No post-employment benefits are granted to members of the Board of Directors.

The compensation of the executive officers breaks down as follows:

COMPENSATION OF CORPORATE OFFICERS (Amounts in €'000)	**6/30/2019**	**6/30/2018**
Fixed compensation due	108	108
Variable compensation due	11	23
Benefits in kind	16	16
Share-based payments	7	18
Advisers' fees	-	54
Attendance fees	10	11
TOTAL	**153**	**229**

The terms for the allocation of the variable part of compensation are based on performance criteria.

Note 21: Off-balance sheet commitments

Since the first application of IFRS 16 on January 1, 2019 (see Notes 2.1 and 10.1), there is no longer any difference between the treatment of finance leases and operating leases. The standard requires the Company to recognize its future lease payment obligations as liabilities, along with a right-of-use asset.

Moreover, within the framework of the Nouvelle Aquitaine financing agreement in the amount of €500,000 repayable in full at the end of an 18-month period, the Company granted the Nouvelle Aquitaine region a business pledge of €500,000, to which will be added any ancillary costs related to the loan agreement.

Except for the impact of first-time application of IFRS 16 on January 1, 2019 and the above-mentioned business pledge, there have been no significant changes in off-balance sheet commitments between December 31, 2018 and June 30, 2019.