

SuperSonic Imagine announces its results for the first half of 2018

- Further sales growth for the 8th consecutive quarter (+15% at constant currency)
- Cost control enabling a 6% reduction in operating expenses
- 15% improvement in EBITDA to -€3.7 million
- Cash position of €8.7 million at June 30, 2018

**SuperSonic Imagine will host a conference call at 6.30 pm CEST today.
To participate, please call +33 (0)1 70 71 01 59 followed by participant PIN 215 538 19#**

Aix-en-Provence, September 11, 2018 – 6:00 pm CEST – SuperSonic Imagine (Euronext, FR0010526814 – SSI – PEA-PME eligible), the highly-innovative ultrasound company, today announces its financial results for the first half of the year to June 30, 2018.

Michèle Lesieur, CEO and President of SuperSonic Imagine's Board, comments: *"With this 8th consecutive quarter of growth, SuperSonic Imagine is continuing its sales momentum, notably on its two key overseas markets, China and the United States. The strong growth in our sales of Services, which is also the result of the increase in our installed base, is highly satisfactory too. Having obtained 510 k clearance from the FDA and CE marking for our new Aixplorer MACH[®] 30 platform, we are currently in this product's industrial ramping up phase, which is taking longer than anticipated and will push back Aixplorer MACH[®] 30's positive impact on our sales to the fourth quarter of the year, we anticipate our first deliveries at the beginning of October. Nevertheless, bolstered by a solid sales performance, cost control and the upcoming commercial launch of our new platform, we are reaffirming our target of generating positive EBITDA in 2019".*

Audited accounts in thousands of euros	H1 2018	H1 2017	Change (%)
Sales	11,180	10,292	+9%
Other revenue	-	-	-
Total revenue	11,180	10,292	+9%
Cost of sales	-6,619	-5,556	+19%
Gross margin	4,561	4,736	-4%
Gross margin on sales ¹	4,561	4,736	-4%
Gross margin on sales (%) ²	40.8%	46.0%	-5.2 pts
Operating expenses	-9,936	-10,516	+6%
EBITDA	-3,735	-4,399	+15%
Core operating result	-5,374	-5,780	+7%
Operating result	-6,202	-5,780	-7%
Financial result	-923	-1,599	-
Net profit/loss	-7,179	-7,391	+3%

¹ Gross margin on sales = Sales – Cost of sales

² Gross margin on sales (%) = Gross margin on sales / Sales.

Continuation of the sales momentum, with an 8th straight quarter of sales growth

Supersonic Imagine recorded sales of €11.2 million in the first half of 2018, up +9% (+15% at constant currency). Product sales totaled €9.5 million, up +5% (+11% at constant currency), while Services sales increased by +34% to €1.7 million (+40% at constant currency).

During the first half, at constant currency, China continued its strong growth (+51% to €4.8 million), followed by the United States (+23% to €1.7 million). Globally, sales in Asia and the Americas grew by +34% and +24% respectively at constant currency. The EMEA zone slipped back -4% to €4.5 million as a result of the temporary fall in sales in France. As a reminder, this decrease followed the launch of a new call for tenders by the *Union des Groupements d'Achats Publics* (UGAP), France's leading central public purchasing office for public hospitals, whose ultrasound orders were momentarily frozen. Excluding France, the EMEA zone recorded buoyant growth of +22% over the half.

Gross margin on sales: 40.8%

The gross margin on sales was €4.6 million in H1 2018 (vs. €4.7 million in H1 2017), and represented 40.8% of sales, a reduction of -5.2 percentage points.

Excluding the currency effect, the gross margin rate on sales decreased by -3.2 pp; half of which was due to an adjustment of our sales prices to accompany the transition period between the old and new platforms, and half to adjustments to inventory provisions on the current platform in connection with the introduction of Aixplorer Mach[®]30, i.e. cyclical effects.

Improvement in EBITDA and the core operating result

At June 30, 2018, the core operating result improved by +€0.4 million to -€5.4 million (vs. -€5.8 million in the first half of 2017). In the first half of 2018, operating losses accounted for 48% of sales, a significant improvement vs. the first half of 2017 (56%).

Over the first half of 2018, operating expenses decreased by 6% to -€9.9 million (vs. -€10.5 million in 2017). The weight of operating expenses on sales fell 13 percentage points to 89% from 102% a year earlier, a reduction of -€0.6 million, through good cost management.

Net R&D expenses were down 18% at €1.6 million. This substantial decrease was, as expected, a result of the end of the development of our new platform, which is now in its industrialization phase. Nevertheless, the Group is maintaining its R&D investments, devoting a sizeable portion of its sales (37% of H1 2018 sales) to this activity.

General and Administrative costs were down 6% at €3.1 million, and Sales & Marketing costs were stable at €5.3 million.

All in all, EBITDA³ improved by 15%, or +€0.7 million, with a loss of -€3.7 million at June 30, 2018 versus a loss of -€4.4 million at June 30, 2017.

* EBITDA at June 30, 2018 corresponds to the core operating loss, i.e. -€5.4 million, restated for taxes of -€219 thousand and amortization / provisions of -€1.4 million. EBITDA at June 30, 2018 was thus -€3.7 million.

* EBITDA at June 30, 2017 corresponds to the core operating loss, i.e. -€5.8 million, restated for taxes of -€199 thousand and amortization / provisions of -€1.2 million. EBITDA at June 30, 2017 was thus -€4.4 million.

Upturn in the financial result and slight improvement in the net loss

The first-half financial result improved by €0.7 million, to -€0.9 million at June 30, 2018 vs. -€1.6 million at the end of June 2017, as a result of the following:

- +€0.3 million reduction in financial interest, including:
 - +€0.7 million corresponding to the early repayment of the Norgine loan in the first half of 2017, with no impact on 2018;
 - -€0.4 million essentially associated with the Kréos loan taken out in March 2017
- +€0.4 million improvement in the foreign exchange result.

Once non-recurring operational elements and the financial result are taken into account, SuperSonic Imagine recorded a net loss of -€7.2 million over the first six months of 2018 (vs. -€7.4 million for the same period of 2017).

Cash position of €8.7 million at June 30, 2018

At June 30, 2018, the Company had a cash position of €8.7 million (vs. €19.0 million at December 31, 2017), giving net cash burn of €10.3 million, which broke down as follows:

- -€6.6 million cash burn associated with operating activities in H1 2018 (vs. -€3.4 million in H1 2017). This €3.2 million change in cash burn principally came from Working Capital Requirements, notably with an impact due to:
 - inventories stocks, with preparations for the marketing of the new platform (2 simultaneous product ranges and the supplying of spare parts for this new product);
 - trade receivables, because of the substantial improvement in this item in H1 2017. Note that the trade receivables to sales ratio remained stable between June 30, 2017 and June 30, 2018;
 - trade payables, because of a new tax charge in China and the freezing of bonuses with respect to 2016 that positively impacted H1 2017.
- -€3.5 million cash burn associated with investment activities in H1 2018 (vs. -€4.0 million in H1 2017). The reduction in cash burn was €0.4 million, and was a consequence of the decrease in R&D investments.
- -€0.2 million cash burn associated with financing operations in H1 2018 (vs. €16.8 million in H1 2017). This substantial change was mainly due to the Company's refinancing in H1 2017.
- +€0.1 million impact of currency fluctuations on the cash position (vs. -€0.3 million in H1 2017).

Elisabeth Winter, Executive VP and Financial Director of SuperSonic Imagine, adds: *“Our cost management enabled us to offset a very negative currency effect in the first half of the year, and thus to generate a 15% improvement in EBITDA, in line with our target of breaking even in terms of EBITDA in 2019. At the same time, in terms of cash, we are continuing to monitor and optimize our Working Capital Requirements, which will continue to increase as the Company grows. We are currently in talks to obtain additional financing – thus far non-dilutive – in order to accompany the Company's development and growth”.*

Next financial press release: Q3 2018 sales, on October 17, 2018



About SuperSonic Imagine

Founded in 2005 and based in Aix-en-Provence (France), Supersonic Imagine is a company that specialises in medical imaging. The company designs, develops and markets a revolutionary ultrasound platform, Aixplorer®, which uses UltraFast™ technology that can acquire images around 200 times faster than conventional ultrasound systems. In addition to providing exceptional image quality, this unique technology is the foundation of several innovations which have changed the paradigm of ultrasound imaging: ShearWave™ Elastography (SWE™), Angio PL.U.S – Planewave UltraSensitive™ Imaging and, more recently, TriVu and Needle PL.US. ShearWave Elastography allows physicians to visualise and analyse the stiffness of tissue in real-time using a reliable, reproducible and non-invasive procedure. This is an important parameter in diagnosing potentially malignant lesions or other diseased tissue. As of today, over 300 publications have demonstrated the value of SWE in the care of patients with a wide range of diseases. The UltraFast Doppler combines colour flow imaging and pulsed wave Doppler into one simple test, providing physicians with the results of both simultaneously, therefore enhancing the efficiency. The latest innovation, Angio PL.U.S, provides a higher level of microvascular imaging through significantly improved colour sensitivity and spatial resolution, while maintaining exceptional 2D image quality. SuperSonic Imagine has been granted regulatory clearances for the commercialization of Aixplorer® on the main markets. Since April 2014, the SuperSonic Imagine company has been listed on Euronext, symbol: SSI).

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