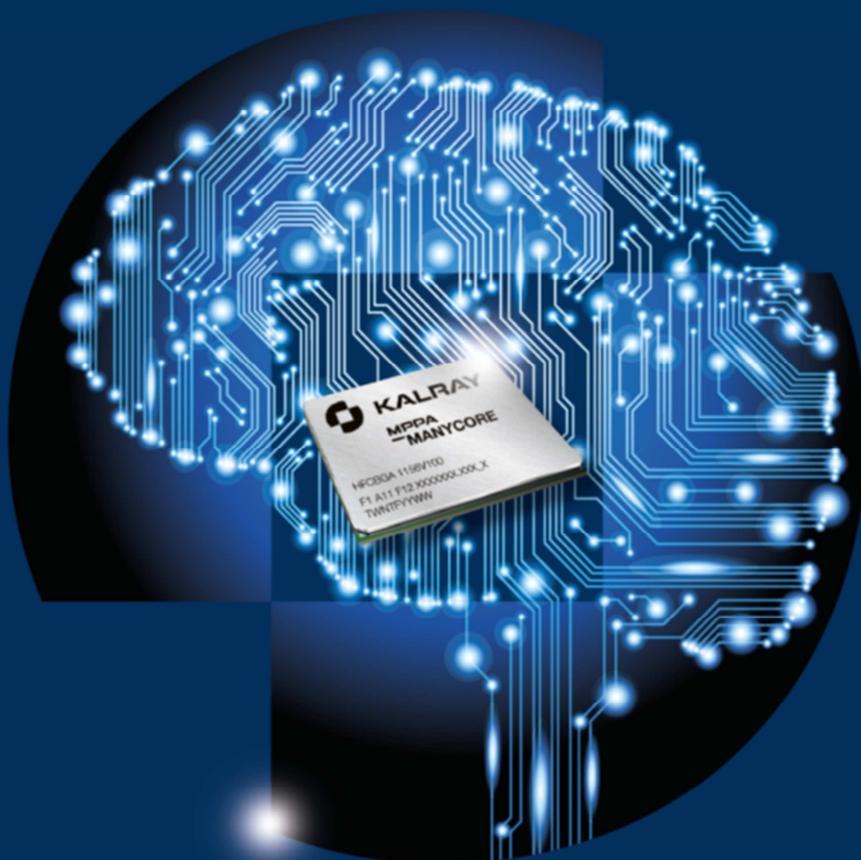


RAPPORT FINANCIER SEMESTRIEL

AU 30 JUIN 2019



FINANCIAL REPORT FIRST SEMESTER 2019

- Activity report
 - Consolidated accounts at 30 June 2019
-

I Activity Report

The level of activity and the results are in line with management's expectations in this pre-volume phase. Kalray continued its investment efforts, with the finalization of the design of the 3rd generation processor, Coolidge.

1/ Significant events over the past half year

1-1 Structural technical achievements

The most significant achievement of the first half of the year is the completion of the MPPA3 processor design, also known as Coolidge™. This is the third generation of MPPA® ("Massively Parallel Processor Array"), a unique and patented architecture designed with the TSMC Melter's 16 nm Finfet technology. The completion of this design phase, and therefore the start of the manufacturing process, is evidenced by the Tape-Out phase that was completed in late July 2019.

For the data centers market, the company has finalized its Nvme-TCP solution which will be launched in August at the FMS (Flash Memory Summit) event. Nvme-TCP is an evolution of the Nvme-oF standard, which allows the use of new generations of fast memories (SSD) while facilitating integration into data centers.

1-2 Prestigious business partnerships that increase the visibility of the company

In January 2019, at the CES in Las Vegas, NXP Semiconductors, leader in technologies for new generations of vehicles, and Kalray announced a strategic alliance to provide a safe and reliable solution for autonomous vehicles. This partnership makes it possible to combine the computing power of Kalray processors with the decision-making capacity of NXP processors within the NXP Bluebox solution that will equip vehicles with levels 3 (partial range), 4 and 5-term (fully autonomous); and

- At the Apollo Baidu Conference in Beijing in May 2019, the Chinese company Baidu confirmed the selection of Kalray and the MPPA® platform as one of the corner stones of its Apollo solution for autonomous vehicles;
- In July 2019, Kalray announced its collaboration with Japanese eSOL, a major player in the embedded market, including the automotive market, which is developing real-time embedded software that will integrate Kalray's MPPA® processor.

1-3 New R&D partnerships

Kalray is heavily involved in collaborative research projects. Several projects were launched in 2018 and Kalray announced in the first half of 2019 its involvement in:

- ES3CAP (Embedded Smart Safe Secure Computing Autonomous Platform): Kalray is the leader for this

project, which brings together 11 industrial and academic partners, including Renault-Nissan-Mitsubishi and Easymile for the automobile, Safran Electronics & Defense and MBDA for avionics and defense, as well as prestigious academic partners, the CEA and the Inria.

ES3CAP, with a total budget of €22.2 million over 3 years, will be financed up to €11.7 million through the Programme d'investissements d'Avenir, operated by Bpifrance.

- EPI (European Processor Initiative). EPI, officially launched in December 2018, brings together 26 companies and organizations from 10 European countries and is part of the European Exascale strategy. This project is funded under the European Union's Horizon 2020 program.

1-4 A level of liquidity that ensures the company's continued development

At 30 June 2019, the free cash position stood at €23.3 million (compared to €28.8 million at 31 December 2018) allowing Kalray to continue its technological roadmap and commercial deployment. Investment expenses related to the continued development of Coolidge have been done over the period.

2/ Outlook 2019 and 2020

In fiscal year 2019, Kalray expects cash consumption to be similar to that of fiscal year 2018. The improvement of the BFR should offset the increase in investments, mainly related to the launch of Coolidge

Kalray confirms its outlook for trade acceleration in the second half of 2019. As in 2018, revenues will mainly come from evaluation, development and service contracts, to support clients in the development of their next generation of products. Kalray is confident in its ability to generate a significantly higher volume of business than in 2018 (€775 K) on this single source of revenue.

This turnover could be supplemented by two other potential sources of revenue: the start of production of the first Boston-based cards, the current generation of MPPA®, to the data center players, particularly around the Nvme-TCP offering; and the sale of the first licenses of the MPPA® technology for its integration into partner products.

- **Confirming market potential**

Kalray is in advanced negotiations with two major players in the storage world for the integration of Coolidge in their next generations of storage servers;

In parallel, Kalray is continuing to develop the use of its acceleration technologies in data centers, including risk analysis for business banks and artificial intelligence. These businesses may enrich the existing offer for the storage industry, which remains the company's priority in 2019.

Kalray also remains very well positioned in its other market, that of smart vehicles, given the many marks of interest it continues to receive from the automotive industry since the beginning of the year.

- **Roadmap**

With the design of Coolidge completed, in the second half of 2019, the Hardware design teams start designing the next generation of processors.

- **Recruitment**

In order to support the expected growth of its business, Kalray continues to improve its structure. 15 hires are planned for 2019, 9 of which were carried out in the first half of the year: 7 within the R&D and the application development teams, data centers and automotive, and 2 commercial engineers.

- **R&D projects**

Kalray conducts several projects in parallel. In addition to ES3CAP and EPI, work continues on Montblanc 2020, OCEAN12 and Academis.

3/ Analysis of the results

3.1 Key figures for the first half of 2019

K€	June 30, 2019	June 30, 2018	Var June N/N-1
Net Sales	456	322	42%
Subsidies	1 056	853	24%
R&D capitalization	3 279	2 502	31%
Other revenue	55		
TOTAL REVENUE	4 846	3 677	32%
Cost of sales	(66)	(81)	-19%
Operating expenses	(7 432)	(5 649)	32%
including Salaries & contributions	(3 872)	(3 152)	23%
including other expenses	(3 560)	(2 497)	43%
EBITDA	(2 652)	(2 053)	29%
Amortization & Depreciation	(2 800)	(2 107)	33%
OPERATING RESULT	(5 452)	(4 160)	31%
Research Tax Credit	1 147	1 385	-17%
NET OPERATING RESULT	(4 305)	(2 775)	55%
FINANCIAL RESULT	(23)	(2 275)	-99%
EXCEPTIONNAL RESULT	(29)	(26)	12%
NET RESULT	(4 357)	(5 076)	-14%

The company considers that the restated operating income, namely operating income + CIR, is a relevant alternative performance indicator.

Furthermore, in order to show an intermediate balance close to the cash flow, the company indicates the EBITDA (earnings before interests, taxes depreciation and amortization)

3.2 Revenue

- Turnover

Revenue increased compared to the first half of 2018.

It consists of sales of cards, development stations, licenses and services to customers in their evaluation and qualification phases. It remains, as expected, insignificant, pending the commercial acceleration expected for the end of the second half of 2019.

Cards and development stations: €80 K (€72 K in the first half of 2018)

Licenses and services: 379 K€ (€250 K in first half 2018)

It was realized in Europe for 86%, in the USA for 1% and in Asia for 13%

- Subsidies

The revenue from R&D subsidies in the first half of 2019 is €1,056 K (€853 K in the first half of 2018) and relates to projects that have contributed to the development of the Bostan processor, currently on the market.

Cash from subsidies received in the first half of the year amount to €1,721 K. This includes the final payment of the Capacites project and the first instalments for the Academis, ES3CAP and EPI projects.

It should be noted that the amount of subsidies income recognized in advance on 30 June 2019 amounts to €2,517 K. These revenues will be recognized in the income statement over the next 24 months.

- Capitalized R&D

The amount activated for development costs for the first half of 2019 amounts to €3,279 K. It is broken down into:

- €457K for the Bostan processor (software developments).
- €2,822 K for the Coolidge processor

3.3 Expenses

Staff costs are up €720K compared to the first half of 2018. The salaried headcount stands at 81 at the end of June 2019, compared to 70 at the end of June 2018.

Other expenses are up €1,060 K compared to the first half of 2018.

This increase is mainly due to subcontracting expenses (+453 K€), for software developments and hardware design, as well as licenses for design tools (+286 K€), communication expenses, including financial communication (+€90K) and recruitment fees (+€70K).

3.4 Operating Income

Operating income was – €5,452 K at 30 June 2019, compared to – €4,163 K at 30 June 2018, a change of - €1,289 K.

Restated operating income, which is the operating income plus the Research Tax Credit, amounted to – €4,305 K in the first half of 2019 compared to – €2,775 K in the first half of 2018.

3.5 Financial Result

The financial result for the first half of the year is not significant, at -23 K€.

It was - €2,275 K at June 30, 2018, mainly due to the conversion premium of convertible bonds redeemed for subscription to the IPO, for €2,070 K.

II CONSOLIDATED ACCOUNTS

A - Consolidated accounts in French Gaap at 31 December 2018, 30 June 2018 and 30 June 2019 (limited review by the auditors)

Balance sheet as at 31 December 2018 and 30 June 2019

Income statement as of June 30, 2018 and June 30, 2019

Consolidated cash flow statements as at December 31, 2018 and June 30, 2019

Table of change in equity at December 31, 2018 and June 30, 2019

B- Annex

1. Description of Activity
2. Highlights of the Semester
3. Accounting Rules and Policies
4. Notes on Balance Sheet
5. Notes on Income Statement

A- Consolidated accounts

Consolidated balance sheet

Assets (K€)	Notes	30 June 2019	31 december 2018	31 décembre 2017
Intangible assets	4.1	15 699	14 217	9 649
Tangible assets	4.2	1 289	1 713	1 973
Financial assets		400	335	454
Non current assets		17 388	16 265	12 076
Stocks		271	216	239
Accounts receivable		273	411	133
Other receivables	4.3	4 464	4 173	1 990
Cash & Cahs equivalents		23 297	28 782	2 954
Current assets		28 305	33 582	5 316
Prepaid expenses		398	271	138
Total assets		46 091	50 118	17 530

Liabilities & Equity (K€)	Notes	30 June 2019	31 december 2018	31 décembre 2017
Shared capital		45 279	45 269	23 594
Share Premium		14 318	23 026	1 810
Reserves		-23 982	-24 221	-18 896
Result for the financial period		-4 357	-8 532	-6 843
Total Equity	4.4	31 259	35 541	-335
Provisions		115	85	18
Financial debts	4.5	6 929	6 271	8 498
Accounts payable	4.6	3 113	3 571	4 237
Tax and social contributions payable	4.6	1 440	1 360	1 388
Other debts/payable		688	472	-
Total Provisions & Liabilities	4.7	12 286	11 760	14 141
Deferred revenue	4.8	2 545	2 817	3 723
Total Liabilities& Equity		46 091	50 118	17 530

Consolidated income statement

P&L (K€)	Notes	30 june 2019	30 june 2018
Net Sales	5.1	456	322
Other revenue	5.2	4 390	3 356
Total other operating revenue		4 390	3 356
Cost of sales		-66	-81
Operating expenses (excl. Staff costs)	5.3	-3 447	-2 391
Taxes		-59	-57
Salaries & contributions	5.4	-3 872	-3 152
Amortization		-2 736	-2 108
Depreciation		-64	-
Other expenses		-54	-52
Operating expenses		-10 297	-7 840
Operating result		-5 452	-4 163
Financial income		1	33
Financial expenses		-24	-2 307
Financial result	5.5	-23	-2 274
Exceptional income		-	-
Exceptional expenses		-29	-26
Exceptional result	5.6	-29	-26
Income credit (tax)	5.7	1 147	1 385
Net result		-4 357	-5 079
Net result per share (€/share)		-0,962	-1,171
Net diluted result per share (€/share)		-0,962	-1,171

Cash flow statement

CASHFLOW STATEMENT (K€)	30 june 2019	31 december 2018
Net result	-4 357	-8 532
Depreciation and Amortization	2 800	4 585
Restatement of Subsidies revenue	-1 056	-1 682
Non cash financial expenses		2 163
Other restatements	-132	-42
Operating cash flow	-2 745	-3 508
Stocks variation	-55	23
AR variation	138	-404
AP variation	-379	-694
Tax credit receivable variation, net of prefinancing	-1 147	-2 189
Working capital variation	-1 443	-3 264
Cashflow from Operations and WC variation	-4 188	-6 772
Acquisition of fixed assets	-397	-3 226
Capitalized R&D, net of R&D subsidies	-2 028	-5 336
Disposal of fixed assets		213
Cashflow from Capex	-2 425	-8 349
Capital increase (net of costs)		40 942
Bonds/Bank loans	500	
Liquidity contract	-	-350
Subsidies cashed in advance	470	988
Refundable advances (net of reimbursements)	280	-539
Bank loans repayments	-122	-91
Cashflow from financing	1 128	40 950
Cash Variation	-5 485	25 827
Cash at beginning of period	28 782	2 954
Cash at end of period	23 297	28 782

** subsidies cashed for projects not yet under amortization

Change in equity

K€	Number of shares	Capital	Premium	Reserves and carry forward	Net result	Conversion gap	TOTAL EQUITY
31 december 2018	4 526 890	45 269	23 026	-24 207	-8 532	-15	35 541
Net result 2018			-8 709	177	8 532		0
Net result of the period					-4 357		-4 357
Capital increase	1 050	10	2				12
Sale/Purchase of shares (self-control)				72			72
Other variations			-	-10		1	-9
30 june 2019	4 527 940	45 279	14 318	-23 967	-4 357	-14	31 259

B – ANNEX TO FINANCIAL STATEMENTS

The information provided in this Annex is an integral part of the Company's financial statements as at 30 June 2019, as adopted by the Executive Board on October 23, 2019.

All amounts are expressed in EUR/1000 unless otherwise stated.

1. DESCRIPTION OF THE COMPANY'S ACTIVITY

These consolidated financial statements include KALRAY, its American subsidiary KALRAY Inc and its Japanese subsidiary Kalray KK (together "the Group").

KALRAY is a public limited company with Management Board and Supervisory Board, under French law, parent of the group. It is registered in the Grenoble Trade and Companies Register under number 507 620 557. The company's registered office is located at 180 avenue de l'Europe - 38330 MONTBONNOT SAINT MARTIN.

KALRAY Inc is a company incorporated under American law, created on December 5, 2013, with a capital of USD 1,000.00 and its registered office is located at 4962 El Camino Real, Los Altos, CA 94022 United States.

KALRAY Japan KK is a company incorporated under Japanese law, established on February 23, 2011, with a capital of 10 million yen and headquartered at 4-16-21 SHIMUMA, SETAGAYA-KU TOKYO, Japan.

The Group is specialized in the development of programmable high-performance integrated circuits.

2. HIGHLIGHTS OF THE HALF YEAR

2-1 Technical Achievements

- completion of the MPPA3 processor design, also known as Coolidge™. This is the third generation of MPPA® (Massively Parallel Processor Array). The completion of this design phase, and therefore the start of the manufacturing process, is evidenced by the Tape-Out phase that was completed in late July 2019.

- completion of the Nvme-TCP solution, which allows the use of new generations of fast memories (SSD) while facilitating their integration at the level of data centers.

2-2 Business Partnerships

Announcement of the strategic alliance, in January 2019, with NXP Semiconductors, leader in technologies for new generations of vehicles, to provide a safe and reliable solution for autonomous vehicles, combining the computing power of Kalray processors with the decision-making capacity of NXP processors within the NXP Bluebox solution.

- at the Apollo Bai Conference in Beijing in May 2019, Baidu confirmed the selection of Kalray and the MPPA® platform for its Apollo solution for autonomous vehicles;
- in July 2019, announcement of the collaboration with Japanese eSOL, a major player in the embedded market, including the automotive market, which is developing real-time embedded software that will integrate Kalray's MPPA® processor.

2-3 New R&D partnerships

In addition to the collaborative research projects launched in 2018, Kalray announced in the first half of 2019 its involvement in:

ES3CAP (Embedded Smart Safe Secure Computing Autonomous Platform): Kalray is the leader for this project, which brings together 11 industrial and academic partners, including Renault-Nissan-Mitsubishi and Easymile for the automobile, Safran Electronics & Defense and MBDA for avionics and defense as well as key academic partners, the CEA and the Inria. ES3CAP, with a total budget of €22.2 million over 3 years, will be financed up to €11.7 million through the Programme d'Investissements d'Avenir, operated by Bpifrance.

EPI (European Processor Initiative). EPI, officially launched in December 2018, brings together 26 companies and organizations from 10 European countries and is part of the European Exascale strategy. This project is funded under the European Union's Horizon 2020 program.

2-4 Post-closure Events

None

3. ACCOUNTING PRINCIPLES AND METHODS

The accounting rules and methods applied are in accordance with the updated Regulation 99-02.

The financial statements of the consolidated foreign companies, established in accordance with the rules in force in their respective countries, are restated to comply with the Group's principles.

The basic method used for the valuation of items entered in accounting is the historical cost method.

3.1 Accounting framework

The consolidated accounts shall be drawn up in accordance with the principles applicable in France.

The accounting rules and methods applied are in accordance with the updated Regulation 99-02.

The financial statements of the consolidated foreign companies, established in accordance with the rules in force in their respective countries, are restated to comply with the Group's principles.

3.2 Methods of consolidation

The methods of consolidation are as follows:

- The companies in which the Group exercises exclusive control are consolidated by global integration.

These consolidated financial statements include KALRAY, its American subsidiary KALRAY Inc., and its Japanese subsidiary KALRAY Japan, both directly owned at 100%, consolidated by global integration. The subsidiaries' contribution to the consolidated accounts is not significant.

3.2.1 Consolidation reprocessing

Thus, after harmonization, the following rules are respected:

- Use of the financial statements as at 30 June 2019 for all companies in the group,
- Application of homogeneous methods for all companies in the group,

- Elimination of reciprocal transactions from the consolidated package.

3.2.1.1 Acquisition difference

The Group is not concerned by the recognition of acquisition differences, given that all the subsidiaries have been created (not purchased).

3.2.1.2 Translation difference

When acquiring assets in foreign currency, the conversion rate used is the rate of the day.

Foreign currency liabilities, receivable and cash are shown on the balance sheet for their equivalent at the end of the financial period. The difference resulting from the discounting of debts and receivables in foreign currencies at the latter rate is shown in the balance sheet in translation difference.

Where appropriate, unrealized exchange losses are subject to a provision for risks, in full, according to the regulatory rules.

3.2.1.3 Deferred taxes

In accordance with the requirements of CRC 99-02, if the amounts are significant, the Group accounts for deferred taxes in the event of temporary differences between the tax and the accounting values of the assets and liabilities on the consolidated balance sheet.

For the periods presented, tax deficits are not subject to any activation in the absence of visibility regarding their allocation to future results.

3.3 Use of estimates and judgments

The preparation of the financial statements requires management to use estimates and assumptions deemed reasonable, which may have an impact on the amounts of assets, liabilities, equity, income and expenses shown in the accounts, as well as the information set out in the Notes. These estimates are based on a business continuity assumption and on the information available at the time of their establishment.

Management reviews its estimates and assessments on a consistent basis based on past experience and various other factors deemed reasonable, which form the basis for its assessments of the carrying value of assets and liabilities. Actual results may differ significantly from these estimates based on different assumptions or conditions.

The impact of changes in the accounting estimate is recorded prospectively.

3.4. Research and Development – In-house Research and Development

The Group applies the preferred method of capitalizing its development costs. Research expenses are recognized as an expense in the year in which they are incurred.

3.5. Other revenues

Other revenues include mainly capitalized production and subsidies.

Subsidies

KALRAY receives public funding from local, state or European bodies to cover all or part of research and development efforts on specific projects or themes. To the extent that development costs are capitalized as assets, corresponding subsidies are reported in the income statement as operating income at the rate of depreciation of these projects' costs.

Subsidies for non-capitalized projects are recognized as revenue based on the progress of expenditures incurred at the closing date. As a result, grants receivable may be recorded in the accounts if the award contract is signed but the grants have not yet been received in order to comply with the principle of attaching expenses to income.

3.6. Taxes on profits

These are tax credits and mainly the CIR (Research Tax Credit).

3.7. Income per share

Income per share is calculated by dividing the Group income by the weighted average number of shares outstanding during the year.

In accordance with the “share buyback” method, diluted earnings per share is obtained by dividing the Group income by the weighted average number of shares adjusted for the impact of the maximum conversion of dilutive instruments into ordinary shares.

When the basic net income per share is negative, the diluted income per share is the same as the base income per share.

3.8. Sectoral information

The Group has identified a single operational sector corresponding to the development of high-performance microprocessors.

4. NOTES ON CONSOLIDATED BALANCE SHEET

4.1 INTANGIBLE ASSETS

INTANGIBLE ASSETS GROSS VALUE	Development expenditures	Software	IP BOSTAN	Other intangible assets	WIP	TOTAL
Valeur au 31 décembre 2018	47 875	2 567	864	132	11 020	62 458
Augmentations de l'exercice			32		187	219
Production immobilisée	457				2 821	3 279
Transferts				118		118
Valeur au 30 juin 2019	48 332	2 567	896	250	14 029	66 075

AMORTIZATION	Development expenditures	Software	IP BOSTAN	Other intangible assets	WIP	Total amortization
Valeur au 31 décembre 2018	45 204	2 564	430	42	-	48 240
Value for the period	1 828	2	277	27		2 135
Valeur au 30 juin 2019	47 032	2 566	707	69	-	50 374

NET VALUE	Development expenditures	Software	IP BOSTAN	Other intangible assets	WIP	Total net
31 december 2018	2 670	4	434	90	11 020	14 217
30 june 2019	1 300	2	189	181	14 029	15 700

As of June 30, 2019, the outstanding fixed assets relate to the Coolidge processor for €14,029 K (€11,020 K as of December 31, 2018):

- €10,564 K for internal development costs
- €3,395 K for external subcontracting and integrated Ips

Amortization will begin from the time the prototypes are available, scheduled for November 1, 2019.

The net book value of the Corporation's intangible assets (development, licensing and other intangible assets, including outstanding assets) of 15,700 €K as of June 30, 2019 is broken down as follows between the two generations of products currently being designed and developed:

- Bostan: €1,489K
- Coolidge: €14,029 k
- other intangible assets (brands and software): €182 k.

4.2 Tangible assets :

Tangible assets Gross value (K€)	Tools & equipments	Other	Total	Total brut
Valeur au 31 décembre 2018	8 900	1 127	10 027	10 027
Acquisitions	79	99	177	177
Disposal			-	-
Valeur au 30 juin 2019	8 979	1 226	10 204	10 204

Amortization	Tools & equipments	Other	Total	Total amortissements
Valeur au 31 décembre 2018	7 754	560	8 314	8 314
Amortization of the period	508	94	601	601
			-	-
Valeur au 30 juin 2019	8 262	654	8 916	8 916

Tangible assets Net value (K€)	Tools & equipments	Other	Total	Total net
31 december 2018	1 146	567	1 713	
30 June 2019	717	572	1 289	

4.3 Other receivables :

RECEIVABLES (K€)	30 June 2019	31 december 2018
Research tax credit (CIR)	3 758	2 611
Competitivity tax credit (CICE)	32	32
Tax receivables (VAT...)	260	383
Accrued subsidies	383	1 135
Other receivables	29	11
<i>Sub-Total</i>	4 463	4 172
Prepaid expenses	398	271
TOTAL	4 861	4 443

As of 30 June 2019, the claim of CIR 2018 has not yet been repaid and a claim has been recognized for the first half of 2019 (€1,147 K).

4.4 Share Capital

As at 30 June 2019, the share capital consists of 4,527,940 shares with a nominal value of €10. During the reporting period, capital has evolved as follows:

	Ordinary shares number	Nominal value	Share capital in EUROS
Au 31 décembre 2018	4 526 890	10,00 €	45 268 900
Exercize of stock-options - May 2019	1 050	10,00 €	10 500
Au 30 juin 2018	4 527 940	10,00 €	45 279 400

The Company has issued several BSA and BSPCE plans. As of June 30, 2019, the BSA/BSPCE assigned and valid allow 460,822 new shares to be subscribed.

The general meeting of 29 May 2019 authorized the issuance of 152,835 BSA/BSPCE that have not yet been allocated on 30 June 2019.

4.5 Financial debts

	31 décembre 2018	Issuances	Repayments	30 juin 2019
Conditional advances (R&D) (1)	5 815	517	-237	6 094
Bank loans (2)	457	500	-122	835
Financial debts	6 271	1 017	-359	6 929

(1)Repayment on schedule of advances for Sacha, Prometheus and HIP3G projects and collection of the repayable advance for ES3CAP.

(2) Repayment of bank debt that is part of the continuation plan in effect since July 2014 (end March 2022) and that bears no interest. Subscription of a €500 K loan from the CIC (48-month term, rate 2.30%) to finance R&D projects.

Maturity of borrowings and financial debts:

	30 juin 2019
Less than 1 year	1 106
From 1 to 5 years	5 823
Over 5 years	-
Total	6 929

4.6 Operating debts

A portion of operating debts (tax and social security debts and supplier debts) is part of the continuation plan, repayable until 2022. The total amount due under the plan is €1,325 K, of which €604 K is tax and social security debts.

In addition, the supplier debts at 30 June 2019 include a debt to the CEA, amounting to €1,382 K (€1,63 K at 31 December 2018), which is the subject of a repayment agreement until 2022.

4.7 Maturity of the Group's borrowings, financial debts and operating debts at 30 June 2019.

Debts (K-€)	AT 31 december 2018	At 30 June 2019	Repayment H2 2019	Repayment 2020	Repayment 2021	Repayment 2022	2023 & after
Conditional advances (excl.those in Plan)	5 290	5 709	434	972	1 502	2 284	517
Bank loans (excl.those in Plan)		500	63	125	125	125	63
Continuation plan (Plan)	1 806	1 325	-	481	481	363	
<i>refundable advances</i>	525	385	-	140	140	105	-
<i>Bank loans</i>	457	336		121	121	94	-
<i>tax and social debts</i>	449	329		120	120	89	
<i>accounts payable</i>	375	275		100	100	75	
CEA debt	1 633	1 382	377	502	408	95	
accounts payable	1 563	1 456	1 456				
tax and social debts	911	1 111	1 111				
Subsidies received in advance	472	688		688			
TOTAL	11 675	12 171	3 441	2 768	2 516	2 867	580

4.8 Accruals and Accruals Liabilities

Amount: €2,545 K. These are prepaid proceeds from subsidies for development projects. These revenues will be recognized as these projects are amortized

5. NOTES ON P&L

5.1 Net sales

It consists of sales of cards, development stations, licences and services to customers in the evaluation and qualification phases.

Cards and development stations: €80 K (€72 K in the first half of 2018)

Licences and services: 379 K€ (€250 K in first half 2018)

It was realized in Europe for 86%, in the USA for 1% and in Asia for 13%.

5.2 Other revenue

Other revenue	30 june 2019	30 june 2018
Capitalized R&D	3 279	2 502
Subsidies	1 056	853
Reversal of provision	31	-
Other	24	1
Total	4 390	3 356

In the first half of 2019, fixed capital production is broken down into:

- €457 K for the Bostan processor (€725 K for the first half of 2018). Software developments related to this processor.

- €2,821 K for the Coolidge processor (€1,777 K for the first half of 2018): hardware design, test tool design and software qualification and development.

5.3 Opex

Opex (K€)	30 june 2019	30 june 2018
Rent & facilities	131	120
Design tools Licenses	697	411
Subcontracting (R&D)	1 237	784
Professional fees	610	549
Travel	277	266
Other opex	496	261
TOTAL	3 447	2 391

Opex are up €1,060 K compared to the first half of 2018.

This increase is due in particular to:

- subcontracting expenses (Studies and research) +€453K for software development and hardware design,
- licenses for design tools (+€286K)
- under Other expenses, communication expenses, including financial communication +€90K, and recruitment costs +€70K.

5.4 Personnel costs

Staff costs are up €720 K compared to the first half of 2018 and amount to €3,872 K. The salaried workforce stands at 81 at the end of June 2019, compared to 70 at the end of June 2018.

5.5 Financial Result

FINANCIAL RESULT (K€)	30 june 2019	30 june 2018
Exchange gain	1	33
Financial revenue	1	33
Loans interests	-8	-171
Exchanges losses	-16	-67
Other financial expenses		-2 069
Financial expenses	-24	-2 307
Result	-23	-2 274

Reminder: as of June 30, 2018, no-conversion premium of €2,069 K from the 2018 convertible bonds, recorded as financial expenses at the time of the IPO. This early and full repayment of the 2018 convertible bonds led to the recognition of a claim that allowed bondholders to subscribe to the IPO.

5.6 Exceptional result

RESULTAT EXCEPTIONNEL (K€)	30 juin 2019	30 juin 2018
Subventions	-	-
Produits exceptionnels	-	-
Charges sur opérations de gestion		-26
Dotations aux amortissements et provisions	-29	-
Charges exceptionnelles	-29	-26
Résultat exceptionnel	-29	-26

5.7 Taxes

This is mainly the research tax credit, calculated for a value of €1,147 K (€1,385 K at 30 June 2018). Eligible expenditure increased over the period compared to the first half of 2018 (R&D outsourcing and increase in R&D staff), but the subsidies received in the first half of 2019 are higher than those received in the first half of 2018 and reduce the research tax credit.

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