SUPERSONIC imagine

Registration Document
Annual Financial Report

December 31, **2014**

French *société anonyme* with a Management Board (Directoire) and a Supervisory Board (Conseil de Surveillance),

with share capital of €1,606,822.80

Registered office: 510, rue René Descartes - Les Jardins de la Duranne Bât E et Bât F

13857 Aix-en-Provence Cedex 3 - FRANCE

481 581 890 RCS Aix-en-Provence

Registration Document for the year ended December 31, 2014

AUTORITÉ DES MARCHÉS FINANCIERS

Pursuant to its General Regulations, in particular Article 212-23, the Autorité des Marchés Financiers (the "AMF") registered this Registration Document in its French version on 28 April 2015 under number R.15-027. This document may be used in support of a financial transaction only if it is supplemented by a prospectus approved by the AMF. It was prepared by the issuers and is the responsibility of its signatories.

Registration under the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code was granted after the AMF verified that the document is complete and comprehensible and that the information that it contains is accurate. It does not imply authentication by the AMF of the accounting and financial information presented.

Copies of the French-language version of this document are available free of charge at the registered office of SuperSonic Imagine, 510 rue René Descartes, Les Jardins de la Duranne, Bât E et Bât F, 13857 Aix-en-Provence Cedex 3, France, as well as on the SuperSonic Imagine website (www.supersonicimagine.fr) and on the AMF website (www.amf-france.org).

TABLE OF CONTENTS

Important Notice

Throughout this Registration Document, the terms “SuperSonic Imagine” and “Company” refer to SuperSonic Imagine, a French limited company (*société anonyme*) with a Management Board and a Supervisory Board whose registered office is located at 510 rue René Descartes, Les Jardins de la Duranne Bât E et Bât F, 13857 Aix-en-Provence Cedex 3, France, registered with the Corporate and Trade Register of Aix-en-Provence under number 481 581 890. The term “Group” refers to the group of companies made up of the Company and all of its subsidiaries.

A glossary defining certain terms used in this Registration Document is included in Chapter 26.

Warning

Information on the market and competition

This registration document contains information relating to the Group’s markets and competitive position, in particular in Chapter 6 “Business Overview”. This information stems in particular from studies carried out by external bodies. The publicly available information, which the Company considers reliable, was not verified by an independent expert, and the Company cannot guarantee that a third party using different methods to gather, analyze or calculate such market data would obtain the same results. Moreover, the Group’s competitors could define the markets differently.

Prospective information

This Registration Document contains indications on the Group’s development priorities and prospects. These indications are sometimes identified by the use of future or conditional tenses or terms with a prospective connotation such as “consider”, “envisage”, “think”, “objective”, “expect”, “intend”, “have to”, “aim to”, “deem”, “believe”, “wish”, “may” or the negative form of these terms where appropriate, or any other variant or similar terminology. This information does not consist of historical data and must not be interpreted as a guarantee that the facts or data mentioned will actually materialize. Such information is based on data, assumptions and estimates that the Company deems reasonable. It is liable to evolve or to be modified due to uncertainties, in particular with respect to the economic, financial, competitive and regulatory environment. This information is mentioned in various sections of the Registration Document and contains data relating to the Group’s intentions, estimates and objectives concerning such aspects as the market in which it operates, its strategy, its growth, its results, its financial position, its cash flow and its forecasts. The prospective information mentioned in this Registration document is valid solely as of the date of this Registration Document. The Group operates in a constantly changing competitive environment. It is therefore impossible for the Group to anticipate all risks, uncertainties or other factors liable to affect its activities, or their potential impact on its activities or the extent to which the occurrence of a risk or combination thereof could affect the results mentioned in any prospective information. It is recalled that none of this prospective information provides any guarantee of actual results.

Risk factors

Investors are prompted to carefully read the risk factors described in Chapter 4 “Risk Factors” of this Registration Document before making any investment decision. The occurrence of all or some of these risks is liable to have a material adverse effect on the Group’s activities, financial position, results or prospects. Moreover, other risks not yet identified or deemed insignificant by the Company as of the date of registration of this Reference Document may also have a material adverse effect.

1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THIS DOCUMENT

Jacques Souquet, Member of the Management Board.

1.2. STATEMENT OF THE PERSON RESPONSIBLE FOR THIS DOCUMENT

I hereby certify, after having taken all reasonable measures to that effect, that the information contained in this registration document is, to my knowledge, in accordance with the facts and contains no omissions likely to affect its significance.

I certify that, to my knowledge, the financial statements were prepared in accordance with applicable accounting standards and give a true and accurate view of the assets, financial position and results of the Company and all companies within its scope of consolidation, and that the management report contained in this registration document, as specified in the reconciliation table in Chapter 27.1, presents an accurate picture of the changes to the business, earnings and financial position of the Company and all companies within its scope of consolidation and a description of the principal risks and uncertainties they face.

I have obtained a completion letter (*lettre de fin de travaux*) from the statutory auditors in which they state that they have verified the financial position and the financial statements contained in this Registration Document and read this Registration Document in its entirety.

Aix-en-Provence, 28 April 2015.

Jacques Souquet
Member of the Management Board

1.3. PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Gordon Waldron
Chief Financial Officer
Address: 510 rue René Descartes, Les Jardins de la Duranne Bât E et Bât F, 13857 Aix-en-Provence Cedex 3 - FRANCE.
Telephone: +33 442 992 436
Fax: +33 483 075 167
Email:gordon.waldron@supersonicimagine.com

2. STATUTORY AUDITORS

2.1. STATUTORY AUDITORS

ERNST & YOUNG ET AUTRES
Represented by Franck Sebag
1/2 Place des Saisons, 92400 Courbevoie - Paris La Défense 1 - France
Initial appointment date: appointed by the Ordinary Shareholders' Meeting on 5 July 2010.
Date of expiration of current engagement: Annual Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2015

ARES X·PERT AUDIT
Represented by Laurent Peyre
26, Boulevard Saint Roch,
BP 278,
84011 Avignon Cedex 1 FRANCE
Initial appointment date: appointed by the Ordinary Shareholders' Meeting on 16 May 2012.
Date of expiration of current engagement: Annual Shareholders' General Meeting convened to approve the financial statements for the financial year ending 31 December 2017.

2.2. DEPUTY STATUTORY AUDITORS

AUDITEX
11, allée de l'Arche, Faubourg de l'Arche, 92400 Courbevoie, France

Initial appointment date: appointed by the Ordinary Shareholders' Meeting on 5 July 2010.
Date of expiration of current engagement: Annual Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2015

Philippe RUIU
26, Boulevard Saint Roch,
84000 Avignon.

Initial appointment date: appointed by the Ordinary Shareholders' General Meeting on 16 May 2012.
Date of expiration of current engagement: Annual Shareholders' General Meeting convened to approve the financial statements for the financial year ending 31 December 2017.

During the period covered by the historical financial data, no statutory auditor has resigned or been dismissed.

3. SELECTED FINANCIAL INFORMATION

The key financial information presented below is extracted from the Group's consolidated financial statements for the financial year ended 31 December 2014, prepared in accordance with IFRS as adopted by the European Union, and presented in Chapter 20.1.

It must be read in combination with the information contained in Chapter 9 "Analysis of the Results and Financial Position", Chapter 10 "Cash and Capital Resources" and Chapter 20 "Financial Information" of this Registration Document.

- ***Condensed Consolidated Income Statement***

Consolidated data IFRS (in thousands of euros)	Fiscal year 2014 12 months audited	Fiscal year 2013 12 months audited
Revenues	19,761	16,961
Other income	1,819	
- Cost of sales	(12,364)	(10,723)
Gross margin	**9,216**	**6,238**
Current operating income (loss)	**(9,480)**	**(11,289)**
Operating income (loss)	**(10,784)**	**(11,723)**
Financial income (loss)	**(219)**	**(168)**
Net income (loss)	**(11,108)**	**(11,967)**

- ***Condensed Consolidated Balance Sheet***

Consolidated data IFRS (in thousands of euros)	Fiscal year 2014 12 months audited	Fiscal year 2013 12 months audited
Non-current assets	**11,251**	**6,879**
Of which intangible assets	7,464	5,385
Of which tangible assets	1,279	1,210
Of which non-current financial assets	2,509	284
Current assets	**60,664**	**19,545**
Of which cash and cash equivalents	42,204	6,437
TOTAL ASSETS	**71,915**	**26,424**
Shareholders' equity	**51,062**	**11,788**
Non-current assets	**6,643**	**6,580**
Of which long-term debt	5,562	5,488
Of which provisions and other non-current liabilities	716	744
Current liabilities	**14,210**	**8,056**
Of which short-term debt	3,021	1,189
Of which provisions and other current liabilities	6,664	3,944
TOTAL LIABILITIES	**71,915**	**26,424**

- ***Simplified consolidated cash flow***

Consolidated data IFRS (in thousands of euros)	Fiscal year 2014 12 months audited	Fiscal year 2013 12 months audited
Cash flows provided from/(used in) operating activities, before change in WCR	(8,910)	(9,934)
Cash flows provided from/(used in) operating activities	**(8,717)**	**(14,154)**
Cash flows provided from/(used in) investing activities	**(5,145)**	**(2,684)**
Cash flows provided from/(used in) financing activities	**51,589**	**19,070**
Change in cash and cash equivalents over the period	**37,727**	**2,232**

4. RISK FACTORS

Investors are urged to take into consideration all of the information contained in this Registration Document, including the risk factors described in this chapter, before they decide to purchase or subscribe for Company shares. In the preparation of this document, the Company examined the risks liable to have a material adverse effect on the Group, its business, financial position, results and prospects and deems that there are no significant risks other than those mentioned herein.

Nevertheless, the investors' attention is drawn to the fact that other unknown risks, or risks whose occurrence is not deemed liable to have, on the date of registration of this document, a material adverse effect on the Group, its business, its financial position, its results, or its prospects, may exist.

4.1. RISKS RELATED TO THE MARKETS IN WHICH THE GROUP OPERATES

There are alternatives to the Group's technologies and the emergence of new competing technologies cannot be excluded.

The products developed by the Group are sold on markets in which there are already alternative solutions (X-ray and conventional radiology, scanner, nuclear medicine, MRI), whose use is widespread in the practices of physicians and other medical personnel. There are also alternative solutions to the innovations offered by SuperSonic Imagine in ultrasound imaging (see Section 6.2.1 of this document).

Even though the Company believes that other available solutions are less efficient than Aixplorer®, especially since conventional ultrasound machines do not deliver with the same speed and the same type of information as that which is provided by Aixplorer®, competing technologies, whether already in existence, under development, or still unknown, could in the near or more distant future gain significant market share and reduce the Group's capacity to successfully market its products.

Despite the significant resources it dedicates to research and development activities to preserve its technological edge, the Company cannot guarantee that other technologies allowing real-time viewing and quantitative analysis of tissue elasticity will not be developed, and that the technology integrated by the Company into Aixplorer® will establish itself as the benchmark in medical ultrasound imaging.

Group competitors with significant financial means or newcomers on the market could also develop new technologies that are more efficient and/or less expensive than those developed by the Group, thereby reducing the demand for existing Group products or lowering its sale and/or maintenance prices.

Maintaining the competitive position of the Group may also require additional significant investments in product improvement, new product development, distribution networks or in sales and marketing. These competitive pressures could have a material adverse impact on the Group's business, financial position, results, development and prospects in the medium and long-term.

The Group is competing with large sized players.

The medical ultrasound imaging market is characterized by a strong concentration around large-size players with considerable financial means. Five of these (General Electric Healthcare, Philips Healthcare, Toshiba Medical Systems, Hitachi Aloka Medical and Siemens Healthcare) held a combined 77% of the market in 2012 (See Section 6.4.3 of this document).

Although the Group has in recent years been able to access this market, with high barriers to entry, it remains subject to competition from multi-disciplinary groups whose range of products covers all imaging needs and related services, whereas the Group is present only on the ultrasound market.

Moreover, the relative youth and size of the Group in relation to some of the industry's major long-established players may be perceived as a handicap by certain customers, in particular from a maintenance point of view (as the Company does not offer the same guarantees of reliability and durability as certain competitors).

Furthermore, it may not be excluded that a competitor with considerable financial means may sharply reduce the price of all or part of its products that compete with the Group's, notably through economies of scale, to try to limit or curtail the penetration of the Group's products in such markets, and the Group is unable to match such price drops.

The occurrence of one or more of those risks may also have a material adverse effect on the Group's business, financial position, results, development and prospects in the medium and long-term.

4.2. RISKS RELATED TO THE GROUP'S BUSINESS

4.2.1. RISKS RELATED TO THE GROUP'S COMMERCIAL DEPLOYMENT

The Group's development will partly depend on its capacity to step up its commercial deployment in its main existing markets and in new markets. This commercial deployment will rest on several factors, such as:

- Adhesion of health professionals, and opinion leaders in particular, to its innovative technology;
- the quality of the maintenance service provided by the Group;
- the Group's capacity to mobilize the required sales forces; and
- the Group's capacity to expand the commercial reach for its products.

The Group's development will depend on the pace at which its innovative imaging technology is adopted by health professionals.

The Group's pace of development will depend heavily on its ability to convince key opinion leaders and more generally health professionals present on current and future markets. Its target customers are hospital radiology departments, private radiology offices, clinics or private imaging services and cancer treatment centers.

Despite the compelling results of the clinical trials already conducted, the support of several learned societies across the world, numerous scientific publications relating the benefits of the Group's innovative solutions in comparison with existing technologies, and the satisfaction of current users of its products, health professionals may be reluctant to change their medical ultrasound imaging practices and switch to the Group's technology and Aixplorer®, particularly for the following reasons:

- the investment represented by the acquisition of an Aixplorer® system;
- their lack of experience in the use of Aixplorer®;
- insufficient amount of favorable clinical data published; and
- the size of the Company and its relative youth in comparison with certain competitors.

The Group's ability to increase recognition of its brand among health professionals will depend mainly on clinical evidence demonstrating its diagnostic superiority. This will occur in particular through the conduct and results of future clinical studies, which are inherently uncertain. While the conduct of clinical studies is not a regulatory requirement in the present case, the Group promotes and coordinates the conduct of such studies by its customers worldwide, as their results support its commercial development.

Moreover, should the Group fail, to publish prominent scientific studies on a regular basis, acceptance by opinion leaders and professionals in the relevant medical fields would be delayed. The Group's ability to market its equipment would thereby be affected, which could have a material adverse effect on the Group's business, financial position, results, growth and prospects.

User satisfaction will partly depend on the Group's capacity to preserve the quality of the maintenance service it provides for its ultrasound systems.

The Group has a dedicated service for the maintenance of its ultrasound systems. The maintenance team is composed of repairers employed by the Company, as well as Company-trained external service providers operating in certain geographical areas.

In the geographical areas in which the Group does not yet have a strong commercial presence, the low number of Aixplorer® systems sold by the Group has the automatic effect of limiting the amount of maintenance to be carried out. As a result, maintenance providers may not have the same expertise and practice as those working in areas where the Group has a greater presence.

This situation could have a negative impact on the quality of maintenance service offered by these providers, which are trained by the Company.

In such geographical areas, there is therefore a risk that the Group may be unable to maintain a high-quality maintenance service for its installed systems, which could have a material adverse effect on the Group and its business, financial position, results, development and prospects.

The Group may not be able to set up the required sales forces within the appropriate time frame or under the conditions required for its expansion.

The Group's commercial deployment is reliant on direct and/or indirect sales forces, depending on the geographical region (for further details, refer to Section 6.8.2 "Direct and Indirect Distribution" of this registration document).

The Group cannot guarantee that it will be able to hire, train, and retain:

- a skilled direct sales force within a time frame and under financial conditions compatible with its expansion in the countries in which it sells its products directly, in particular France and the United States;
- the employees needed to hire and manage distributors in countries that are covered by an indirect sales force.

Moreover, in geographical regions where it relies on, or intends to rely on, distributors (particularly the United States, China, India, Brazil, Japan, Russia, Saudi Arabia and the Persian Gulf Emirates), the Group cannot guarantee that it will be able to keep its existing distributors and enter into new distribution agreements, or that the available distributors will have the required ultrasound imagery skills and dedicate the resources required for the successful marketing of its products. In general, such distributors are medical equipment distributors who have numerous products to promote and market, thereby leaving a limited amount of time for each product. In order to limit this risk, part of the direct sales force is tasked with providing support to Group distributors in order to help them conduct commercial actions such as participation in trade shows and demonstration workshops in healthcare institutions.

At the end of December 2014, the indirect sales network included 70 distributors (including 19 in China) and had 19 sub-distributors working for the Indian distributor (for further details, refer to Section 6.8.2.2 of this document).

The use of territorial exclusivity clauses in some of the distribution agreements could be challenged by French and European legislation. Thus, under certain circumstances, those clauses could be considered illegal, in particular if they are perceived as abusive product price-fixing by the Company or as an obstacle to free competition. The exclusive distribution agreements contracted with

independent distributors for sales carried out in the European Union could then be null and void and/or give rise to financial penalties against the Group if some of their clauses were found to be unlawful.

The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results, development and prospects in the medium and long-term.

The Group may have difficulties with hiring, managing and developing its distribution network.

The Group conducts a portion of its sales indirectly through a network of distributors. The Group may experience difficulties with recruiting new distributors, renewing or terminating contracts with some of them, or be faced with solvency problems of these distributors. Details are given in Sections 4.2.4, 4.4.6 and 20.8 of this Registration Document.

The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results, development and prospects in the medium and long-term.

The Group's development will depend on its capacity to develop its range of products to expand its commercial reach.

The Group intends to continue its research and development efforts in order to improve its existing products and develop new products to expand its commercial reach.

The Group's ability to find new applications for existing products, introduce new products and expand its markets geographically will depend on obtaining approvals as may be necessary.

The pace of development of the Group may be affected by the general context of cuts in public spending.

The general economic situation involving cuts in public spending could affect the Group's growth pace, as it may give rise to:

- a drop in the orders from public-sector customers or their postponement, even when the Company was selected following a call for tender;
- the extension of those customers' terms of payment; and/or
- a reduction in the refund of all or part of the costs of the medical services performed with the Company's products, thereby limiting its technology's market penetration.
- The international geopolitical context can also have a negative impact on sales.

This could also result in a market preference for low-end or mid-range products (less expensive) while the Group is positioned on the premium and high-end markets.

The occurrence of one or more of those situations could affect the Group's growth pace.

The Group's rate of development could be affected by the arrival of new players in the imaging market.

In the last few years, and even in recent months, significant investments have been made by actors trying to enter the imaging field.

Should any major new innovations occur, the Group's competitive advantage could be diminished and prospects for rapid development could suffer accordingly.

4.2.2. INTELLECTUAL PROPERTY RISKS

The Group relies, to a large extent, on the exclusive nature of its intellectual property and know-how to maintain its competitive edge in key areas and license some of its innovations to promote their adoption on a wider scale by the medical profession. However, the Group may be unable to maintain or obtain appropriate protection and thereby preserve its technological and competitive edge.

For the success of its business, it is important for the Company to be able to obtain patents, maintain them and ensure their protection. This also applies to all other intellectual property rights in the countries where the Company operates, notably in Europe, the United States, China, South Korea and Japan.

To protect its products and technology, the Group relies on the protection afforded by intellectual property rights, such as patents and trademarks, as well as on exclusive licensing agreements, confidentiality agreements, or other contracts for its technological secrets and know-how. However, these methods provide only limited protection and may fail to prevent the unlawful use of the Group's products or technology by third parties or partners.

The innovative technology on which the Group's business is based is mainly protected by:

- several patents and patent applications covering the hardware and software aspects of its existing products, as well as a certain number of other technologies or processes under development;
- the Group's know-how, which covers in particular the product architecture, which is entirely software-based, as well as manufacturing methods and the choice of some critical components.

The Company may encounter difficulties in getting its pending patent applications approved. Moreover, the delivery of a patent does not guarantee its validity, or enforceability, each of which may be contested by third parties. Furthermore, while the Company generally has patents registered or pending in the countries in which it operates (notably the United States, the main European countries, and some countries in Asia), it has not yet applied for patents in all of those countries. In addition, there are still some countries that do not protect intellectual property rights in the same way as in Europe or the United States, and effective procedures and rules necessary to ensure the rights of the Company may not exist in those countries.

The Company cannot fully guarantee that:

- the Company will manage to develop other patentable inventions;
- the Company was the first to come up with a particular invention and apply for a patent, given the fact that, in most countries, patent applications are published 18 months after the filing of the applications and any patent previously filed in any other country could be used against the Company;
- the Group's pending applications will result in the delivery of patents and consequently the protection of the targeted inventions in all the countries in which those patent applications have been filed;
- third parties will be unable to claim property rights on patents or other intellectual property rights fully or jointly held by the Company, or for which it holds a license;
- Company employees will not claim rights or the payment of additional remuneration or a fair price in consideration of inventions that they participated in creating;
- the patents delivered to the Group will not be contested, invalidated or circumvented;
- the extent of the protection afforded by the patents is sufficient to protect the invention against competition and third-party patents on similar products or devices;
- legal actions or referrals to the competent offices and/or bodies will not be necessary to ensure the protection of the Company's intellectual property rights, protect its trade secrets or determine the validity and scope of its intellectual property rights; and

- the Group's technology does not infringe on patents or other intellectual property rights belonging to third parties.

The Group's competitors could thus successfully contest the validity of its patents before a court or through other procedures. Depending on their results, such claims could reduce the scope of the patents, invalidate them or enable competitors to circumvent them. Consequently, the Group's rights under those patents may fail to afford the expected protection against competition.

Similarly, the Group's competitors may also challenge the freedom of operation of certain aspects of the product that require the Company to modify its engineering or license patents from third parties.
In addition, third parties (or even employees of the Company) may use or attempt to use the elements of the Company's technology protected by intellectual property rights, which would create a harmful situation for the Company. The Company may therefore be forced to initiate judicial or administrative proceedings against third parties to enforce its legal rights, including intellectual property rights (patents, trademarks, designs, or domain names). Some competitors that have more funds than the Company may be better able to bear the costs of litigation.
In addition, the Group's trademarks are major components of its identity and products. Despite the registration of the "SuperSonic Imagine" trademark (especially in France, Europe, the United States and China) and "Aixplorer MultiWave™®" trademark (especially in France, Europe, the United States and Japan) and "Aixplorer®" trademark (in France and the United States), third parties may use or attempt to use these trademarks or other Group trademarks, thereby causing prejudice to the Group's business and image.

The occurrence of one or more of those risks could have a material adverse effect on the Group's business, financial position, results, development and prospects in the medium and long-term.

The Group shares certain parts of its know-how and develops jointly-held rights within the scope of collaboration agreements with third parties.

The Company cannot guarantee that Aixplorer® and its technology, which are closely linked to its know-how and technological secrets, are adequately protected against competitors and will not be usurped or circumvented, notably within the scope of collaboration and research & development agreements. Indeed, in the collaboration and research & development agreements entered into by the Group, the latter must often provide its contractual partners with various parts of its know-how, which may or may not be protected by patents, notably information and data concerning product research, development, manufacturing and marketing.

The Group strives to limit the communication of key parts of its know-how to third parties to the strict minimum required for the collaboration they have with them and contractually ensures that such third parties undertake not to use, misappropriate or communicate this information, through the use of confidentiality clauses. However, the Group cannot guarantee that such third parties will comply with those agreements, that the Group will be informed of any violation of these clauses, or that any compensation it may obtain would be sufficient in view of the prejudice suffered.

Also, such collaboration and research & development agreements expose the Group to the risk of seeing its co-contracting parties claim the benefit of the intellectual property rights on Group inventions, knowledge or results.

Moreover, such agreements could give rise to jointly-held intellectual property rights or the granting of exclusive operating licenses under conditions which are unfavorable to the Group.

Finally, the framework agreement for cooperation between the Company and the National Center for Scientific Research (CNRS), the École Supérieure de Physique et de Chimie Industrielles of the City of Paris and the University Paris Diderot - Paris 7 formally expired, but the parties nevertheless continue to collaborate pending the signing of an amendment formalizing its extension. These agreements have existed since the creation of the Company and are renewed every two years (see Chapter 22 of this document for more details on these contracts.)

Although the Company is confident that this contract will be renewed, it cannot guarantee that it will occur. In the event of non-renewal, the ability of the Company to exploit the discoveries and technologies developed under the contract would not be questioned insofar as, if the Company does not own them, it at least owns a share of them as a joint owner. Nevertheless, the Company would lose the benefit for the future of successful collaboration with leading partners promoting the discovery of new innovations and thus strengthening the competitive advantage of the Group's products.
The non-renewal of this contract would likely have an adverse effect only on the competitive advantage of the Group's product offer, and therefore on its activities, development and future performance prospects, but would not impede the Group's ability to market its products.

The exclusive nature of the Group's business partly depends on technologies belonging to third parties.

The Group operates two exclusive licenses that directly affect the type of shear wave elastography used by Aixplorer®, i.e., the licenses granted by Mr. Armen Sarvazyan.

Other licensing agreements

The Company has entered into licensing agreements with industrial and academic actors in the field.

The main terms and conditions, and particularly the royalties paid by the Group to the respective patent license owners, are detailed in Section 11.2.3 and Chapter 22 of this document.

As long as the Group uses licensed technologies, it will be dependent on such technologies granted to it. Any violation of the licensing conditions by the Group could result in the loss of the right to use the technology in question. This could have a material adverse effect on the Group, its business, its financial position, its results, its development and its prospects.

It cannot be ruled out that legal action may be taken against the Group for patent infringement.

For the success of its business, it is important for the Group to be able to have unencumbered use of its products and technology with respect to third-party patents or intellectual property rights.
The Group's protection of its intellectual property rights represents a significant cost, notably for the registration and upkeep of its patents and the management of its other intellectual property rights. Such costs could increase, especially if legal actions were to be introduced by the Group in order to enforce its own patents. Moreover, if legal action proved necessary to assert the Group's intellectual property rights, protect its technological secrets or know-how or determine the validity and extent of its intellectual property rights, such action could have a material adverse effect on the Group's results and financial position, possibly without securing the protection sought.

Likewise, keeping watch for unauthorized use of the Company's distinctive products and marks is difficult. While the Group has set up a monitoring system in this respect, it cannot be certain that it will be able to avoid misappropriation or unauthorized use of its products, especially in foreign countries where its rights would be less well protected or where the Company uses distributors to market its products.

While the Company commissions its intellectual property consultants to carry out regular studies on its freedom of use, it cannot guarantee that there are no existing third-party patents or other intellectual property rights that may cover some of the Group's activities, products or technologies, thus enabling such third parties to take legal action against the Group for patent infringement or on similar grounds, to obtain damages or cessation of the unlawful use of the product or process at stake.

If such actions were to be instituted and proved legitimate, in whole or in part, the Group would be obliged to purchase a license or stop or delay the research, development, manufacturing or sale of the products or processes targeted by these actions, thereby significantly affecting its business activities.

In particular, in addition to the payment of financial compensation, the Group may be required to:

- stop manufacturing, selling or using the products or technology in question, in a given geographical region, thereby reducing its revenues;
- obtain a third-party intellectual property license under unfavorable conditions for the Group;
- find alternative solutions which do not infringe the intellectual property rights of third parties, something which may, in certain cases, prove impossible or costly in terms of time and financial resources, and could thus hinder its marketing efforts.

Proceedings instituted against the Group, irrespective of their outcome, could also give rise to substantial expenses, disrupt its operations, and jeopardize all or part of its activities, its image and its reputation.

To date, the Group has made no objection against any third party patents and no patents of the Group have been the subject of an objection. However, the occurrence of one or more of the above-mentioned risks could have a material adverse effect on the Group's business, its financial position, its results, its development and its prospects.

4.2.3. RISKS RELATED TO THE MANUFACTURING PROCESS OF THE GROUP'S PRODUCTS

The Group depends on subcontractors for the supply of part of the components of the Aixplorer® system.

Aixplorer® includes components and raw materials of various types, including mechanical, electronic and acoustic components.

To secure its production process, the Group has made sure it has several sources for the supply of its main components. Moreover, it stores a large inventory of components.

With regard to mechanical and electronic components, the Group estimates its dependence risk to be low, as it could get supplies from competitors of its current subcontractors.

Some components deemed critical by the Company such as power supplies and control panels are single-source components, largely because of the joint development work between the Company and the supplier to ensure that the components are customized specifically for Aixplorer®. The Company is making every effort to find other sources for these critical components. In 2014, the Company was able to secure a second supply source with the introduction of three new probes from another supplier.

The Group depends on third parties for the manufacturing and assembly of its products.

The Group depends on third parties for the manufacturing of all of its products. Thus, its commercial success partly rests on its capacity to get its subcontractors to manufacture its products in compliance with regulatory provisions, in the required quantities, within the requested deadlines and in a cost-effective way. Problems could arise during their manufacturing or distribution and give rise to delays in the supply of the products, with possible consequences such as a costs increase, a drop in sales, the deterioration of relations with customers and, in certain cases, a product recall causing prejudice to the Group's image and risks in terms of the Group's liability, if the problems were only discovered after the sale.

Moreover, the manufacturing of the Group's products is particularly complex and demanding, notably because of applicable regulations and the specifications imposed by the Group. All of the processes

used for the manufacturing of the Group's equipment and consumables have been patented by the Group, and are therefore covered by the certificates obtained by the Group for CE mark and Food and Drug Administration (FDA) approval.

Should the Group change critical suppliers or subcontractors for its equipment and consumables, it would need to re-validate the manufacturing process and procedures in accordance with applicable standards and norms. In this case, additional tests and verifications, or even regulatory certification procedures, may be necessary. This procedure could be costly, time-consuming and require the attention of the Group's most qualified personnel. Should these new authorizations be refused, the Group may be required to look for another supplier or subcontractor, something which may delay the production, development and marketing of its products and increase their manufacturing costs.

The Group also outsources the assembly of its products to the global market leader in the medical device assembly. This supplier, who holds the FDA GMP (Good Manufacturing Practice) label, is an important player in the sector and has two large key multinational companies from the imaging sector among its clients. Until late December 2013, the equipment was manufactured on the European site of the supplier, who also has installations in the United States and in Asia. The transfer of production (tools, equipment, knowledge and training) undertaken since July 2013 was finalized in 2014, and as of April 2014, production was completely and effectively relocated to the supplier's facilities in Malaysia.

The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results, development and prospects.

Should, for a variety of reasons, the relationship with one of the Group's suppliers or subcontractors be terminated, the Group may be unable to find a subcontractor with the same competence level within the required time frame or under satisfactory trade conditions.

Moreover, this dependence on third-party manufacturers poses additional risks to which the Group would not be exposed if it produced its products itself, i.e.:

- non-conformity of the products manufactured by the third-parties with regulatory requirements and quality standards and test;
- violation by such third parties of their agreements with the Group; and
- termination or non-renewal of the agreements for reasons beyond the Group's control.

Furthermore, the Company cannot guarantee that its subcontractors or suppliers will always comply with applicable regulations, authorizations and standards. Should the products manufactured by the suppliers or the quality systems prove non-compliant with applicable regulations or standards, penalties could be imposed on the Group. Such penalties could include fines, injunctions, the payment of damages, the suspension or withdrawal of the authorizations or certificates obtained, license withdrawals, product seizure or recall, restrictions of operation or use, and criminal proceedings. All such measures may have a material adverse effect on the Group's activities.

To minimize the risks linked to subcontracting, in addition to the stringent selection criteria it has set up, the Group guarantees the quality of the products delivered by having its production teams perform the final setting of its products prior to their dispatch to customers.

Should commercial deployment intensify, it is possible that the Group would increase its level of subcontracting, entailing similar risks.
The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results, development and prospects in the medium and long-term.

4.2.4. RISKS RELATED TO THE GROUP'S CUSTOMERS

The installed base of over 1,000 systems sold as of 31 December 2014 were marketed with a portfolio of customers composed of both healthcare institutions (hospitals and clinics) and medical imaging centers, and of independent practitioners and distributors.

As healthcare institutions and medical imaging centers generally function on budget lines, the Group has very rarely been confronted with insolvency problems and the amounts involved have not been significant. The same is true for independent practitioners.

As for distributors, during the selection process, the Group checks the solidity of their financial position and makes sure that they comply with local regulations for the distribution of medical devices. To date, the largest of them is one of the Chinese distributors. However, the Group cannot exclude the possibility that one or more of its distributors could default in their payment obligations to the Group, as was the case with the Group's former distributor in Brazil. The Group has established a debt repayment schedule with that distributor, for which all relevant details are given in Note 12 to the consolidated financial statements in Chapter 20.1.

The average terms of payment granted to the Group's customers vary according to each country's practices. In certain cases, down-payments are required with the order, and installments are payable at various stages of the sale (shipping, delivery, installation, final acceptance).

The Group's practices vary according to the country risk analysis. When the analysis reveals a high-risk level, the order must be paid in full upon shipping or documentary credit is required.

For these reasons, the Group deems that it is not confronted with significant dependence on a customer.

Finally, even though most distribution agreements give the Company the option to unilaterally terminate the contract in the event of a change of control of the distributor, it should be noted that only one contract also provides for such a right for the distributor in the event of a change of control of the Company. The main clauses of the contract are summarized in Chapter 22.4 of this document.

The contribution of the Group's main customers to its consolidated revenue is shown in Section 4.4.6 "Risks related to interest rates, credit and cash management" below.

4.2.5. RISKS RELATED TO PRODUCT LIABILITY CLAIMS

Besides legal guarantees, the Group could be exposed to liability claims during the clinical practice or commercial operation of its products, in particular product liability claims. Criminal charges or legal proceedings could be lodged against the Group by users (patients, practitioners, researchers, and other healthcare or research professionals), regulatory authorities, distributors, or any other third parties using or marketing its products.
To date, no such claims or legal actions have been lodged against the Group on this ground, which has subscribed liability insurance policies providing for the following cover limits:

- before delivery (operating liability): €8 million per claim, per year of insurance;
- after delivery (product liability): €7 million per claim, per year of insurance (including the United States and/or Canada).

The Company cannot guarantee that its current insurance cover will be sufficient to meet the liability claims, which may be lodged against it. Should the Company be found liable and be unable to obtain and maintain appropriate insurance cover at an acceptable cost, or protect itself in any way against liability claims for defective products, its image would be severely affected, as well as the marketing of its products. In a broader way, this would have a material adverse effect on the Group's activities, results, financial position, development and prospects.

4.2.6. RISKS RELATED TO THE PRODUCT WARRANTY GIVEN BY THE GROUP

In parallel with the setup and upkeep of a Quality Management System (QMS) certified compliant with international norm ISO 13485: 2003, aimed at ensuring that its products comply with strict quality criteria, the Group gives its customers a warranty of at least one year following the commissioning of Aixplorer® units sold. This warranty may be extended to a maximum of five years, depending on the customers' needs. This warranty covers defects of component materials and the conformity of the delivered products with the technical specifications and description.

Although the Company believes that the risks of implementing this contractual guarantee are reasonably provisioned (see Notes 3.17 b and 19 in the notes to the consolidated financial statements prepared under IFRS in Chapter 20.1 of this document), it cannot guarantee that these provisions are sufficient to meet the implementation of the contractual guarantee by all its customers. Should the Company be found liable, and be unable to obtain and maintain appropriate provisions, or protect itself in any way against such contractual warranty claims, the marketing of the products would be adversely affected. In a broader way, this would have a material adverse effect on the Group's activities, results, financial position, development and prospects.

Likewise, once the equipment sold by the Group is no longer covered by the warranty, the Group offers a choice of several maintenance contracts that cover all or some of the spare parts and labor (see Section 9.1.6 of this document). While the price of these contracts has been set so as to ensure a satisfactory operating margin for the Group, the occurrence of frequent hardware failures or the defectiveness of a critical component across a significant portion of the installed base would have a material adverse effect on the Group's activities, results, financial position, development and prospects.

4.3. RISKS RELATED TO THE GROUP'S ORGANIZATIONAL STRUCTURE

4.3.1. RISKS OF DEPENDENCE ON KEY PEOPLE

The Group could lose key personnel and be unable to attract other qualified persons.

The Group's success largely depends on the commitment and expertise of its managers in general and particularly on key employees such as Jacques Souquet and Claude Cohen-Bacrie, its sales teams and its qualified Research & Development scientific personnel.

The Company has taken out “key personnel” insurance for some members of the Management Board. The departure of one or more of these persons or other key employees of the Group could give rise to:

- losses of know-how and the weakening of certain activities, especially if such persons were to join competitors; or
- deficiencies in terms of technical skills which may slow down activities and, in the longer term, alter the Group’s capacity to reach its objectives.

To address this risk, the Group has set up dedicated contractual provisions adapted to its activity and which comply with labor law requirements: non-compete and non-solicitation clauses, as well as transfer of intellectual property and confidentiality clauses. It has also set up personnel incentive and loyalty-building measures in the form of performance-related pay, the granting of securities giving access to the share capital of the Company (warrants, founders’ warrants [bons de souscription de parts de créateur d’entreprise] and free shares).

Moreover, the Group will need to recruit new managers, sales representatives and qualified scientific personnel for the development of its activities. It is in competition with other companies, research institutes and academic institutions, notably to recruit and gain the loyalty of highly qualified scientific, technical and management personnel. Since competition is stiff, the Group may be unable to attract or retain such key personnel under economically acceptable conditions.

The Group’s incapacity to attract and retain such key people could generally prevent it from reaching its objectives and thus have a material adverse effect on its business, results, financial position, development and prospects.

4.3.2. RISKS RELATED TO THE MANAGEMENT OF THE GROUP’S INTERNAL GROWTH

As part of its development strategy, the Group will need to recruit additional personnel and develop its operational capacities, which could put significant strain on its internal resources.

To this effect, the Group will particularly need to:

- train, manage, motivate and retain an increasing number of employees;
- anticipate the expenses required for this growth and the related financing requirements;
- anticipate the demand for its products and the revenues they are liable to generate;
- increase the capacity of its existing IT systems dedicated to operations, finance and management;
- increase its production capacities as required, as well as its inventory of critical materials; and
- maintain the current customer support and quality levels.

The Group’s incapacity to manage this growth, or unexpected difficulties encountered during its expansion, could have a material adverse effect on its business, results, financial position, development and prospects.

4.4. FINANCIAL RISKS

Also refer to Note 4 “Financial risk management” to the consolidated financial statements in Section 20.1 of this document. All figures below are extracted from the consolidated financial statements prepared under IFRS norms.

4.4.1. HISTORY OF LOSSES - SPECIFIC RISKS RELATED TO FORECAST LOSSES

Since its incorporation in 2005, the Group has recorded operating losses related primarily to the innovative nature of the products developed, which involve a research and development phase of several years until the marketing phase.

At 31December 2014, consolidated net losses accumulated since the Group was incorporated (the sum of consolidated net losses recognized for the financial years ended 31December 2009 to 2014 and the negative retained earnings as of 1January 2009) amounted to €83 million, including a loss of €11.1 million for the financial year ended 31December 2014.

Cumulative operational losses by the Group over the last two financial years ended 31 December 2013 and 2014 amounted to €23.1 million. These losses mainly stem from commercial and marketing expenses and the research & development costs incurred.

The Group should incur further operating losses over the coming years. These losses could result in particular in expenses incurred as a result of its commercial development and its research activities, depending on:

- the possible stiffening of regulatory requirements governing the manufacturing of its products;
- the need to obtain new certifications for the marketing of SuperSonic Imagine products in new markets;
- the marketing and sales expenses required, depending on progress made in the development of new products;
- unplanned additional expenses and slower-than-expected progress in its research and development programs,

recalling, however, the objective of achieving the breakeven point in terms of EBITDA within five years after the Company's initial public offering (see Chapter 12 of this document).

4.4.2. LIQUIDITY RISK - FUTURE NEED FOR ADDITIONAL CAPITAL AND FINANCING

Since its inception, the Company has financed its growth by increasing its capital through:

- successive capital increases (the most recent being the largest: the Company's initial public offering in April 2014, which raised €54.8 million gross, €50.3 million net of expenses associated with the initial public offering),
- public support for innovation in the form of repayable loans and public subsidies and repayment of Research Tax Credit debt,
- a bond issue in December 2013, which is described in Note 17.2 to the consolidated financial statements in Chapter 20.1 of this document,
- short-term financing totaling €3 million as of December 31, 2014.

A detailed table of financing by type and by year received by the Company since its creation is included in Section 10.1.2 of this document.

The Company has undertaken a specific review of its liquidity risk and deems itself capable of meeting its commitments for the coming twelve months. Also refer to Chapter 10.5 of this document.

In the future, the Group will continue to have significant financing needs for the development of its technologies and the marketing of its products.

The level of the Group's financing needs and their sequencing in time depend on factors that are largely beyond the Group's control, such as higher costs and slower progress than expected for:

- its research and development programs
- obtaining regulatory approvals, including preparation time for application files with the competent authorities; and
- ensuring the commercial development of its products.

It is possible that the Group may fail to establish additional financing or experience a significant increase thereof. Furthermore, should the necessary funds not be available, the Group may have to limit its production or development of new markets.

Moreover, should the Company raise capital through the issuing of new shares, its shareholders' holdings could be diluted. Financing through loans, if available, could also impose restrictive conditions, especially of an operational nature, for the Company and its shareholders.

The occurrence of one or more of these liquidity risks could have a material adverse effect on the Group, its business, its financial position, its results, its development and its prospects.

4.4.3. RISKS RELATED TO RESEARCH TAX CREDIT

To help finance its activities, the Group has opted to receive a research tax credit (*crédit d'impôt recherche* or CIR). The research expenses eligible for CIR notably include wages and emoluments, the depreciation of research equipment, the cost of services outsourced to approved research bodies (public or private) and intellectual property costs.

The tax authorities may modify the calculation of R&D expenses used by the Company or the CIR may be jeopardized by a change in regulations or may be contested by the tax services even though the Company complies with the requirements in terms of documentation and eligibility of the expenses. If such a situation were to occur, it could have an unfavorable effect on the Group's activity, results, financial position, development and prospects.

In 2010, the Company's taxes for 2007 and 2008 were audited because there was no adjustment proposal for those years.

At December 31, 2014, the debt on the CIR for which the Company sought reimbursement amounted to €3.585 million, including the CIR for 2013 (€1.739 million) and 2014 (€1.846 million). As indicated in Note 13 to the consolidated financial statements in Chapter 20.1, given its SME status in EU terms, debts related to the research tax credit ("CIR") are usually repaid within one year of their recognition.
As an exception, the CIR for 2013 was not repaid in 2014, due to the tax audit currently underway. On March 17, 2014, the Company was notified of a tax audit for 2011 and 2012. As such, it is customary for all of the company's payments in progress to be suspended, and this was the case for the CIR.
The Ministry of Research, which is conducting the review of the CIR, concluded in its January 29, 2015 report, determined a total amount due for the audited Research Tax Credits. As a result, the 2013 research tax credit, the payment of which was blocked pending the findings, was paid in April 2015.

4.4.4. RISKS RELATED TO THE USE OF PUBLIC GRANTS AND ADVANCES

Since its inception, the Group has received a total of €2.019 million in repayable grants and €5.965 million in subsidies, bonuses and similar payments. The details of these amounts are presented in Chapter 10.1.2 of this document.

Should the Company fail to comply with the terms and conditions of the agreements signed for repayable advances, it could be obliged to repay the amounts advanced earlier than scheduled. Such a situation could deprive the Group of certain financial resources required to complete its research and development projects.

Accordingly, the total remaining cash includes €1.063 million in subsidies and €2.176 million in repayable grants from Bpifrance (formerly OSEO) for the ICARE development project presented in chapter 10.1.2.4 of this document. Given the strategic decision that led to a review of the project's configuration, not only will the Company not seek payment of the remaining amounts (totaling €3.239 million), but it will also pay the sum of €807,000 corresponding to uncommitted expenditures on the total of €1.775 million in grants already received. Please refer to Note 35.5 to the consolidated financial statements contained in Chapter 20.1 of this document.

In the event that advances were granted and booked to deferred income, if the Company does not spend the amounts required to maintain such grants, it may be obliged to repay them.
Please refer to Sections 10.1.2.4 and 10.1.2.5 of this document, in which descriptions of the repayable advances and grants obtained by the Company are listed.

4.4.5. FOREIGN EXCHANGE RISK

The Group carries out its business internationally and is thus exposed to foreign exchange risks stemming from its operations in currencies other than the euro, which is the Company's functional currency and the currency in which it presents its financial statements.

The operating results and assets of the foreign entities (US, Chinese and British), as well as the Group's liquidities, are exposed to foreign exchange fluctuations, mainly to the EUR/USD exchange rate.

All of the Group's sales are denominated in EUR excluding sales in China, sales by the Company's US subsidiary, sales by the USA area distributor and sales to some of the French company's customers made in dollars. Dollar sales represented 38% of total Group sales in 2014.

The Group's exposure to fluctuations in EUR/USD exchange rates is limited to the extent that the dollar amounts collected cover a majority of supplier invoices in that currency (since 2014, the Group's main subcontractor invoiced the production of ultrasound devices in USD).

Should this exchange rate change by more than +5%, the Group believes, for the year ended 31 December 2014, that the impact in absolute terms on its operating income would have been an expense of nearly €300,000.

Despite an automatic hedge between purchases and sales in dollars, the possibility exists that the Group will in the medium or long-term be in a significant net short position in USD with a more or less

strong exposure to the currency based on sales denominated in USD. A study is underway to consider the future establishment of ad hoc foreign exchange hedging.

4.4.6. RISKS RELATED TO INTEREST RATES, CREDIT AND CASH MANAGEMENT

Interest rate risk

As of the filing date of this document, the interest rate risk exposure affects:

- the excess cash investments of cash equivalents consisting exclusively of money market funds (€38.6 million at 31 December 2014),
- the use of a short-term overdraft of €3 million.
- In December 2013, the Group also conducted a bond issue of a nominal amount of €5 million, which was subscribed at a fixed rate.

The Company believes that any change of +/-1% in interest rates would have a non-significant impact on net income in relation to the losses generated by its operating activities.

Credit risk and cash management risk

The Group manages its available cash in a prudent way. The cash and cash equivalents include liquidities and the current financial instruments held by the Group. As these are mainly comprised of money market funds (SICAV) as of December 31, 2014, the Group is not exposed to risk on shares or other financial instruments.

The credit risk related to cash, cash equivalents and current financial instruments is not significant in view of the quality of the financial institutions used by the Group.

Concerning its customers, the Group does not consider itself to be facing a significant concentration. The five largest customers of the Group (including distributors) together accounted for 41% and 42% respectively of its consolidated revenues for 2014 and 2013, while the contribution of the larger of them for the same years was 16% and 14%, with the understanding that each time, it was a distributor.

In order to assess in a meaningful way the potential risk associated with contributions from major customers, it should be outlined that four of the five largest contributors for the financial year ended December 31, 2014 are distributors having generated their own revenue from several end customers (concerning dependency with respect to distributors, see Section 4.2.1 “Risks related to the Group’s commercial deployment” above).

The Company has set up policies that enable it to ensure that its customers have an appropriate credit rating. Until the end of 2012, the Company was only marginally facing solvency problems on the part of its customers. In early 2013, it has however been confronting the financial difficulties of its Brazilian distributor, thus preventing the distributor from honoring its debts. In late 2013, the Company signed with a new distributor that promised to repay the debt of the former Brazilian distributor. The repayment terms for the relevant debt are described in Note 12 to the consolidated financial statements in Chapter 20.1 of this document.

Finally, in connection with the issuance of bonds in December 2013, the Company granted as collateral for that loan, to holders of bonds with warrants attached, a pledge on the SuperSonic Imagine SA bank accounts. This pledge was supplemented in June 2014 by a commitment to maintain the Company a positive balance of at least €2 million in its bank accounts at any given time.

4.4.7. RISK OF DILUTION

The Company may, in the future, decide to issue new shares or award free shares or new financial instruments giving access to Company's share capital, in particular within the scope of its incentive policy towards its managers and employees.

As part of this incentive policy, the Company has, since its incorporation, regularly issued or granted free shares, warrants, stock options, and founders' warrants (*bons de souscription de parts de créateur d'entreprise*), including a part that is already exercisable. Within the scope of this policy, the Company could, in the future, issue or award new financial instruments giving access to the Company's capital.

The full exercise of all instruments giving access to capital that were issued and have not lapsed as of the registration date of this document would allow the subscription of 1,936,200 new shares while generating a dilution equal to 10.75% on the basis of fully diluted share capital and voting rights (see details in Chapter 21.1.4.6 of this document).

Any additional grant or issue would give rise to additional dilution, which may be significant for the Company's shareholders.

4.5. LEGAL RISKS

The Company manages in-house the legal aspects of its business, as well as its compliance with regulatory requirements (market authorizations, insurance, intellectual property, registration of trademarks and domain names, etc.). To this effect, the Company may use intermediaries, service providers or specialized advisors to supplement its expertise, or outsource certain tasks to them, especially with regard to intellectual property. The Company thus calls on local consultants, distributors or regulatory representatives for the submission of certification applications to certain local regulatory authorities. It also uses firms that specialize in intellectual property for the completion and filing of applications and insurance brokers.

4.5.1. RISKS RELATED TO THE REGULATIONS APPLICABLE TO THE MEDICAL DEVICES DEVELOPED BY THE GROUP AND ITS POSSIBLE CHANGE

The Group's products must comply with stringent, constantly changing regulations that govern their marketing. These regulatory constraints have a strong impact on all of the Group's activities and the development, control, manufacturing and sale of its products.

Complying with this regulatory process may prove long and costly, without any guarantee as to the actual granting of the approvals, the time taken to grant them or the upkeep of such approvals. If the certification or market approval for the Group's products was to be refused, suspended or withdrawn, their marketing could be delayed or prohibited in the relevant countries.

While the Group takes into consideration, within the scope of its business, the potential changes in legal requirements, standards and regulations applicable in the countries in which the Group markets or intends to market its products, new regulatory constraints could prevent the marketing of the

Group's products in the event of a withdrawal, suspension or non-renewal of the market approval or slow it down, notably by making their production or development more complex and more costly.

Such situations, if they were to take place, could have a material adverse effect on the Group, its business, its financial position, its results, its development or its prospects.

4.5.2. RISKS RELATED TO AUTHORIZATIONS ALREADY OBTAINED OR PROCEDURES UNDERWAY

4.5.2.1. RISKS RELATED TO THE REGULATORY ENVIRONMENT IN EUROPE – CE MARK

The Group's products are classified in Europe as medical devices and are governed by, inter alia, the provisions of European Council Directive 93/42/EC of 14 June 1993 on medical devices, which harmonizes the conditions for the marketing and free circulation of the Group's products within the European Economic Area.

The products can only be marketed once they have obtained certifications allowing the CE mark, which is valid for five years. The CE mark testifies to the compliance of the medical device with the essential health and safety requirements set by the applicable European Directive and confirms that it has undergone the appropriate compliance assessment procedures.

While the current products have already been granted the CE mark, the products under development will need to undergo the same regulatory procedures and their marketing could be delayed if their CE certifications are not obtained within the required time frame.

Such a situation, if it were to take place, could have a material adverse effect on the Group and its business, financial position, results, development and prospects.

However, the assessment method chosen by the Group, which rests on the overall quality system chosen by the Group, gives the process enough flexibility to consider this risk as being low.

Moreover, requests for the renewal of certifications require the on-going conformity of the quality management system (ISO), adaptation to regulatory changes, the update of risk management measures and compliance with the essential requirements of applicable European directives. The ISO certification is valid for three years and the CE mark is valid for five years. For the Company, the renewal of the ISO certification will be due in 2016 and of the CE mark in 2019.

If the Group failed to secure the renewal of the CE certification for its existing products within the required time frame, the marketing of its products would be interrupted pending these authorizations.

Such a situation, if it were to take place, could have a material adverse effect on the Group and its business, financial position, results, development and prospects.

4.5.2.2. RISKS RELATED TO THE REGULATORY ENVIRONMENT IN THE UNITED STATES OF AMERICA

The US market is governed by Title 21 of the Code of Federal Regulations (CFR), which regulates the marketing of medical devices by imposing pre- and post-market requirements overseen by the Food and Drug Administration (FDA).

The sale of products such as those manufactured by the Group on the US market is subject to an FDA pre-market notification procedure and to the quality system requirements laid down in 21 CFR820. These products are medical devices that present a moderate potential risk (FDA class II), for which it is possible to demonstrate substantial equivalence with a medical device already approved on the US market. The Company can thus use the so-called "510(k)" procedure to submit an application to the FDA. After approval of the application, the medical device is registered in a database kept up-to-date by the FDA.
The Company has already obtained several FDA approvals for its existing products, which cover the qualitative assessment and viewing of tissue stiffness.

The information concerning the US regulations applicable to SuperSonic Imagine systems is detailed in Section 6.7.1.2 "US Regulations" of this document.

The Company was inspected by the FDA in November 2014 as part of routine inspections carried out by that Agency. This inspection focused on the evaluation process set up by the Company. No major comments were made against the Company in connection with the inspection.

If the FDA approvals for the Group's existing products were to be managed, or if the requests for approval of the Group's new products were to be rejected by the FDA, the Company would be unable to sell its products on the American market or would have to implement other more lengthy and costly procedures to secure or renew its approvals. Such a situation, if it were to take place, could have a material adverse effect on the Group and its business, financial position, results, development or prospects.

4.5.2.3. RISKS RELATED TO THE REGULATORY ENVIRONMENT IN OTHER COUNTRIES

The marketing of medical products in other countries requires specific procedures in order to obtain the required approvals.

However, there are certification equivalences and recognitions in certain countries (notably Canada, Singapore and Australia). Such equivalences or recognitions are important factors taken into account in the Group's decisions to market its products in a new country.

The Group has already obtained market approval for its existing products in certain countries outside the European Union and the United States, notably Japan, China, Brazil, Russia and South Korea (refer to Section 6.7.1 "Market Approval in 63 Countries" of this document).

The Group's failure to secure or maintain the required approvals for its products could have a material adverse effect on the Group and its business, financial position, results, development or prospects.

4.5.2.4. RISKS RELATED TO MALFUNCTIONS IN MANUFACTURING PROCESSES (SUCH AS PRODUCT TRACEABILITY, ETC.)

The Company's products are classified as medical devices and, as such, come under specific regulations in all countries where they are made, tested and marketed. These regulations impose obligations, notably regarding:

- product design;
- pre-clinical tests and clinical trials of the products;
- product manufacturing, quality control and quality insurance;
- product labeling, including user instructions;

- product storage;
- product identification and traceability;
- data preservation procedures; and
- post-market surveillance and reporting of incidents linked to the use of the products.

These regulations apply to the Company as the manufacturer of the products.

The principle of full traceability of all product components, as well as the setup and upkeep by the Company of a certified Quality Management System (QMS) complying with international norm ISO 13485: 2003, as well as an optimized (Lean Manufacturing) manufacturing system, are designed to guarantee product quality and full compliance of all products with applicable regulations.

However, the Company cannot guarantee that its suppliers or subcontractors always comply or will always comply with applicable regulations at all stages. The notified body, during a certification or follow-up audit, or the regulatory authorities, during an inspection or any other regulatory process, could detect breaches to applicable regulations or standards and require that they be remedied through corrective actions liable to interrupt the manufacturing and supply of the Group's products. The suspension, total stoppage or total or partial prohibition of the activities of Group's suppliers could significantly affect the Group's business, financial position, results and reputation, development or prospects.

4.5.3. ENVIRONMENTAL RISKS

The Group's activities come under certain environmental regulations concerning hazardous substances and special waste. Until January 2014, the Group's business was outside the scope of the RoHS Directive (Restriction of the Use of certain hazardous substances in electrical and electronic equipment) (2002/95/EC) limiting the use of substances that are harmful to human health and the environment in electrical and electronic equipment. The RoHS Directive was amended and abrogated by Directive 2011/65/EU and now includes medical devices in its scope. In contrast, Directive 2011/65/EU contains special provisions for the application of the Directive in time. These provisions are applicable to ultrasonic transducers of the type used by the Company. The inclusion of medical devices in the scope of Directive 2011/65/EU should not have any impact on the Group before 22 July 2019 for products sold before 22 July 2014 and starting 22 July 2014 for products sold after that date. In addition, the Group already ensures that its suppliers and subcontractors comply with the provisions of Directive 2011/65/EU insofar as this requirement does not affect the essential safety performance of its products. In this context, the contracts and specifications signed with subcontractors mention the requirement of compliance with the RoHS Directive.

REACH (Registration, Evaluation, Authorization and restriction of Chemicals) is a European Regulation (EC No. 1907/2006) on the evaluation and authorization of chemical substances, and restrictions applicable to such substances (as such or in mixtures and articles). Its objective is to improve knowledge of the uses and risks of the chemicals made or imported into the European Union and ensure the management of the risks linked to their use. To meet its REACH obligations, the Group verifies that the substances contained in products placed on the market are registered if necessary and closely monitors the candidate list of so-called SVHCs (Substances of Very High Concern), which is updated regularly by the European Chemicals Agency (ECHA), along with the list of restrictions on the manufacturing, placing on the market and use of certain dangerous substances and mixtures and dangerous items contained in Annex XVII of the REACH regulation and undertakes the necessary actions with suppliers to ensure that products placed on the market do not contain such substances in a concentration higher than the specified level. The Group also tracks the SVHC list included in Annex XIV of the REACH regulation in order to ensure that its products are not under threat of a market ban.

The WEEE Directive on Waste, Electrical and Electronic Equipment (2012/19/EC) requires

manufacturers to organize and finance the collection, treatment and recycling of their products at the end of their life cycle. Under this Directive, all wastes from the Group's equipment and products together are reprocessed by a third-party company specializing in this field.

Compliance with these regulations is costly, and any changes would be likely to cause the Group to incur additional costs. Furthermore, any breach by the Group of these regulations may result in penalties or expose it to liability. Such situations would have an adverse effect on the Group's financial position, results, development and prospects.

4.6. INSURANCE AND RISK COVERAGE

The Group has set up a policy to cover its main insurable risks for amounts it deems compatible with the nature of its activities. At present, the Group is covered mostly by the following policies:

Risk covered	Coverage limits
Liability of corporate officers:	
Complete coverage	€10 million
Key-persons covering	€450,000 per event (€150,000 per person)
Aix-en-Provence offices and inventory (1,700m^2):	**€2.6 M**
Civil liability	
Operating liability	€8 million
Product liability	€7 million
Technical risks	
All IT risks	€245 K
Transported goods	**€0.9 M**

The amount of expenses paid by the Group for all insurance policies amounted to €131,000 in 2013 and €145,000 in 2014.

4.7. LEGAL PROCEEDINGS AND ARBITRATION

With the exception of the procedure described in Chapter 20.8 during the 12 months preceding the date of registration of this document, the Group has not been involved in any administrative, criminal, judicial or arbitration proceedings that could have a material adverse effect on the Group or its business, financial position, results or development. Likewise, to the Company's knowledge, the Group is under no threat of such proceedings as of the date of registration of this document.

5. INFORMATION ABOUT THE COMPANY

5.1. COMPANY HISTORY AND GROWTH

5.1.1. COMPANY'S REGISTERED NAME AND TRADE NAME

The name of the Company is: SuperSonic Imagine.

5.1.2. COMPANY REGISTRATION DETAILS

The Company is registered with the trade and company register of Aix-en-Provence under number 481 581 890.

5.1.3. DATE OF INCORPORATION AND TERM

The Company was set up on 10 March 2005 for a term of 99 years as from its date of registration in the trade and company register, i.e. from 4 April 2005 to 3 April 2104, unless dissolved beforehand or extended.

5.1.4. COMPANY'S REGISTERED OFFICE AND LEGAL FORM; LEGISLATION GOVERNING ITS ACTIVITIES

The Company is a French société anonyme with a Management Board and a Supervisory Board governed by French law, mainly by Articles L. 225-1 et seq. of the French Commercial Code.

The Company's registered office is located at 510 rue René Descartes, Les Jardins de la Duranne, Bât E et Bât F, 13857 Aix-en-Provence Cedex 3, France.

The Company's details are the following:

Telephone:	+ 33 (0)4 42 99 24 24
Fax:	+33 (0)4 42 52 59 21
Email:	contact@supersonicimagine.com
Website:	www.supersonicimagine.com

5.1.5. SIGNIFICANT EVENTS IN THE DEVELOPMENT OF THE GROUP'S ACTIVITIES

2005

March — Start of the business of the Company, founded by Jacques Souquet, Armen Sarvazyan, Claude Cohen-Bacrie, Damien Dolimier, Georges Charpak, Jérémy Bercoff and Marianne Leven, following the presentation in January of the winning project of the 7th contest to support of the creation of innovative technology companies set up by the Ministry of Higher Education and Research, with a prize of €450,000;

August — Capital increase of €300,000 and current shareholders' account advance of €200,000 from Auriga Partners and Jacques Souquet;
Repayable advance of €50,000 obtained under the IMPULSE program with the support of the Marseille Chamber of Commerce and Industry, three universities (Aix-en-Provence, Marseille and Avignon), the CEA, the CNRS and Bpifrance (formerly OSEO);

October — Regional Planning grant (*prime de l'Aménagement du Territoire*) of €550,000;

2006

March — 1st round of fund raising of €10 million from a pool of investment funds: Omnes Capital (formerly Crédit Agricole Private Equity), Auriga Ventures II, NBGI Ventures and BioAm;

November — Innovation grant of €661,000 obtained from the Pôle de Compétitivité Ile de France as part of a collaborative project conducted with Philips and two CNRS delegations (including Laboratoire Ondes et Acoustique), aimed at improving the sensitivity and specificity of medical imaging methods in the diagnosis of breast tumors;

2007

March — Opening of a subsidiary in the United States of America to manage the local network and develop R&D activities;

June — Grant of €1.3 million obtained from Bpifrance (formerly OSEO) to finance a €2.7 million prototype development program for clinical research in brain therapy using IRM-compatible HIFU (High Intensity Focused Ultrasound);
End of year availability of first manufactured prototypes in breast imaging;

October — "Entreprise de l'Avenir" award, Mediterranean region, and Créa13 award (Conseil Général of Provence Alpes Cote d'Azur, Eurocopter);

2008

March — Opening of a marketing subsidiary in the UK;

April — Start of a multi-center study on 17 sites (France, UK, Germany, Italy, United States) on the benefit of ShearWave™ Elastography Technology for breast examination;

Bond issue of €4 million subscribed by the first-round investors. These bonds will be converted into shares of the same category as those issued in the second round of financing in October 2008;

Opening of a marketing subsidiary in Germany (Munich);

October Bpifrance (formerly OSEO) grant of €472,000 as part of a €1.2 million program aimed at financing a 3D ultrasound imaging system for the entire breast, in partnership with Helix Medical Systems (Israel);

Presentation of the revolutionary Aixplorer® ultrasound imaging system at the Journées Françaises de Radiologie. The system makes it possible to view the movements of the tissues and quantify their elasticity in real time. Its first clinical application: the diagnosis of breast diseases;

2nd round of fund raising totaling €26.1 million paid in several tranches with the arrival of new investors (Edmond de Rothschild Investment Partners, Wellington, IRDI/iXO); payment received with respect to the first tranche for €12.8 million, including €4.1 million for conversion of bonds issued in April 2008 (with €0.1 million accrued interest);

CNRS enters in share capital of the Company with a €0.5 million contribution via the company France Innovation Scientifique et Transfert (FIST) following the transfer of patents to SuperSonic Imagine;

Special award from Jury Innovation Santé 2008 (Marseille Chamber of Commerce);

December Funding of €1.6 million provided to the Company by Bpifrance (formerly OSEO) for a project totaling €8.5 million, consisting of €407,000 in repayable grants and €1.2 million in subsidies as part of a collaborative project (TUCE) of €22 million conducted by THERACLION for the development of a device allowing the non-invasive removal of parathyroid glands using focused ultrasound; First orders for the Aixplorer® ultrasound system;

2009

March CE mark obtained, allowing the start of marketing in Europe;

April/June Payment received with respect to the second tranche of the 2nd round of fund raising, i.e. €7.3 million, including €3.3 million in April and €4 million in June;

May Bpifrance (formerly OSEO) funding of €7.3 million obtained (including €5.9 million for the Company, with €3 million in refundable grants and €2.8 million in subsidies) as part of the ICARE collaborative project (€17.2 million) with the French company VERMON for the development of a real-time 3D echocardiograph capable of quantifying heart mechanics;

1st clinical reference of Aixplorer® in France, Grenoble University Hospital Center;

August FDA 510(k) approval for the marketing of Aixplorer® in the United States;

Autumn Commercial launch of two new clinical applications for Aixplorer®: the abdomen (liver) and thyroid;

October Opening of a marketing subsidiary in Italy;

November Payment received with respect to third tranche of the 2nd round of fund raising, totaling €6 million;
Exclusive distribution agreement in Japan with Canon MJ;

2010

January	Aixplorer® system sold to the radiology department of the Georges Pompidou European Hospital (Paris) for the early detection of breast cancer and characterization of breast lesions;
February	Regulatory approval to market Aixplorer® in Japan;
March	Presentation to the European Congress of Radiology (ECR) of the preliminary results of the clinical study on the technological benefit of ShearWaveTM Elastography in the diagnosis of breast lesions;
May	Sale of 11 Aixplorer® systems to radiology centers in France;
July	Regulatory approval to market Aixplorer® in China and Russia;
September	3rd round of fund raising amounting to €34.6 million with the arrival of new investors (Mérieux Participations, Canon and Innobio). Payment with respect to the first tranche of €23 million received immediately;
October	Launch of the prostate diagnosis application. Presentation at the Journées Françaises de Radiologie of the results of the clinical study on the breast, conducted by the sub-group in France on 321 patients covering 336 lesions;
November	Broadening of the range of Aixplorer® probes to 6 applications: breast (and 3D breast), abdomen, prostate, thyroid, gynecology and musculotendinous; Exclusive distribution agreement (in the field of breast imaging) signed with a leading distributor in the United States of America; Public tender won in Russia against one of the major players in the market: 26 Aixplorer® systems dedicated to the liver (detection of cirrhosis);

2011

July	Opening of a subsidiary in Hong Kong to support distributors in Asia;
October	Launch at the Journées Françaises de Radiologie of UltraFast™ Doppler for vascular imaging combining color flow imaging and flow quantification through spectral analysis;
December	Release of the 2nd tranche of the 3rd round of fund raising of €10 million;

2012

February	Publication of the results of the multi-center breast study, in the Radiology and European Radiology Journals;
March	Presentation of final results of the multi-center study on the breast on 1 March in Vienna at the European College of Radiology Congress.

First sale in India;

May Release of the balance from the 3rd round of fund raising of €1.6 million, which corresponds to the exercise of the warrants held by Canon.

September FDA approval to include a digital scale on the elasticity pictures produced by Aixplorer® and capacity to adjust the scale in terms of pathologies and organs.

October Launch of the V6 platform offering panoramic imaging and a micro-convex probe for use in pediatric radiology;

2013

March/April 4th round of fund raising totaling €28.1 million, marking the entry of new investors including Bpifrance Participations (formerly FSI). An initial tranche was released in March and April for €14.1 million, including €7 million subscribed by Bpifrance Participations;

May Release of part of the 2nd tranche of the 4th round of fund raising for €0.3 million;

June Launch of the Aixplorer® V7 platform, which offers the option to connect four transducers (probes) simultaneously on the product instead of two, as before;

July Registration of representative office in Beijing;

September FDA approval to quantify tissue stiffness directly on the color image representing the tissue stiffness. This measurement can be done in kPa and is available on all transducers (probes) for the Aixplorer® product and all clinical shear-wave elastography applications;

November Launch of V8 platform with the Obstetrics application, which makes it possible to perform measurements on fetal images to evaluate all aspects of growth;

Signing by US distributor of a major contract for 19 Aixplorer® platforms with the Hollywood Memorial Hospital in Florida;

December Bond issue with warrants for a nominal amount of €5 million with a maturity of five years.

2014

April The Company's initial public offering on the Euronext Paris regulated market (ISIN code FR0010526814, member code SSI) through the raising of €54.8 million in funds.

Renewal of indexing by the Union of Public Purchasing Groups, a major player in public hospital procurement in France.

May Installation of the 25th Aixplorer® in Israel,
Installation of nine Aixplorer® systems at the Paris Institute of Radiology.
Signing of a **three-year agreement with the ROI** (Resource Optimization & Innovation) **purchasing center in the United States**, offering easier access to Aixplorer® technology to more than 1,500 members and affiliates.

June Aixplorer® receives the Breakthrough Technology label from the Premier Group in the USA.

July **Equipment of the Paris Institute of Radiology (IRP)** with nine Aixplorer® systems.

September Launch of a clinical study in China to confirm the contribution of Supersonic Imagine technology to dense breasts and focus on the Asian market specifically.

October Introduction of version V9 of the Aixplorer® product, which includes the musculoskeletal application with a new high-frequency probe and supplements vascular application that includes a new probe for transcranial Doppler.

Agreement established with the Toulon Rugby Club (RCT) for the musculoskeletal use of Aixplorer® on team players.

Development agreement with Canon in photoacoustics.

November FDA approval to market the V9 version of Aixplorer® in the USA.

December Delivery of thousandth Aixplorer® ultrasound

5.2. INVESTMENTS

5.2.1. MAJOR INVESTMENTS OVER THE LAST TWO FINANCIAL YEARS

The investments for such period break down as follows:

In thousands of euros	31-Dec-14	31-Dec-13
Acquisitions and production of intangible assets	(4,421)	(2,463)
Acquisitions of tangible assets	(758)	(1,060)
Receipt/Disbursement of financial assets	(112)	33
Receipt of research tax credit allocated to capitalized R&D expenses	-	806
Total	**(5,292)**	**(2,684)**

The largest cost item is related to intangible assets, which themselves consist mainly of R&D costs activated following the launch of Aixplorer® versions V3 and V9 allowing the enhancement of the clinical applications as follows:

- ✓ V3: curved probe and liver imaging software;
- ✓ V4: endocardial probe and gynecological and prostate imaging software;
- ✓ V5: low-frequency linear probe and vascular imaging software;
- ✓ V6: micro-convex probe and advanced vascular system imaging software;
- ✓ V7: new interface with four probes instead of two;
- ✓ V8: software dedicated to obstetrics;
- ✓ V9: musculoskeletal application, new high-frequency probe and the addition of the vascular application, new probe for transcranial Doppler.

As of 2014, more specifically since the initial public offering, which yielded comfort on the sustainability of the activity, the Group meets the IAS 38 criteria for a majority of its R&D projects, whose expenses are now capitalized. Previously, only the expenses inherent to Aixplorer® versions were capitalized.

In terms of presentation, in accordance with IAS 20, it was decided to distinguish, on two separate lines, the gross costs consisting primarily of personnel costs and external services, most of which is disbursed the same year, and the share of the RTC that is not received until the following year.

The tangible assets mainly consist of R&D equipment.

Movements in financial assets relate only to security deposits paid.

Exceptionally, the CIR for 2013 was not repaid in 2014 due to a tax audit on the CIR in progress at the balance sheet date (described in Chapter 4.4.3 and in Note 1.2 to the Consolidated Financial Statements in Chapter 20.1 of this document). As such, it is customary for all of the company's payments in progress to be suspended, and this was the case for the CIR.

The Ministry of Research concluded in its 29 January 2015 report, determined a total amount due for the audited Research Tax Credits and as such, the CIR payable for 2013 and outstanding in 2014 was paid in 2015.

5.2.2. MAIN INVESTMENTS UNDERWAY

With the exception of intangible assets relating to the capitalization of R&D expenses that will only be determined for the closing of the interim financial statements on 30 June 2015, the amount of other investments over the first two months of 2015 is of the same magnitude as that for each year of the period presented in Section 5.2.1 above.

5.2.3. MAIN INVESTMENTS PLANNED

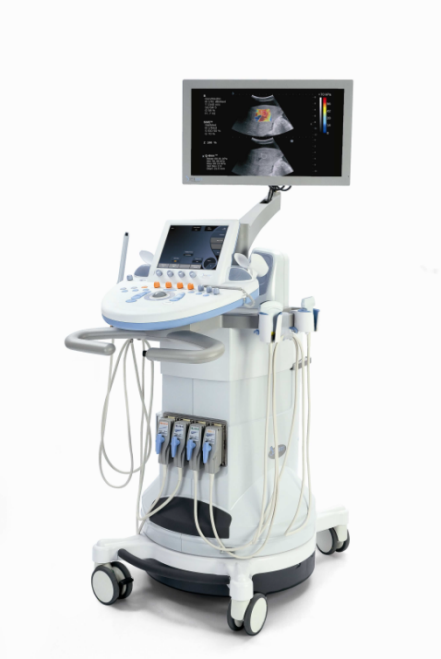
For the moment, the Group has no plans for significant investments over the upcoming years. No firm commitments have been made by the Company's management for such investments. The development of the second-generation platform will consist mainly of the compensation of teams in the R&D division and some equipment investments for amounts of a magnitude quite similar to those recorded for the period presented; it will then require the development of molds for future adaptation of the production line at the subcontractor's location.

6. OVERVIEW OF THE GROUP'S ACTIVITIES

Specializing in ultrasound medical imaging (also known as sonography), SuperSonic Imagine designs, develops and markets innovative ultrasound-based solutions that are helping to improve the diagnosis of several pathologies. The third-generation ultrasound device designed by the Company and known as Aixplorer® allows physicians to characterize suspect lesions non-invasively and in real time and to better detect cancers.

Revolutionary advances have occurred in the world of ultrasound over the past 20 years, especially with the advent of high-performance portable systems from the US company SonoSite, supported by the US Department of Defense (DARPA), and the Aixplorer®, in 2005, a new-generation ultrasound device that replaced the expensive traditional electronic ultrasound with software and technologies directly from the world of video games developed by SuperSonic Imagine. Both companies have the same founder: Jacques Souquet, a world-renowned ultrasound specialist.

The breakthrough technology developed by SuperSonic Imagine makes it possible to acquire images at very high speeds, similar to what is called slow-motion in cinema. Slow-motion makes it possible to view rapid movements not visible to the naked eye. This technology suitable for ultrasound imaging also allows one to view imperceptible movements at the conventional speeds of a traditional ultrasound, generally 30 to 50 frames per second. Aixplorer® has revolutionary ultra-rapid imaging technology capable of acquiring data at a speed of up to 20,000 Hz (20,000 images per second), i.e., 200 times faster than a traditional ultrasound scanner. To date, this performance is unmatched and is protected by 23 patent families (sometimes jointly held) and by six other patent families under licensing agreements;



From the outset, SuperSonic Imagine has demonstrated the impact and clinical benefits from its technology by investing heavily in clinical evaluations. The first innovative method developed by the Company was elastography or the ability to measure and visualize tissue stiffness in a reproducible and objective way, as opposed to manual palpation, the results of which are subjective and depend heavily on the skill of the physician. This technique was tested in a multicenter study (17 sites worldwide) on the breast to verify the possibility of early detection of cancer. A study was also conducted on the prostate and showed that the technology enabled better detection of suspicious lesions. Finally, on the liver, the Aixplorer® product demonstrated the ability to assess the degree of fibrosis, which constitutes an important characteristic in the evaluation of the hepatitis B and/or C.

In all these evaluations, physicians using the device have seen **increased diagnostic confidence and a reduction and/or better guidance of the number of biopsies necessary** in three areas:

- For the breast: better characterization of malignant lesions in the breast, thus reducing the number of unnecessary biopsies significantly (over 35%);
- For the prostate: better visualization of suspicious lesions for better guidance of biopsies (Dr. Barr and Dr. Correas);
- For the liver: better classification of degrees of fibrosis, for a reduction in biopsies of nearly 50% (Dr. Trotter, Baylor School of Medicine).

Ultra-fast acquisition has also revolutionized existing ultrasound modes such as Doppler. The Aixplorer® Ultrafast Doppler makes it possible in **one acquisition** to visualize the Doppler color film and quantify simultaneously and at any point on the image the value of the blood flow saving considerable amounts of time and therefore reducing the cost of the examination. Moreover, the

temporal resolution of this film (over 100 frames per second) makes it possible to view flow dynamics that were previously invisible on conventional ultrasound.

As of 31 December 2014, the Group had no manufacturing capacity of its own and fully subcontracted the manufacturing to Malaysia.

Marketed since 2009 by a direct sales force primarily in France and the USA, a representative office in China and a network of distributors to other markets, at 31 December 2014, the Group has an installed base of more than 1,000 Aixplorer® ultrasound systems deployed in over 50 countries, with combined revenues of more than €76 million. This installed base has more than doubled over the past two years.

This development begins a phase of commercial deployment initiated by the Company in 2012 with the aim of establishing a presence among the leading players in the ultrasound imaging market. Innovation remains at the heart of the Company's development strategy, and its status as a technology leader remains one of the main drivers of its business expansion. Its clinical innovation seeks to demonstrate the clinical benefits of the technological innovations it offers and the Company's installed base today is an indicator of a positive adoption of its technology by the medical profession.

Thanks to a unique positioning with strong clinical connotations, the Group plans to accelerate its growth strategy and become one of the top five players in the medical ultrasound imaging market. This strategy is based on a high level of clinical innovation that will enable it to strengthen its premium position in radiology and cardiology and offer products for applications in specialties such as hepatology and urology.

As a result, the Group has set the following objectives in 2013:

- to capture approximately 7% market share of the global ultrasound imaging market by 2023 (the market was worth USD 5.8 billion in 2012, and it should achieve 5% average annual growth by 2017 – *source:* InMedica 2013 study);
- achieve a medium-term gross margin of approximately 60% along with other players in the sector and an EBITDA margin of approximately 20% of revenues; and
- reach break-even in terms of EBITDA by 2019, within five years from the Company's initial public offering (IPO).
- To date, the 2014 financial statements are generally in line with these objectives.

6.1. KEY EVENTS OF 2014

This chapter gives an overview of the major developments of 2014.
The major developments in 2015 up through the date of this report are listed in Chapter 12.1.

6.1.1. CHANGES AFFECTING INTELLECTUAL PROPERTY AND CLINICAL INDICATIONS

The Group launched a **clinical study in 20 sites in China** involving 2,000 patients whose purpose is to determine the contribution of ShearWave™ elastography to the diagnosis of breast lesions in an Asian population.

The Group launched a **new musculoskeletal application** that offered new diagnostic perspectives for musculoskeletal and sports medicine.

Following this, Supersonic Imagine **partnered with the Toulon Rugby Club (RCT)** to monitor the health of athletes, offering its expertise for the diagnosis, monitoring and tracking of musculoskeletal pathologies in rugby players.

In December 2014, the Group announced that it had signed a **collaboration agreement with Canon Inc.** in which the Japanese company will develop a photoacoustic and ultrasound imaging device based on the Group's patented technology.

On 3 March 2014, the Group signed a crossover agreement with an industrial player. Through this agreement, the Group granted it access to its technology, which is restricted to applications under specific terms of use. This player also agreed not to enforce the medical ultrasound imaging patents that it owns against the Company.

As of the filing date of the previous base document (6 March 2014), the Group was in negotiations with a major industrial player. In December 2014, these negotiations resulted in the **signing of a licensing agreement for almost all of the player's imaging patent portfolio**, pursuant to which the Company is granted a worldwide, non-exclusive, non-transferable license that cannot be sublicensed (except under certain conditions for the benefit of the Company's subsidiaries). This agreement is described in Chapter 22.2.

6.1.2. CHANGES AFFECTING COMMERCIAL IMPACT

The Company won the **Breakthrough Technology Designation prize** in the United States for clinical benefits of Aixplorer with regard to the accurate assessment of tissue hardness.

SuperSonic Imagine equipped the Paris Institute of Radiology (IRP) with nine Aixplorer® devices. The IRP has always been at the forefront of technology to provide patients with the latest innovations in exploratory imaging. It was, for example, the first private outpatient center in France to have a scanner in 1986.

A **three-year agreement** was signed **with the ROI** (Resource Optimization & Innovation) **purchasing center in the United States**, providing easier access to Aixplorer technology to more than 1,500 members and affiliates.

6.1.3. FINANCIAL EVENTS

On 9 April 2014, SuperSonic Imagine announced its successful **initial public offering** on the Euronext Paris regulated market. The shares have since admitted to trading on the regulated market of Euronext Paris under ISIN code FR0010526814, member code SSI. The total amount of funds raised is €50.3 million. The details of this operation are described in Chapter 20.1, Note 15.

In the prospectus published on 25 March 2014, the Group had stated that it wanted to **use the net proceeds from the transaction** as follows:

- financing international market deployment. Since April 2014, the Group has significantly strengthened the direct sales force by recruiting 13 people in sales and marketing (see Chapter 6.8.2.4, which summarizes the presentation of the sales force),
- pursuing a policy of innovation. To this end, expenditures (before the Research Tax Credit, subsidies and capitalization) by the group in R&D for 2014 were €7.8 million, an increase of 10% compared to 2013;
- the establishment of a family of portable ultrasound and other products covering several price segments. The first expenditures for the next generation of ultrasound devices were capitalized for accounting purposes in 2014, this reflecting the good prospects for completion of the project.

On 17 March 2014, the Company was informed of a **tax audit** for 2011 and 2012.
At the date of this report, the Company was notified of the findings of the tax audit, which had no financial impact.

In 2014, the Group for the first time signed **access agreements for the technology developed by Supersonic Imagine**. The income from these agreements, which are non-recurring in nature, amounted to €1.8 million for 2014.

The Group has transferred **to Malaysia** the **production of Aixplorer®**, which was formerly produced in Scotland. This transfer began in 2013 and was finalized during the period.

6.1.4. CHANGES IN CORPORATE GOVERNANCE

In July 2014, **Tom Egelund** was appointed Director of Operations and a member of the Management Board. Tom Egelund is a physician who has held senior management positions in international high-tech companies for 25 years. Details of changes to corporate governance are described in Chapter 12.1.

6.2. GENERAL OVERVIEW

6.2.1. INTRODUCTION

Medical imaging is a growing industry in which various products are offered: X-ray (conventional and CT Scanning), MRI, nuclear medicine (PET scan) and ultrasound imaging. Currently, the market is concentrated around approximately ten players including several of the heavyweights in the global industry such as General Electric, Philips, Siemens, Toshiba and Hitachi.

Ultrasonography (or ultrasound) has the advantages of being both **non-ionizing** (that is to say, without emission of radiation) and thus less invasive for the patient (hence its early use in obstetrics) and of being practiced in **real time**, as well as offering a financially attractive solution in relation to other technologies used by professionals.

SuperSonic Imagine is active in ultrasound, a field of medical imaging with strong potential that offers numerous advantages compared with other imaging techniques. These advantages are detailed in the table below (source: *Company).*

Imaging techniques		Radiations	Real time	Elastography	Cost	Average time
MRI		LOW	×	✓	€2m-€3m	Slow
Nuclear Medicine		STRONG	×	×	~€1m	Very slow
X-Ray		STRONG	✓	×	€300k - €400k	Fast
Scanner		STRONG	×	×	~€1m	Fast
Conventional echography		NONE	✓	✓	€80k - €130k	Very fast
Aixplorer's echography		None	✓ Ultrafast acquisition	✓ Real Time	€80k - €130k	Ultra fast

Ultrasound has undergone the following advances:

- the first generation analog in the 70s;
- second generation digital in the 1980s, responsible for bringing Doppler to market to measure blood flow velocity.

The transition from analog to digital was accompanied by a significant improvement in performance, which truly made it possible to diagnose on the basis of images and not only guide a biopsy to diagnose a medical condition. Ultrasound imaging has become an indispensable instrument for the diagnosis of many diseases such as cancer or vascular and heart diseases.

SuperSonic Imagine, backed by the considerable experience of its management, is now entering this market by introducing the third generation of ultrasound technologies through Aixplorer®, an entirely software-based architecture. Ultrasound imaging, where advances used to occur frequently, has been experiencing slower evolution due to fixed hardware architecture. As a result, innovation in the 2000s focused solely on miniaturization, which created new markets for ultrasound imaging, such as

emergency room medicine, anesthesiology and sports medicine. The Company estimates that the revolutionary Aixplorer® architecture is the first innovation in the field for over 15 years.

The software architecture developed by SuperSonic Imagine has capabilities superior to conventional ultrasound. This innovation enables it to offer new imaging modalities that offer both improvements to existing imaging modalities and new diagnostic capabilities compared to conventional ultrasound. It also significantly extends the life of ultrasound devices and allows them to use the latest technological innovations through a simple software update.

These innovations allow it to revive the innovative tradition of a high-end market and open new medical specialty markets (such as hepatology and urology) previously not served by ultrasound, thanks to excellent diagnostic performance. In addition, these technological innovations are expanding the applications of imaging from diagnosis to screening and therapeutic monitoring and are competing with other traditional imaging products such as MRI and CT scanners, but at much lower prices. The Company believes that **the new generation of ultrasound it offers thus represents a creation of significant value for the entire medical imaging industry.**

6.2.2. SUPERSONIC IMAGINE'S DECISIVE COMPETITIVE ADVANTAGE: A CONSIDERABLE CONTRIBUTION TO THE TRADITIONAL ULTRASOUND MARKET

Ultrasound imaging has become an imaging technique extensively used worldwide. It accounts for around 25%[1] of the medical imaging market, including CT Scanning, MRI, X-ray and nuclear medicine imaging.

However, traditional ultrasound imaging is presently affected by limits in terms of image clarity and results, which depend considerably on the person conducting the examination and are therefore sometimes unusable and difficult to reproduce.

The Aixplorer® system is based on a 100% software architecture that is considerably more flexible than architectures based on hardware of existing ultrasound scanners for which signal processing is set in integrated circuits in electronic boards. Aixplorer® is the **only** product on the market that made this choice of technology, which is patented and has the following major innovations:

- **the ability to acquire ultrasound imaging data at very high frame rates:** UltraFast™ technology captures more than 20,000 images per second compared to 500 images per second for the fastest conventional ultrasound. This performance makes it possible to display fast transient tissue movements or rapid changes in blood flow that cannot be captured by conventional ultrasound imaging;
- the ability of Aixplorer® **to provide a significantly higher image quality**, increasing diagnosis confidence while also offering a degree of user-friendliness that is far more comfortable for the physician;
- **the use of a new type of wave:** shear waves. Measuring the speed of the shear wave, or **ShearWave™ Elastography, makes it possible to measure the stiffness of the tissue**. This measurement provides radiologists with unprecedented information about the pathophysiology of an organ, which improves the effectiveness of their diagnoses. The Company believes its ShearWave™ Elastography technology is unique because it allows

[1] Deutsche Bank estimates (2010)

tissue stiffness (elasticity) to be quantified in real time, in a non-invasive, reproducible manner that is independent of the user's expertise.

- **a major innovation in the field of Doppler imaging:** UltraFast™ Doppler. Thanks to its ultrafast acquisition principle, this new Doppler approach makes it possible to provide a color map of blood flow and measure blood flow velocity at all points on the color map without having to make a specific acquisition for this measurement. This saves a significant amount of time and considerably reduces examination time. For example, for the evaluation of renal transplants, the examination lasts around 45 minutes with a conventional ultrasound. With Aixplorer®, the same examination lasts 15 minutes. This comparison was made by Dr. Tchelepi at Wake Forest (USA).

The main players in the market have also sought to develop an elastography functionality to assess the differences in tissues stiffness and to provide an image of elasticity - information that has traditionally been evaluated by manual palpation. However, the tissues can only be measured on a much reduced area, the measurements are not in real time and the reproducibility of the method is low.

6.2.3. NUMEROUS ADVANTAGES

➢ **A sizable and growing global market**

The global market for ultrasound medical imaging was estimated at USD 5.8 billion in 2012 (Source InMedica) and at USD 7.3 billion in 2017, representing a projected average annual growth of 5.0%. By 2016, SuperSonic Imagine will position itself within the Premium and High-end segments of the radiology market (multiple organs). The total radiology market is estimated at about USD 2 billion in 2012 and the Premium and High-end segments market is estimated at USD 2.6 billion in 2012 (and USD 3.4 billion in 2017).

➢ **A revolutionary ultrasound system protected by a strong patent portfolio**

A solid portfolio of patents broadly covers both ShearWave™ Elastography imaging and the use of ultrasound in imaging and therapeutic domains, as well as various patents related to the core of the technology. To date, the Company owns or co-owns 23 submitted and published patent families and holds four exclusive licenses for a total of six additional patent families (see Section 11.2 of this document for details of patents and patent applications).

➢ **Strong clinical validation based on numerous studies**

The technological contribution of Aixplorer® is backed by strong clinical validation based notably on the results of a wide-ranging program of studies, including a major international multi-center study in the field of breast cancer (17 sites, 1,800 patients), the results of which were published in the prestigious scientific journals Radiology and European Radiology in February 2012. Numerous other studies in various fields of medical application (liver, thyroid, prostate, etc.) have been conducted in France and internationally. To date, there are more than 200 scientific publications validating the role of Aixplorer® in the diagnostic strategy for many organs (breast, liver, prostate, muscle, thyroid).

The support of KOL (Key Opinion Leaders) within the radiology community and within each of the medical specialties addressed by Aixplorer® constitutes a determining factor in its potential for deployment. Thanks to the influence they have in front of their peers, and in view of their functions within professional societies (SFR - Société Française de Radiologie, RSNA - Radiological Society of North America), the recommendations of these parties carry strong weight with regard to the clinical developments of the sector concerned.

- **A robust framework for acceleration of its commercial deployment since 2012**

Regulatory authorizations covering the main markets: as a medical device, Aixplorer® received the CE mark in March 2009 and a 510 (k) clearance with the FDA in August 2009. SuperSonic Imagine can now market its product in 63 countries.

An unrivaled quality/price ratio: positioned in the Premium/High-end range segments, Aixplorer® provides superior functionalities and performance than the competing products, all at a comparable list price, giving it a unique competitive positioning.

A worldwide distribution network, both direct and indirect: the Company currently has a direct sales force of 19 employees and a network of 70 distributors, which covers 70 countries, whose priority geographical regions are the United States, Brazil and India, plus a representative office opened in Beijing in 2013 that oversees a network of nearly 19 distributors.

An international installed base of more than 1,000 systems: as of December 31, 2014, which is regularly expanded, allowing it to develop recurring revenue linked to maintenance.

Outsourced production to have the capacity to respond to commercial ambitions: the Company has been outsourcing the entire assembly of its standard equipment to a top-ranking service provider (with the Company retaining final configuration and testing) so that it can have a production capacity that can permanently keep pace with the rise of commercial deployment. Starting in April 2014, the entire manufacturing process was relocated from Scotland to the Malaysian partner site, which is equipped with the most advanced technologies to optimize production costs.

- **A management team among the best in the industry**

In just four years, in a global market concentrated around a few large players, the company has managed to market an innovative ultrasound device and open a new era in ultrasound imaging. This challenge was met thanks to an extremely experienced, international and multidisciplinary management team that currently oversees a team of 149 very highly qualified employees. The 47-strong R&D team has combined experience of more than 300 years in the ultrasound field, and its demand for clinical relevance has made possible a strategy of strong differentiation in the world of medical imaging. The R&D team also has a low output rate of 8%[1], which allows the Group to capitalize a little more each year on its employees' expertise. In addition, a real ecosystem of innovation has been put in place to allow a rapid and efficient transition from research to development, thanks to close collaboration with the best experts in the field, such as Mathias Fink, Director of the Laboratoire Ondes et Acoustique (Langevin Institute) at the École Supérieure de Physique et Chimie Industrielles in Paris. Numerous prizes have been awarded for this expertise, which is among the best in the world.

[1] Rate calculated from 2011 to 2014 inclusive

6.2.4. AN AMBITIOUS DEVELOPMENT STRATEGY FOR IMPOSING ITS ADDED VALUE AMONG THE LEADING PLAYERS OF THE HIGH-END MARKET

SuperSonic Imagine's offer represents a strong added-value proposal for all players in the healthcare chain:

Advantages for patients:

- non-invasive and non-ionizing examination (unlike X-rays);
- improved treatment management thanks to a more precise diagnosis, early detection and appropriate therapeutic follow-up.

Advantages for physicians/radiologists:

- improving the clinical care of their patients by strengthening the diagnostic relevance of the medical corps (radiology and specialist physicians) for better treatment management;
- visualize and quantify tissue elasticity reliably and reproducibly to improve diagnosis;
- differentiating themselves from their peers with cutting-edge technology.

Advantages for healthcare establishments:

- giving the appearance of an expert center with the latest technologies;
- attracting a clientele seeking the best medical practices;
- improving the diagnostic performance of the establishment and contributing to its good reputation.

Advantages for players in the health system:

- standardization and simplification of diagnostic processes;
- more reliable and earlier detection of cancers;
- significant reduction in the number of unnecessary invasive procedures through optimized targeting samples and immediate interventions;
- more appropriate therapeutic decisions thanks to more reliable and rapid diagnostic information.

In light of these facts and its numerous benefits, SuperSonic Imagine plans to establish itself among the leading players in the Premium and High-end segments of ultrasound imaging by implementing a well-defined strategy of specialization:

- in terms of markets: the Group will continue the mass-market deployment phase it began in 2012 by expanding its direct sales network and facilitating a worldwide network of distributors, with particular focus on China;
- in terms of products: through its innovation policy, the Group will seek to consolidate its major technological advances and expand its range of specialized probes and software to optimize the spectrum of applications covered by Aixplorer®.

SuperSonic Imagine thus plans to expand both its market potential (market share in existing ultrasound imaging markets) and the current contours of the ultrasound imaging market (innovative technology, new applications, creating new users).

6.3. SUPERSONIC IMAGINE OPENS A NEW ERA IN ULTRASOUND

6.3.1. ULTRASOUND IMAGING SYSTEMS AND THEIR LIMITATIONS

6.3.1.1. TRADITIONAL ULTRASOUND IMAGING AND ITS HISTORY

Ultrasound examination consists of sending ultrasonic waves into the human body through a probe that must be in contact with the skin because ultrasound wave cannot be conducted through the air. The echoes are collected and processed to construct and present to the practitioner an anatomical image (B-mode imaging), as well as a physiological image due to flow imaging, or a perfusion through the use of contrast agents (or contrast imaging). These contrast Doppler modes have been added to B-mode imaging and have increased the number of indications for ultrasound imaging.

Ultrasound imaging thus makes it possible to study many of the superficial organs (breast, thyroid, etc.) or deep organs situated in the abdominal cavity, as well as well as others that are even more difficult to access, such as the prostate or the uterus.

More specifically, it makes it possible to look and localize focal anomalies (such as the presence of tumorous lesions, benign lesions, cysts, malformations) or diffuse anomalies (such as diffuse pathologies of the liver or the presence of liquids in the tissues) and to guide sampling procedures or injections. Ultrasound also allows imaging of the anatomy of the blood vessels, ligaments and heart, as well as their function, thanks to the imaging and quantification of their vascularization in real time.

The two major advantages of ultrasound imaging are firstly its non-invasive and non-ionizing nature, and secondly the ability to perform an examination in real time, thanks to the speed of the imaging rates that it allows. Its innocuousness quickly made it the reference tool for fetal imaging and obstetric imaging has developed considerably thanks to the demand for early diagnosis of fetal pathologies. This application has greatly benefited from increasing pressure by patients. The ability to perform real-time imaging allows real interaction between the imager and the image, and makes it possible, among other things, to follow procedures guided by the image. Ultrasound-guided biopsy or injection is currently an extremely common and very simple procedure.

An ultrasound scanner comprises the following elements:

- a probe allowing the transmission and reception of ultrasonic waves: on transmit, the electrical impulse from the probe control is converted into an emitted acoustic wave; on reception, the acoustic wave received is converted into an electrical signal that is used by the imaging element to create the image;
- an electronic system allowing the transmission of precise electrical impulses to the probe in order to "insonify*" the environment;
- a computer system that manages the entire process of transmission and reception of the electrical signal and transforms the received signal into an image;
- a control panel allowing entry of the patient's data and the various settings;
- a display system: the monitor;
- an audio system allowing the operator to listen to the Doppler signal associated with blood flow;
- a data recording system, either analog (videocassette, paper printing) or digital;
- a system for the transmission of images encoded in the DICOM standard format.

- **Functioning**

The basic element of ultrasound imaging is a piezoelectric ceramic (PZT) situated inside the probe which, when subjected to electrical impulses, vibrates and generates ultrasonic waves. The echoes are captured by the same ceramic, which then acts as a receiver: thus, one speaks of an ultrasound transducer.

The frequency of the ultrasonic waves can be modulated: increasing the frequency allows better resolution (and therefore a finer image) at the cost of greater attenuation. For this reason, imaging of organs situated more deeply in the body is carried out at lower frequencies. In practice, the user has several probes of different forms and frequencies.

Traditional ultrasound imaging is performed by means of sequential insonifications with a beam of waves focused in the environment. Each focused beam allows an image line to be reconstructed. A two-dimensional (2D) image is made by a hundred or so of these lines (64 to 512). The image rate of the mode is determined by the time needed to emit, receive and process the sound of the echoes from the environment and to repeat this process on all the lines of the image. Traditionally, the architecture of ultrasound scanners was designed to process one line at a time by following this model. Although this is acceptable for most applications, it imposes constraints for applications that need high image rates, such as echocardiography or 4D imaging.

- **Its history**

Current conventional ultrasound imaging has been constructed during the course of two successive phases which, thanks to technological advances, have allowed an enrichment of the imaging modes and their domains of application:

- the analog era: until the 1970s the only imaging mode offered by analog ultrasound was B-Mode (two-dimensional in black and white) in real-time. Within a medical imaging market worth USD 12 billion, ultrasound imaging represented around 15%[1].
- the digital era: from the 1980s until the first decade of the new millennium, the digital revolution reached the field of ultrasound. The incorporation of digital circuit boards inside the devices has allowed significant improvement of their performance, offering new imaging modes such as Doppler, contrast imaging and finally elastography. Within a medical imaging market worth USD 16 billion, ultrasound imaging represented around 20%.

Since 2010, the third era is the **software** era, thanks to SuperSonic Imagine ultrasound, Aixplorer®, which thus stimulates innovation with its entirely software-based architecture as well as the potential for new imaging methods that its flexibility allows it to implement. While ultrasound was experiencing a slowdown in its scalability due to fixed hardware architecture, Aixplorer®, thanks to its software platform, makes it possible to overcome the technical constraints of acquisition speed and image processing facing traditional ultrasound devices, as summarized below. The technological breakthroughs integrated into Aixplorer® thus expand the possibilities for development of ultrasound options and applications (see Chapter 6.3.3 below).

In a medical imaging market of USD 21 billion, ultrasound imaging accounted in 2010 for a market share of about 25%[2], and there has been strong growth in recent years due to significant innovations, especially in cardiac imaging. Because of these new imaging modes, SuperSonic Imagine ultrasound is currently a direct competitor with some other modalities such as MRI and has a potential for further market growth.

[1] Deutsche Bank estimates (2010)
[2] Deutsche Bank estimates

6.3.1.2. THE CURRENT LIMITATIONS OF CONVENTIONAL ELASTOGRAPHY

The different modes of conventional ultrasound imaging are as follows:

- ✓ **B-mode and its limits**

The limitations of current conventional systems reside in the data acquisition rates, which do not allow the user to visualize very rapid or transient tissue movements.

- ✓ **Doppler and its limits**

The main limitation of this technique lies in the need for the user to choose whether to image a wide area or to quantify a point of the image, and therefore to switch successively from one mode to the other during an examination.

- ✓ **This is an imaging mode that makes it possible to reveal macro- and microvascular blood flow beyond the limits of traditional Doppler modes using a higher level of contrast.**

The main limitations of contrast imaging are both the need for intravenous injection during the examination and the risk of destruction of contrast agents by the popping of micro-bubbles when ultrasonic power is too strong.

6.3.2. EXISTING ELASTOGRAPHY SYSTEMS AND THEIR LIMITATIONS

- ➢ **Ideas on tissue elasticity**

A key factor in the diagnosis of many pathologies is therefore the evaluation of the tissue stiffness. For centuries, this evaluation was made by manual palpation. More than 5,000 years ago, Egyptian physicians were already palpating different parts of the body to assess their elasticity. They knew that the detection of a hard mass within an organ was often associated with the existence of an anomaly. Since then, palpation has always been used for screening and diagnosis, and also, during a procedure, for guiding the surgeon to the pathological area.

A new imaging technique called "elastography" was developed in ultrasound in the early 2000s. It uses ultrasound to provide an elasticity image in order to estimate the differences in hardness between tissues, which was historically diagnosed by palpation. The main objectives of elastography are to refine diagnosis and to improve the specificity of an ultrasound scan.

Over the past decade, elastography has gone from being a major research topic in the medical science community to a mode present on all ultrasound systems and whose use is now documented in many international guidelines for many diagnostic applications from diagnosis of breast cancer to the extent of the degree of liver fibrosis, the estimation of the mechanical properties of the arterial walls, or imaging of myocardial elasticity.

All the approaches currently in existence rely on the same three steps:

- generation in the tissue of a low-frequency vibration which produces a shear constraint;
- imaging of the tissue to analyze the effects of the constraint (ultrasound or MRI);
- determination, on the basis of this analysis, of the stiffness of the tissue.

These techniques are, for the most part, limited to an estimate of the distortion when pressure is applied to the tissue and allow contrast imaging of stiffness, but this estimate remains a poorly

reproducible and qualitative evaluation due to the manual intervention for the application of the deformation.

➢ **The limitations of current elastography techniques**

The different elastography techniques are usually ranked according to the type of vibration applied to the tissue.

- **Static elastography:** a uniform compression is applied by the operator to the surface of the body to produce a deformation of the tissues. The calculations are carried out by the device, which displays the deformation induced in the plane of observation. The value of Young's modulus cannot be deduced, since the value of the constraint within the tissue itself is not known. Consequently, static elastography is not a quantitative imaging mode. Its clinical relevance has been abundantly studied. Although promising results were recorded, the users pointed out numerous snags such as the absence of quantitative data, low reproducibility, and inter-operator variability.
- **Dynamic elastography:** the tissue is continuously subjected to a monochromatic vibration. Stationary induced mechanical waves are used to determine tissue elasticity. Dynamic elastography is well suited to MRI because the vibrations to be analyzed do not change over time and must be processed in volume. Although quantitative, it suffers from the traditional drawbacks of MRI imaging, which remains expensive and difficult to access, and does not provide real-time imaging.

The main players in the market use static elastography for their high-end ultrasound scanners, which do not offer quantitative evaluations. However, for the past year, there have appeared on the market products that offer a technology inspired by shear wave elastography but with certain limitations, since measurement can be done only for a limited area a few millimeters within the tissue. Moreover, these measures are not in real time and reproducibility is low.

Very recently, Siemens introduced a fixed imaging method that uses this principle of a much localized measurement but by a succession of steps on different slices of the image which, when juxtaposed, can form a static image imaging method, after a few seconds of processing.

The Aixplorer® system thus remains the first ultrasound system to allow real-time viewing of shear wave elastography, which is the only true imaging method for exact tissue elasticity to date.

6.3.3. SUPERSONIC IMAGINE BRINGS TECHNOLOGICAL BREAKTHROUGHS THAT TURN THE WORLD OF ULTRASOUND IMAGING UPSIDE-DOWN

With its Aixplorer® product, SuperSonic Imagine is changing the rules of the game for ultrasound imaging.
Aixplorer® was developed on the basis of a revolutionary technology that uses a **100% software-based architecture**. The numerous traditional circuit boards that used to be involved in the formation of the ultrasound beam and the conversion into images are replaced by a 100% software-based architecture, produced by combining the most advanced video game techniques (graphics processor) and the latest generation multi-core processor, providing maximum speed, precision and flexibility.

Whereas the traditional architectures incorporated up to 15 to 20 circuit boards for processing multiple successive bursts of waves (from 128 to 256) in order to then reconstruct an image, the architecture designed by the Company comprises just one NVIDIA graphic card (video game graphics processor), as well as a very fast bus (PCI Express technology) capable of transferring enormous volumes of data

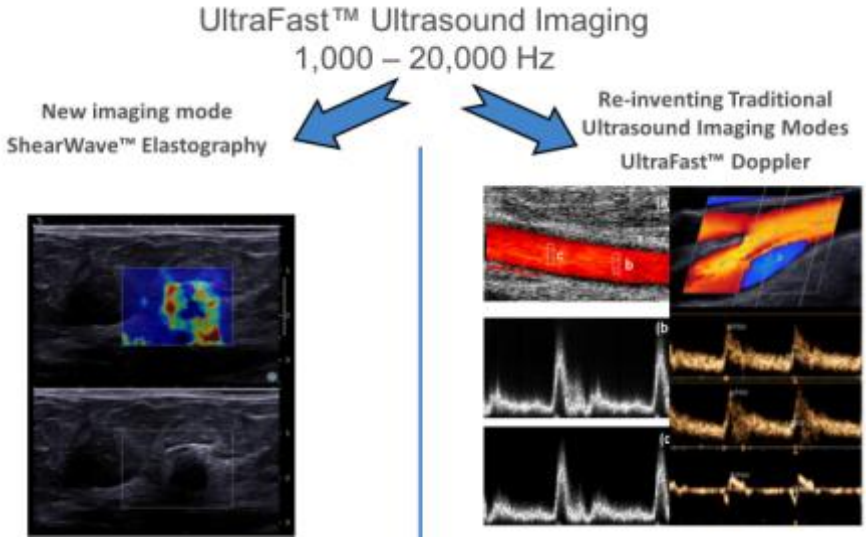
to these computers, driven entirely by a proprietary software developed under Linux, named "SonicSoftware". The image processing capacity is multiplied by a ratio of 1 to 200, allowing an ultrasound image to be reconstituted from a single burst of waves. The Company will also be able to take advantage of future rapid advances in the video game industry.

Based on this unique technology platform, Aixplorer® offers the following two innovations:

- **UltraFast™ Imaging**: a patented technological breakthrough that allows Aixplorer® to acquire data at speeds up to 20,000 Hz (20,000 images/second), about 200 times faster than a traditional ultrasound, providing increased conventional imaging performance modes (B-mode, contrast) and an innovative approach to Doppler with exceptional image quality and sophisticated features.

- **MultiWave™ Technology**, which combines a B-Mode ultrasound wave and a shear wave for better tissue characterization:
  - **an ultrasonic wave for an exceptional mode B image**. This first type of wave is the traditional ultrasonic wave. With Aixplorer®, SonicSoftware provides a high-quality image in B-Mode even when using other modes simultaneously, such as color Doppler or power Doppler;
  - **a shear wave (ShearWave™)**. This second type of wave, which is completely new, is made possible by SonicSoftware. The shear wave provides important information about the properties of the tissues. To capture the motion of a shear wave, acquisition speed must be at least 5,000 Hz, which enables UltraFast™ imaging, in contrast to the 100 Hz by conventional ultrasound. Accordingly, Aixplorer® can quantify the speed of the shear wave and deduce an accurate value of the elasticity of the tissue expressed in kilopascals. This new imaging mode is called real-time ShearWave™ Elastography.

These technological advances developed in less than four years allow Aixplorer® not only to improve the quality of B-mode images dramatically, but also to expand the range of possibilities of ultrasound through a completely new mode of imaging, ShearWave™ Elastography, and inventing a revolutionary Doppler approach, the Doppler UltraFast™.



6.3.3.1. SHEARWAVE™ ELASTOGRAPHY

ShearWave™ Elastography has been developed to improve the reliability of diagnoses made using ultrasound to quantify objectively and in real time the elasticity (or stiffness) of tissue, an essential clinical parameter for diagnosis as often related to pathology.

- **Principles of operation of ShearWave™ Elastography**

The development of the new ShearWave™ technology has allowed the creation of a new ultrasound imaging mode that displays elasticity maps (in kilopascals) in real time, providing important information about the elastic properties of the tissues, as illustrated in Figure 1 below.

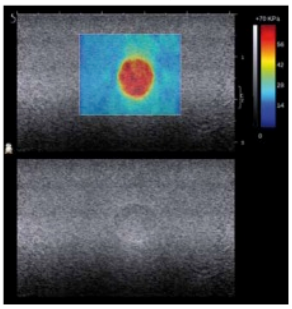


Figure 1: SWE mode on a phantom with a harder inclusion

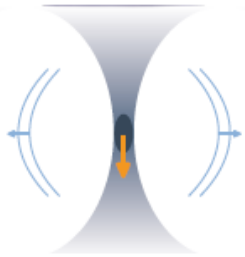
The elasticity image, which is color-coded, is superimposed on the B-Mode image. By default, blue colors indicate a softer tissue and reds a harder tissue, although the color coding can be modified by the user. The image resolution is around 1 mm. The imaging frame rate is optimized to meet acoustic output limitations defined by international standards. The image does not allow objects linked to compression or to any variation of elasticity inside or at the surrounding tissue level to appear.

ShearWave™ Elastography uses ultrasound both to generate shear waves and to image their propagation. All of this is done automatically with the aid of a linear or curvilinear ultrasound probe, without any compression by the radiologist, and this means that the captured data is objective - since it does not depend on human manipulation - and is therefore reproducible for the purposes of assessing the evolution of a lesion over time.

- **Generation of the shear wave**

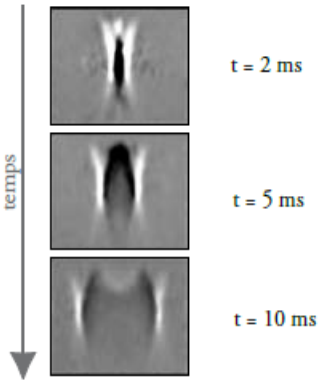
There are several ways of generating shear waves in the body. The beating of the heart is a natural source of such waves, but the induced vibration remains confined to the area immediately surrounding the heart. External vibrators can also be used (as in MRI Elastography), but this solution is ill-suited to the ultrasound imaging environment, since the radiologist must carry a device that is far too heavy. ShearWave™ Elastography leverages the radiation force of ultrasound waves as a source of shearing.

This force, which can be viewed as an acoustic wind, pushes the tissues in the direction of propagation of the ultrasound wave. An elastic environment such as human tissue reacts to this push with a rebound force in the opposite direction, thus creating a mechanical vibration and, more specifically, shear waves which propagate transversely in the tissue.



The diagram opposite illustrates the radiation force induced by a focused ultrasound beam. The tissues are pushed mainly in the focal zone, inducing a transverse shear wave.

As shown by the photos opposite, focused ultrasound beams induced at the center of the image can thus be a source of shear waves. However, these waves are of low intensity, fading away a few millimeters from the propagation site, and the tissue vibrates no more than a few microns. The generation of more intense shear waves would require a large input of acoustic energy at the focusing point, which could cause problems of the probe overheating and of exceeding the acoustic output standards.



➢ A supersonic vibration

SuperSonic Imagine has developed and patented a vibration mode named SonicTouch™ which makes it possible to generate intense shear waves without any overheating problems and without exceeding acoustic power standards. This acoustic radiation force produces shear waves that displace the tissues at supersonic speed (faster than the waves that are generated).

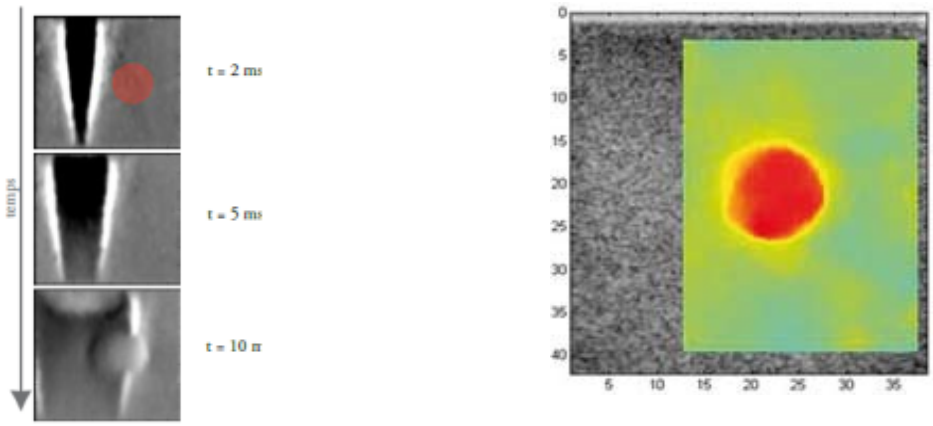
For a given local acoustic power, SonicTouch™ enables an increase in the efficiency of shear wave generation by a factor of 4 to 8. However, it is clearly impossible for current radiology systems, limited to frame rates of 50 to 60 images per second, to capture the generated shear wave, which will have disappeared in the time needed to acquire a single frame. Only UltraFast™ imaging, combined with the computing power resulting from a 100% software-based architecture, allows this shear wave to be captured, thanks to an acquisition rate of several thousand images per second, around 200 times higher than that offered by current conventional technology.

Radiation force created by SonicTouch™. The shear wave is amplified along a Mach cone (yellow). The distance traveled is increased, thus minimizing acoustic energy used.

➢ UltraFast™ Imaging

UltraFast™ Imaging is used to obtain extremely precise monitoring of the shear wave passing through the plane of observation: the propagation of the shear wave induces small tissue displacements which are recorded by the UltraFast™ Imaging system. It is thus possible, based on the movie of the particular displacements induced by the shear wave, to obtain an excellent representation of the wave propagation.

The photos below left show the plane shear wave induced by SonicTouch™ in an environment containing a harder inclusion (red circle). The shear wave-front is deformed because the shear wave travels faster in the harder inclusion.



The image above right shows a map of the local propagation speeds of the induced wave, reproduced in the photos on the left by cross-correlation algorithms.

With or without multi-line capacity, the current traditional ultrasound scanners have a series architecture, with the images being reconstructed sequentially from several wave transmissions. Ultra-fast imaging is a radically different approach: an ultra-fast imaging system is capable of processing in parallel, rather than in series, as many lines as necessary, and can calculate a complete image on the basis of a single transmit pulse, irrespective of the size of the image or other parameters. In this type of system, the image rate is not limited by the number of reconstructed lines. Ultra-fast imaging therefore allows a significant increase in the maximum image rate of an ultrasound scanner.

The table below shows the image rates possible for traditional ultrasound scanners and for those with UltraFast™ architecture.

Application	Depth	Traditional architecture	UltraFast architecture
Abdominal imaging	20 cm	20 Hz	3,800 Hz
Cardiac imaging	15 cm	150 Hz	5,000 Hz
Breast imaging	5 cm	60 Hz	15,000 Hz

The constraint of UltraFast™ is that the beam former must be constituted by an architecture whose parallelism allows an entire image to be covered in each insonification.

This was made possible with the fully software-based platform developed by the Group, whose design required the following two technological barriers to be overcome:

- the rate of transfer from the acquisition module to the processor must be several Gigabytes per second. The radio frequency (RF) signals are transmitted directly to the central unit (CU), and the transfer rate for producing the image in real time must be very high;
- the processor must be sufficiently powerful to form the beam in real time. For example, an image in B-Mode requires 1-2 billion operations per second (multiplications and additions).

Aixplorer® is the first system on the market to enable ultrafast imaging, which overcomes the compromise between the conventional ultrasound imaging speed and line number of the image and is an advanced technology comparable to what is seen in digital television.

The shear wave elastography developed by the Group is therefore the **only one** to:

- provide a quantitative real-time image of tissue stiffness that is independent of the user's knowledge and is reproducible.

- be approved by the FDA to date, in order to quantify tissue stiffness directly on the color image and for all probes and all applications.

6.3.3.2. UltraFast™ Doppler goes beyond the limits of conventional Doppler modes

UltraFast™ Doppler, which is incorporated into the Aixplorer® ultrasound scanner, is the result of a marriage between ultra-rapid imaging and Doppler techniques. It combines the advantages of color Doppler and pulsed Doppler as described earlier, without the respective disadvantages of each of these modes (a color Doppler mode with low temporal resolution, and a pulsed Doppler mode added to the standard examination and increasing its duration when quantitative blood-flow information is desired).

- **Ultra-fast imaging applied to flow quantification**

UltraFast™ imaging innovation has provided the opportunity to overcome the limitations of each of the conventional Doppler modes and revolutionize the approach to flow analysis by merging color Doppler and pulsed Doppler into a single mode: UltraFast™ Doppler, thus opening new perspectives in vascular imaging.

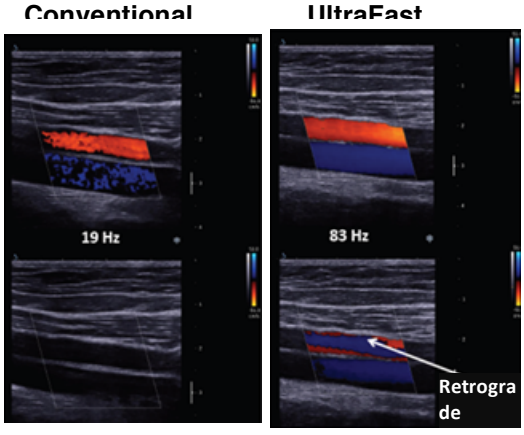
Thanks to its high-sensitivity/high image rate ratio, the Doppler UltraFast™ simultaneously allows:

- high-quality viewing of complex and transient flows; and
- the quantification, then comparison of the flow speeds from spectra from different areas of the same image,

which helps to significantly simplify the conducting of Doppler examinations and greatly reduces their duration. The characteristics and capabilities of the new UltraFast™ Doppler mode are evolving rapidly and will undoubtedly improve its clinical usefulness for taking Doppler imaging even further.

- **Improved color imaging**

The facing image shows the contribution of Doppler UltraFastTM to the practitioner in terms of image sharpness and precision of areas to identify:



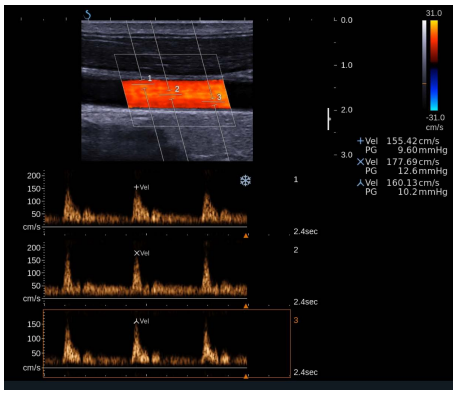
The Doppler UltraFast™ acquisition provides the user with many advantages in comparison to color Doppler acquisition:

- ✓ the generated color data clips have a high sensitivity and an imaging frame rate up to 10 times superior to conventional systems;
- ✓ the increase in quality is obtained while retaining a color box of the same size, whereas conventional systems require the user to choose between frame rate and size. The use of plane waves thus makes it possible to obtain information about the whole of the color box without any loss of frame rate;
- ✓ the flow information is consistent and synchronous throughout the image, since the Doppler signals of each pixel are acquired at the same point of the cardiac cycle. The signals of

traditional color Doppler lines, on the other hand, are acquired sequentially, producing a time offset of up to several hundred milliseconds between one side of the image and the other.

- **Quantification of flows at all points**

Doppler Ultrafast™ also allows full quantification of flows at all points of the image. The user can position a sample volume anywhere in the color box and the system instantly displays the pulsed spectrum of the selected area. Three Doppler spectra from different points can then be calculated and displayed simultaneously on the image, as illustrated in the figure below:



Simultaneous analysis of three sample volumes under Doppler UltraFast™

6.3.3.3. TWO BREAKTHROUGH TECHNOLOGIES WHICH, IN COMBINATION, PROVIDE A CONTRAST-ENHANCED IMAGING QUALITY THAT IMPROVES DIAGNOSIS

For the first time, a single system can offer the combination of the new ShearWave™ Elastography technology and contrast-enhanced ultrasound imaging. This development allows a comparison between the microcirculation blood flow of a tissue and its structural and mechanical properties, which represents a diagnostic advantage during the examination.

Multiwave Technology delivers excellent quality and ShearWave™ Elastography in real time. Contrast-enhanced imaging has been added to these modes and allows the diagnosis to be refined. Aixplorer® also offers B-Mode images of the highest quality and advanced contrast-enhanced ultrasound scanning, which allows the detection, characterization and monitoring of solid tumors of various organs.

6.4. THE MARKET AND ITS PLAYERS

On the global market for medical imaging, which increased from USD 12 billion to USD 21 billion from 1980 to 2010 (source: Deutsche Bank estimates for medical imaging market size and breakdown), the share of the ultrasound imaging segment increased from 15% to 25% over the period and was primarily driven by technological innovations integrated with ultrasound, as well as the aging of population and the growth of emerging countries, where access to care for all is becoming a priority.

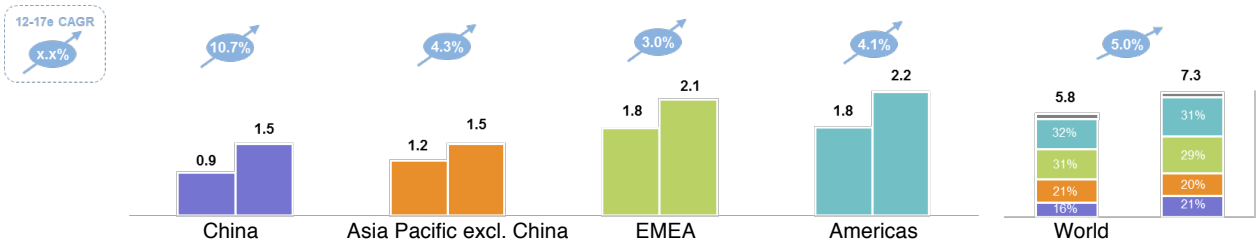
Valued at USD 5.8 billion in 2012, the market for ultrasound equipment is expected to reach USD 7.3 billion in 2017[1], an annual increase of 5% (the Company believes that this cumulative annual 5% growth rate should continue through 2023). This market is characterized by a concentration around ten or so players, including several heavy hitters in the worldwide industry such as General Electric, Philips, Siemens, Toshiba and Hitachi.

6.4.1. WITHIN THE SIGNIFICANTLY EXPANDING ULTRASOUND MARKET, AIXPLORER® IS NOW SERVING THE PREMIUM/HIGH-END RADIOLOGY MARKET

6.4.1.1. A GROWING ULTRASOUND MARKET

The global ultrasound imaging market is showing growth in each of the three main geographical zones (Asia, EMEA and the Americas) between 2012 and 2017.

Growth of the global radiology ultrasound market (2012 – 2017) by geographical region (in USD billions)



(source: IHS Inc. - 2013 InMedica study)

The geographical distribution of the ultrasound market is relatively balanced around the three main geographical areas of Europe, the United States and Asia-Pacific, which together account for 89% of the total market, or USD 4.8 billion in 2012. In this market, the EMEA accounts for USD 1.8 billion, the United States for USD 1.4 billion and Asia-Pacific for USD 2.1 billion, of which China accounts for USD 0.9 billion. In Europe in 2012, the German ultrasound imaging market was USD 301 million, the Italian market USD 201 million, the French market USD 212 million, the British market USD 110 million and the Russian market USD 189 million.

Between now and 2017, the distribution of revenues by geographical region is likely to remain relatively stable according to the InMedica study. However, the emerging markets, particularly China, are showing strong growth (+10.7%). Thus, the Chinese market should reach USD 1.5 billion in 2017 compared with USD 909 million in 2012, according to the same study.

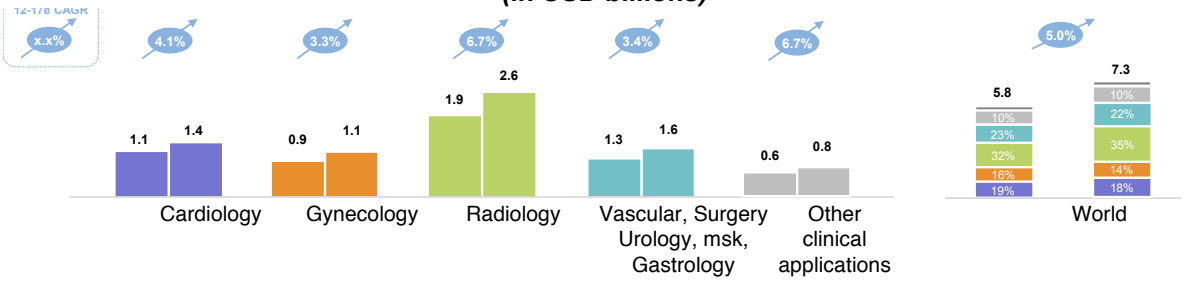
[1] Source: InMedica (IMS Research group), study "The World Market for Ultrasound Imaging Equipment - 2013".

6.4.1.2. AIXPLORER® IS AIMED PRIMARILY AT THE RADIOLOGY MARKET

The range of clinical application for ultrasound imaging covers many areas. Radiology mostly dominates the medical imaging market, along with specialty medicines such as cardiology and gynecology.

Aixplorer® is aimed primarily at the radiology market. Out of total revenues of USD 5.8 billion in 2012, radiology accounted for USD 1.9 billion (32%), cardiology for USD 1.1 billion (19%), and gynecology for USD 0.9 billion (16%).

Growth of the global radiology ultrasound market (2012 - 2017) by clinical application (in USD billions)



(source: IHS Inc. - 2013 InMedica study)

The radiology market should reach USD 2.6 billion in 2017, for an average annual increase of 6.7%.

6.4.1.3. AIXPLORER® IS POSITIONED ON THE PREMIUM AND HIGH-END SEGMENTS OF ULTRASOUND SCANNERS

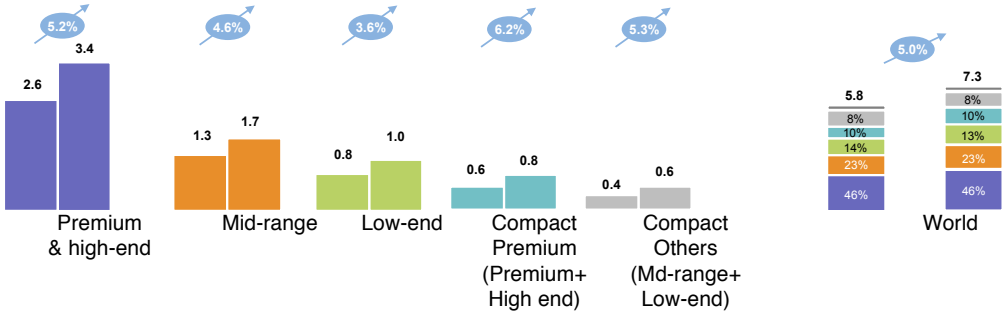
The ultrasound medical imaging market breaks down into four segments, which are defined according to the unit value of an ultrasound scanner:

- Premium: above USD 120,000;
- High-end: between USD 60,000 and USD 120,000;
- Mid-range: between USD 30,000 and USD 60,000;
- Low-end: up to USD 30,000.

Positioning of Aixplorer®

In addition to this segmentation, there is also the portable ultrasound scanner market (products weighing less than 12 kg), which is growing strongly. In 2012, the mobile market share (USD 1 billion) represented 18% of the ultrasound market. It is expected to reach 18.5% in 2017, an average increase of almost 6% per year.

Growth of the global radiology ultrasound market (2012 - 2017) by price segment (in USD billions)



(source: IHS Inc. - 2013 InMedica study)

The benefits of the Aixplorer® and the quality of its imaging positions it on the Premium and High-end segment of the market. These segments represented USD 2.6 billion in 2012 out of a total market of USD 5.8 billion. They should reach USD 3.4 billion altogether in 2017, an increase of more than 5% per year.

6.4.1.4. AN ADDRESSABLE MARKET OF USD 3.7 BILLION IN 2017

The development strategy of the Company primarily seeks to:

(i) accelerate its geographic expansion in Asia and particularly in China, that is to say, over the geographic region with the fastest growth,

(ii) continue the development of its products on the Premium/High-end and Portable segments as they offer the best growth; and finally

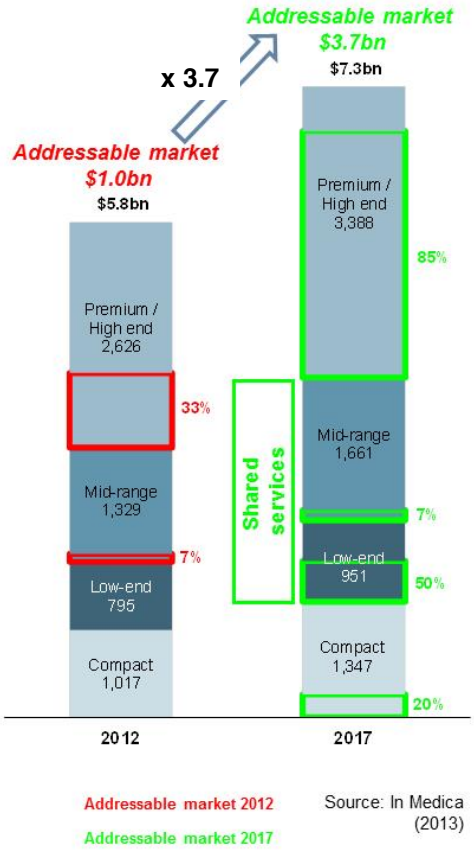
(iii) increase its presence in radiology and expand its offerings to specialty medicines that have the most sustained demand in the field of ultrasound imaging in the coming years.

By 2016, SuperSonic Imagine will position itself on the radiology market and the Premium and High-end segments. These segments have the advantage of being very receptive to innovations, which makes it possible to maintain high prices and good margins. This positioning requires not only performance with regard to traditional imaging, but also innovations that deliver convincing clinical results. The Company believes that the market addressed in 2012 by Aixplorer®, that is to say, ultrasound radiology and part of the gynecology and vascular segments, is a market of approximately USD 1 billion (approximately 33% of the Premium and High-end segment and 7% of Mid-range).

Starting in 2017, the introduction of the first equipment from the second-generation platform will expand the Company's product range to the Mid-range and Low-end segment as well as to portable equipment. It will also address other application lines, including cardiology and specialty medicines such as urology, hepatology, gastrology or endocrinology. The Company should have a complete Aixplorer® product range in gynecology and shared cardiology services. It should also have improved performance in the musculotendinous system field with a dedicated probe and added items to trans-cranial applications.

The Company believes these changes should increase the addressable Aixplorer® market to USD 3.7 billion in 2017, thus covering:

- 85% of the Premium and High-end range segment;
- 7% of the Mid-range segment;
- 50% of the Low-end segment;
- 20% of the "mobile" segment.



6.4.2. A PROMISING ENVIRONMENT IN THE MAIN COUNTRIES TARGETED BY AIXPLORER®

The Company, which now operates mainly in radiology, is focusing its marketing efforts primarily on France, the United States of America and China.

6.4.2.1. FRANCE AND EUROPE

The economic difficulties in Europe are producing substantial differences in growth rates on the ultrasound medical imaging market. Accordingly, the German market increased by 6% while the French market has shown an increase of only 3% since the 2008 crisis[1]. Ultrasound medical imaging is regarded in Europe as less complex, less invasive, more economically advantageous and less dangerous (no ionizing radiation) than the alternative solutions. The use of ultrasound medical imaging has been particularly favored by the development of high-end devices offering imaging modes such as contrast-enhanced ultrasound (CEUS). CEUS should continue to experience stable growth.

In France, ShearWave Elastography is recommended for liver fibrosis by the Haute Autorité de Santé (National Authority for Health). Reimbursement for its use was decided upon in June 2011.

Boosted by the reimbursement by the French health care system for the use of Aixplorer® for the liver, the Company wishes to increase its development in France in the coming years, in radiology services, with public hospitals and the private sector, and in hepatology services.

[1] Source: Easton Associates

6.4.2.2. USA

The U.S. ultrasound medical imaging market enjoys a high annual growth rate (between 5% and 10%). It is expected to reach USD 1.9 billion by 2015[1]. This market has specific characteristics that will be advantageous to Aixplorer®. In a time of budget cuts, US physicians, who are accustomed to using expensive technologies such as MRIs and scanners could turn to ultrasound, which offers high-performance alternative solutions at lower prices.

Also, the American propensity for litigation in the medical domain is encouraging the medical profession to use Premium and High-end devices capable of providing a better quality of diagnosis.

Finally, the introduction of screening programs for breast cancer is a positive factor for the Aixplorer® market.

Ultrasound examinations are reimbursed at different rates in the USA according to the particular nature of the examination, the site (hospital or practice) and the patient's insurance. The average refund for an ultrasound examination varies between USD 110 and 170. However, there is no additional reimbursement for elastography from Medicare and private insurers.

Recently, the Group obtained an "experimental" reimbursement code for shear wave elastography examinations.

The ACR (American College of Radiology) has also included elastography-related criteria in its BiRad classification for breasts.

6.4.2.3. CHINA

In China, ultrasound has a privileged place in the medical imaging arsenal and is mainly used for screening breast cancer. The Chinese healthcare system is dominated by public hospitals, partially funded and controlled by the government. Out of the over 20,000 public hospitals, around one fifth of them are regarded as high-level and purchase high-end ultrasound devices. The ultrasound equipment market grew by around 15 to 20% per year[2] between 2011 and 2017. Ultrasound devices are commonly used for screening. The majority of patients are given an ultrasound examination before going for a CT or MRI scan. Only specialized ultrasound practitioners are qualified to make a diagnosis by ultrasound. As a result, other specialists send them their patients.

Ultrasound diagnostics are reimbursed when the examination is performed by an ultrasound specialist. The Chinese reimbursement system covers only the urban population, which accounts for 60% of the total population. When new technologies are introduced, the manufacturers generally collaborate with the hospitals to obtain approval for the pricing and therefore the reimbursement. In some regions of China, there is a supplementary reimbursement for elastography.

In China, practitioners are not yet using medical imaging tools in large numbers. Ultrasound techniques are therefore used for the most part, which provides an opportunity for SuperSonic Imagine to enter the market under good conditions with Chinese professionals, including in the breast and liver fields.

SuperSonic Imagine is in a position to obtain a competitive advantage by promoting the performance of its ShearWave™ Elastography to high-level university hospitals. The choices made with regard to the distribution networks are a key factor for success in China.

[1] Source: Easton Associates
[2] Source: Easton Associates (29 November 2011)

6.4.3. THE KEY PLAYERS IN THE ULTRASOUND IMAGING AND ELASTOGRAPHY MARKET

Designing and developing ultrasound scanners requires large investments and very high-level R&D teams. For this reason, the ultrasound imaging market is dominated by a small number of players, of which the five leaders (General Electric Healthcare, Philips Healthcare, Hitachi Aloka Medical, Toshiba Medical Systems and Siemens Healthcare) held 77% of the market in 2010.

In 2012, after taking into account the mergers/acquisitions made and described below, the global hierarchy, which is dominated by two major players, is as follows (Source InMedica):

2012 ranking	Company	Market share	Revenues (in million USD)
1	GE Healthcare	27.2%	1.57
2	Philips Healthcare	19.7%	1.14
3	Toshiba Medical Systems	12.7%	0.73
4	Hitachi-Aloka Med cal	9.3%	0.54
5	Siemens Healthcare	8.3%	0.48
6	Esaote Spa	5.2%	0.30
	Others	17.6%	1.02
	Total	**100%**	**5.78**

The U.S. company General Electric Healthcare employs more than 46,000 people around the world in more than 100 countries. The Medical Diagnostics division of GE Healthcare designs, manufactures and markets imaging products used for visualizing the organs, tissues and functions within the human body in order to allow physicians to detect pathologies, diagnose them and take early management of them.

The Dutch company Philips Healthcare offers high-tech medical equipment and services such as medical imaging, diagnostics and monitoring, healthcare computerization and a range of services for health professionals. Philips Healthcare employs around 37,500 people across the world.

Hitachi Aloka Medical, a Japanese company, provides products, services and advanced systems in the field of medical diagnostic systems including electron microscopes, laboratory equipment, CT scanners and ultrasound platforms. Hitachi acquired Aloka in November 2010 in order to strengthen the group's imaging business. This acquisition gave birth to a major new player, with a particular presence in the markets of South-East Asia and Japan. The Hitachi and Aloka ranges of ultrasound scanner ranges will remain marketed in parallel.

The Japanese company Toshiba Medical is a division of Toshiba Corporation. It offers a complete range of diagnostic imaging systems, including radiography and MRI equipment, CT scanners and ultrasound scanners.

The German company Siemens Healthcare develops and distributes a complete range of ultrasound scanners. The company has nine models in its range, including the Sonoline™ and Acuson™ products. The current applications for elastography at Siemens concern the liver, kidney, pancreas, breast and thyroid.

The Italian company Esaote SpA has around a thousand employees, 40% of whom work abroad. The company, which has a presence in 60 countries thanks to a large distribution network, specializes

in the ultrasound market. Its R&D division employs around 200 people, representing 20% of the total workforce. Its products are competitive in the entry-level compact segment: in 2010, Esaote was the world's second-highest seller in the "Compact 6-12 kg" segment (source: InMedica). In 2007, the Italian Esaote Group acquired the French medical diagnostic equipment company Kontron Medical. In 2009, Esaote was acquired by the investor consortium led by Ares Life Sciences.

6.4.4. A MARKET BUILT THROUGH CONSOLIDATION

The evolution of the market and of the relative positioning of its different players has been impacted by the regular integration of specialized players within large groups throughout the two phases of successive consolidation.

- **First phase: 1998 to 2001**

In four years, three players have made the following six acquisitions:

- ✓ **1998:** GE Healthcare acquires Diasonics Vingmed with technology focused on cardiac examination;
- ✓ **1998:** Philips acquires ATL (pioneer of the ultrasound imaging digital era with the development of digital signal conditioners);
- ✓ **2000:** Siemens acquires Acuson having brought to market color Doppler imaging;
- ✓ **2000:** GE Healthcare acquires Parallel Design having brought to market high performance ultrasound probes;
- ✓ **2000:** Philips acquires Agilent (spin-off of HP) having brought to market ultrasound imaging technology dedicated to cardiology;
- ✓ **2001:** GE Healthcare acquires Kretz (real-time 3-D technology for obstetrics application).
- ✓ **Second phase: 2010/2013 characterized by the entry of Asian players onto the market**

Five major operations occurred during this period:

- ✓ **2010:** Hitachi acquires Aloka, a Japanese company that designed laparoscopic probes;
- ✓ **2011:** Samsung acquires Medison (ranked 7th globally in 2010 with a 4.8% share of the market – source: InMedica);
- ✓ **2011:** Fujifilm acquires SonoSite (spin-off of ATL Ultrasound), which specialized in the compact equipment segment.
- ✓ **2013:** Analogic Ultrasound Corp acquires Ultrasonix in March for about USD 83 million to accelerate its deployment on the Point-of-Care Market segment; Analogic had already acquired the Danish company B&K, a leader in the field of urology and surgery
- ✓ **2013:** Acquisition in June of the US company Zonare by the Chinese company Mindray.

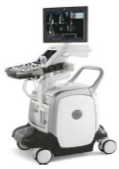
These various acquisitions underlined the fact that innovation within the ultrasound market has historically been provided by emerging players of modest size where a takeover has contributed to the redistribution of the market share among the five main players.

6.4.5. COMPETITIVE POSITIONING IN THE PREMIUM AND HIGH-END RANGE

The Premium and High-end (trolley) segment targeted primarily by the Group is dominated by four major players in the ultrasound market, namely (source: InMedica 2013 - 2012 revenue):
1 - Philips Healthcare: USD 724 million;
2 - GE Healthcare: USD 638 million;
3 - Toshiba Medical System: USD 453 million;
4 - Siemens Healthcare: USD 281 million.

Faced with these actors with their considerable financial and marketing resources, the Group is positioned to challenge within the "Premium/High-end" segment, but its competitive positioning is particularly attractive thanks to the innovative features offered by Aixplorer®.

The table below summarizes the major equipment present on this market segment and their main characteristics.

PHILIPS	GE Healthcare	SIEMENS	SUPERSONIC imagine
			
2D B-mode Doppler: Color, PW ARFI 3D B-mode	2D B-mode Doppler: Colour, PW Static Elastography 3D B-mode	2D B-mode Doppler: Colour, PW ARFI 3D B-mode	2D B-mode Doppler: Colour, PW, **Ultrafast Shear Wave Elastography** 3D B-mode **3D elastography**
32x multiline	4x multiline	4x multiline	**256x multiline**
Cardiology, General Imaging, Vascular, Women's Healthcare	Radiology, Vascular, OB/Gyn, Breast, Shared Service	Radiology, Vascular, OB/Gyn, Breast, Shared Service	Radiology, Breast, **Hepatology, Urology**, Vascular, **Gyn**
Hardware			**Software**

6.5. AIXPLORER®: THE PRODUCT AND ITS APPLICATIONS

6.5.1. GENERAL DESCRIPTION OF THE PRODUCT

Aixplorer® is a third-generation ultrasound scanner which combines all the technologies developed by SuperSonic Imagine in a single device and offers, in addition to the possibilities of the high-end traditional ultrasound scanner, solutions specific to today's diagnostic challenges that push back the technical limits of the traditional ultrasound imaging.

The product offers the following features:

- superior quality imaging that positions it immediately in the "Premium" and "High-end" market segment;
- perfect resolution, irrespective of the type of organ imaged and the morphology of the patient;
- high-contrast imaging, revealing the most subtle structures;
- two additional imaging modes that distinguish it from competing products (see Section 6.3.3 above):
  - ShearWave™ Elastography™;
  - UltraFast™ Doppler, which goes beyond the limitations of traditional Doppler modes.
- An ergonomic design with intuitive user interface,

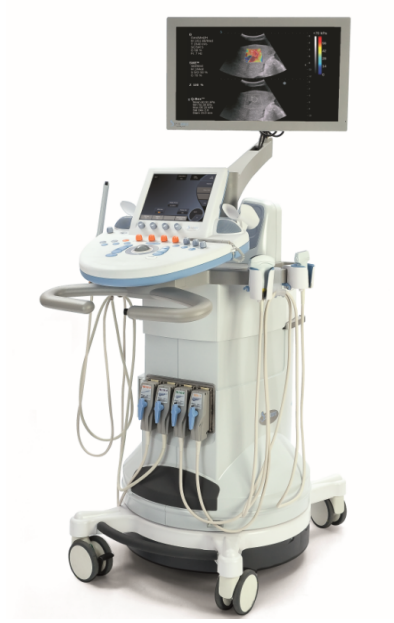
it improves the characterization of focal lesions and diffuse pathologies for several organs and the ability to track results over time to assess disease progression and the efficacy of the therapy undertaken.

The ultrasound scanner comprises one platform for the Aixplorer® system and a large range of probes.

➢ **The Aixplorer® system**

The Aixplorer® comprises three elements:

- a central base containing the core of the ultrasound imaging device responsible for forming the image;
- a control panel comprising a touch screen for intuitive use of the main controls;
- a screen for real-time display of the images produced.



The development of Aixplorer® is based on a new-generation technological platform that has also taken into account the constraints affecting practitioners in their everyday lives.

- **A radically new software-based technological platform**

The Aixplorer® technological platform differs from other platforms on the market with its leading software architecture that significantly limits the need for certain hardware components. The base includes:

- an extremely high-performance software solution that improves the precision, flexibility and speed of image acquisition to around 200 times higher than that provided by traditional ultrasound scanners and ensures processing of captured images to reproduce them in real time;
- a hardware system consisting of a single signal capture board in 2 models (in place of the ten or so boards usually used in the Premium/High-end ultrasound scanners), representing a significant savings.

Since the very first version of Aixplorer®, this choice has made it possible to keep the hardware configuration almost unchanged, with the exception of the recent modification (V7 launched in 2013) of the interface to allow practitioners to connect four probes at the same time instead of two.

In the versions before V7's release, system upgrades corresponded mainly to software enhancements that opened up new clinical applications with the addition of probes. Each new version does not make previous ones obsolete but rather increases interest in ultrasound, which, every time, has its potential clinical applications broadened. As the case may be, a new application entails either the development of dedicated application software only or the development of a specific probe in addition to the software. Whereas V8, which is dedicated to obstetrics, required only that the software architecture of additional software be developed and incremented, V4 required the design of an endocardial probe in addition to prostate and gynecological imaging software. Some minor hardware changes, however, can be induced by these software developments, particularly with regard to the need for additional processing power.

It should be noted that these regular software innovations constitute a way to minimize price erosion on the market.

- **Ergonomics adapted to the difficult working conditions of practitioners**

- compact design allowing the physician to be close to both the patient and the monitor;
- comfortable footrest;
- ability to place the monitor in multiple positions so as to obtain a wide field of vision;
- four swiveling wheels with manual brakes and directional lock on the front wheels;
- magnetic stylus holder integrated into the touch screen;
- four independent connection ports for probes (version V7), probe holders;
- accessible gel holder;
- touch screen multiplying the practitioner's visual options and facilitating interactions (image adjustments or annotations) with the system.

- **A wide and scalable range of probes**

In addition to the base, the second component of the scanner is the probe.

When it was first presented to the market in mid-2008, Aixplorer® had only a single probe, dedicated to the examination of superficial organs and more specifically the breast. This first "breast" application allowed the Company to enter the ultrasound imaging market by positioning itself in the senology market (breast imaging) thanks to a system that perfectly matched the clinical needs of this radiology specialty, which constitutes an entirely separate market segment.

To date, the R&D teams have gradually expanded the range of probes available on Aixplorer®. They currently offer eight probes that cover many medical applications through related application software layers as explained above:
- SL 15-4: linear probe for surface imaging (breast, thyroid, MSK, vascular, etc.),
- SL 10-2: linear probe for surface and vascular imaging,
- SC 6-1: curve probe for abdominal imaging,
- SMC 12-3: micro convex probe for pediatric imaging,
- SE 12-3: endocardial probe for urological and gynecological imaging,

- SLV 16-5: 3D acquisition probe for surface imaging,
- SLH 20-6: very high frequency probe for surface and MSK imaging,
- XP 5-1: phased array probe for vascular and abdominal imaging.

With optimal sensitivity and excellent comfort for the operator, the Aixplorer® SuperTransducer family makes it possible to obtain very high-quality images for all patients, including those most difficult to diagnose. It uses a revolutionary technology, providing both great sensitivity and a wide frequency range. It thus offers excellent clinical performance, in terms both of penetration for deep exploration and of spatial resolution and contrast.

This technology provides a very wide frequency range never previously achievable. The presets are perfectly adapted to the various clinical applications; for example, the SL15-4 probe is capable of covering the superficial planes of the breast as well as their deep planes. All the probes have been subjected to ergonomic and validation studies by physicians and ultrasound technicians to ensure that they can be held with the hand in a relaxed position. Their weight and shape helps to reduce the risk of musculotendinous injury.

This development has also been accompanied by a series of innovations whose relevance in each of the applications has been clinically assessed.

- ✓ In 2009 and 2010, the introduction of the curved probe has also opened a new market for Aixplorer® in hepatology/gastroenterology, which hitherto has been unexplored by ultrasound.
- ✓ In 2011, the SL10-2 probe opened the vascular market up to Aixplorer®.
- ✓ In 2012, a new probe – the Super Micro Convex™ SMC 12-3 – opened the pediatrics and musculoskeletal (musculotendinous) system markets to Aixplorer®.
- ✓ In 2013, Aixplorer® integrated four probe connectors (instead of two), thus adapting the product to the general radiology market, in which practitioners keep several probes connected to the unit at all times.
- ✓ In 2014, the SLH 20-6 probe broke into the muscle-tendon market and the XP 5-1 probe (with single crystal technology) joined the vascular exploration probes (transcranial Doppler) product range.

6.5.2. AIXPLORER®: ITS APPLICATIONS

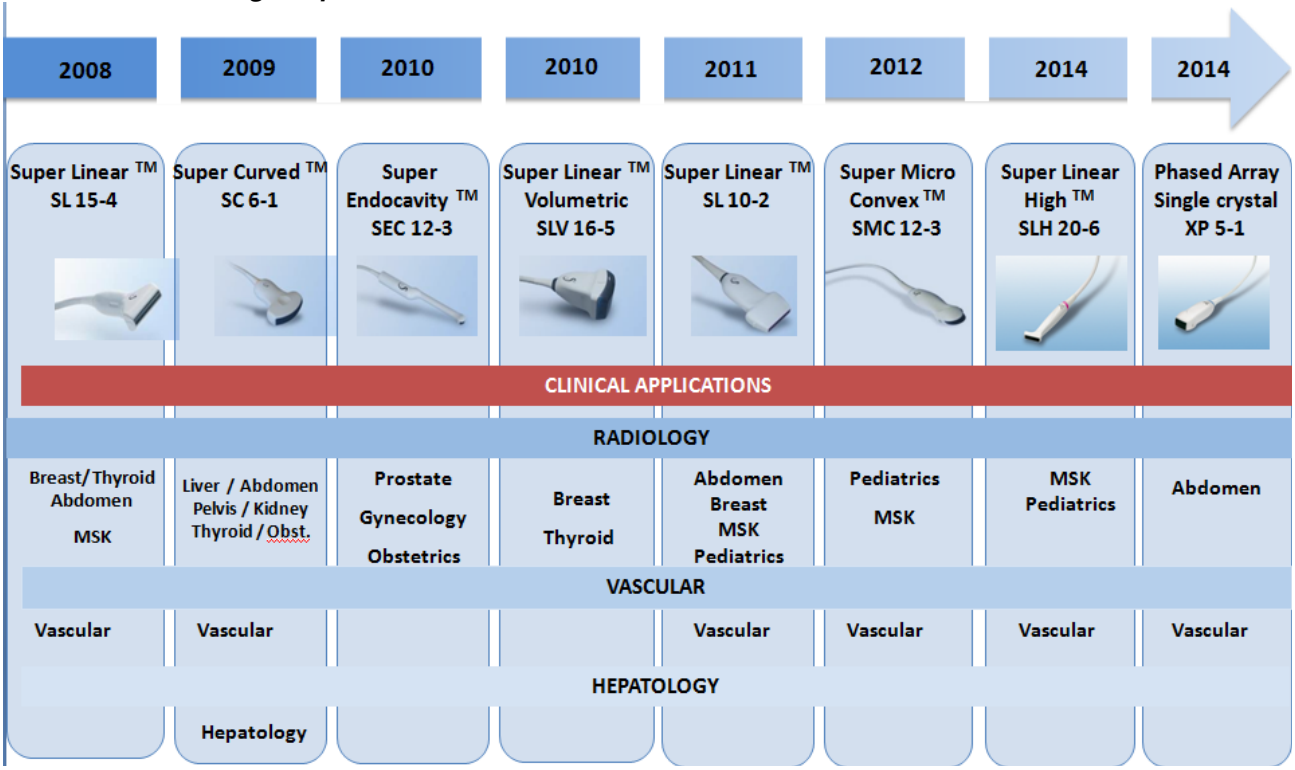
Following the launch of the probe dedicated to pediatrics and the musculoskeletal system in July 2012 and the software application dedicated to obstetrics in 2013, the Group now has a platform that can handle most of the examinations performed by radiologists as summarized in the diagram below. Thanks to this gradual enrichment, radiologists have become the primary target of the Group since 2010, whereas before then, sales and marketing were focused on breast specialists. This comprehensive range combined with a new four-probe interface offers particularly attractive positioning in the Premium segment of general radiology, the largest ultrasound market segment.

This increased footprint also allows the Company to capitalize on the installed base by offering existing clients the opportunity to optimize their equipment with the purchase of new, dedicated probes and/or clinical application software.

The four markets on which Aixplorer® is progressively positioning itself by integrating the associated specialties are: the breast market, the general radiology market, the vascular market and the hepatology/gastroenterology market - a market hitherto unexplored by ultrasound imaging, but for which ShearWave™ quantitative elastographic imaging represents a unique hepatic fibrosis imaging tool.

The diagram below summarizes the progressive expansion of the probe range with the clinical applications covered by each of the available probes.

Evolution of the range of probes



Since 2012, the development of new clinical applications such as obstetrics have only required the development of dedicated application software to be combined with an existing probe.

6.5.3. TOWARD A SECOND-GENERATION TECHNOLOGY PLATFORM

The ongoing software enhancement mentioned above is not unlimited without major hardware modification. This is why R&D teams are currently working on the development of the second-generation technology platform, a design radically different from the current one, to maximize scalability and lower the cost of manufacturing.

This choice of a high level of modularity is strategic because it makes possible the creation of a family of ultrasound machines suitable for various market segments that the current Aixplorer® system, which is designed and positioned as a high-end product, does not address for economic reasons, as the unit price is too high for specialty markets, or pricing or practical reasons, to address the portable ultrasound segment, to name but one example.

As it requires subsequent developments to both hardware and software, the completion of this second-generation technology platform will only take place by the end of 2017. It is only after that date that the Company will permanently abandon the current platform.

However, since the construction of the proposed development consists of several stages over the period from the end of 2017 to 2018, two new ultrasound scanners from this new platform should be able to be launched for new market segments (see Chapter 12 of this document). Other developments will still be required to have a new system that, in its most complete modular configuration, will be equivalent to the current Aixplorer®.

There will therefore be a transition period of at least three years during which the ultrasound scanners marketed will not all have the same base depending on the market segments for which they are

intended or geographical regions according to the time required to obtain regulatory approvals for the marketing of the new platform.
This is irrelevant to the application probes, which remain operational regardless of the platform to which they will be connected.

6.6. PROMISING CLINICAL VALIDATION IN VARIOUS APPLICATIONS

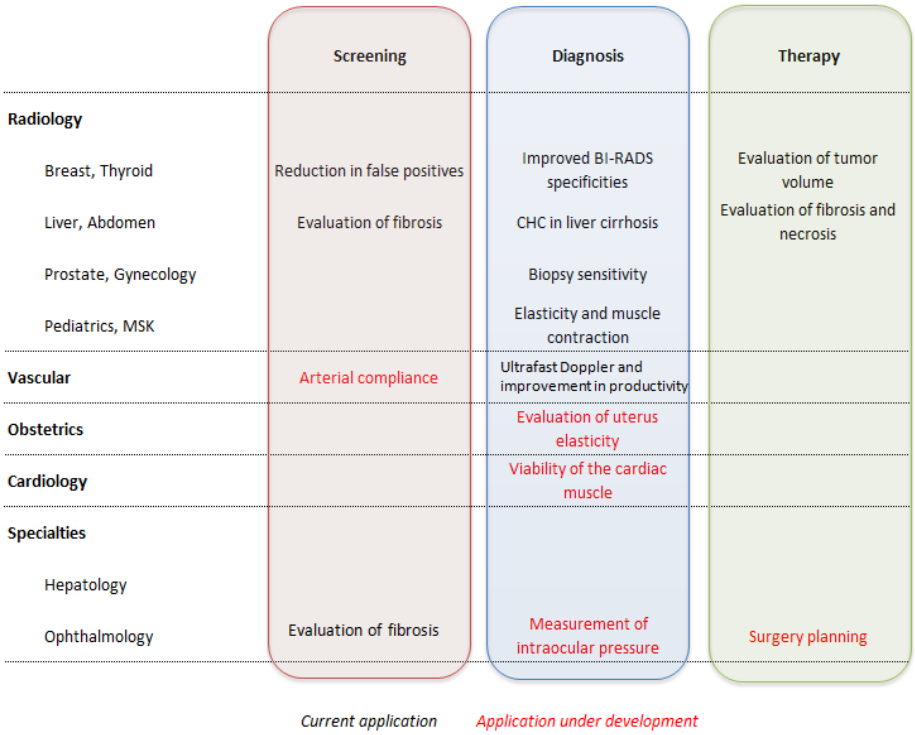
6.6.1. AIXPLORER®: A STRONG CLINICAL POSITIONING

The Company's philosophy is founded on clinical innovation, meaning the demonstration of a clinical benefit for its technological innovations in all the domains where imaging can play a role.

Ultrasound imaging is traditionally positioned as a diagnostic tool, for different organs and different pathologies. However, this role will be progressively extended beyond diagnosis and offer applications for screening and for treatment follow-up or monitoring. Each of these three clinical contexts (screening, diagnosis, and therapy) demands different qualities on the part of the imaging system: detection ability for screening, blood characterization for diagnosis, and reproducibility for treatment follow-up or monitoring.

The vision of SuperSonic Imagine is to supplement traditional ultrasound imaging with new functionalities that make this imaging mode capable not only of excelling in the fields where it currently has a role, but also of extending this role and competing with other imaging modes.

The following diagram illustrates the areas in which the Group has chosen to position its Aixplorer® ultrasound scanner, providing it with a strong clinical distinguishing element because the proposed innovations lead to the broadening of the scope of ultrasound to new areas from which it was previously absent (such as hepatology).



This clinical positioning is a strong signature of a Group that is today proving itself as a force to be reckoned with for the major players in the imaging market. SuperSonic Imagine is developing it by coordinating clinical trials around these claims.

6.6.2. A STRONG ROLE IN COORDINATING CLINICAL TRIALS

In addition to the scientists with whom SuperSonic Imagine maintains close relationships, the Company has always involved physicians in its deliberations and work. It encourages them to conduct clinical studies on applications that are suggested for Aixplorer® and to publish their findings. Even if these studies do not form part of a regulatory process for obtaining a marketing authorization, the stakes are high with respect to recognition and acceptance by the market. Obtaining the support of opinion leaders in the relevant field is a precondition for any attempts to impose a new technology for medical procedures that are fully known and mastered by health professionals (radiologists and other clinical specialists). It is therefore necessary to provide a scientific demonstration of the contribution of ultrasound using ShearWave™ Elastography compared to conventional ultrasound, and then to communicate these results to opinion leaders so that they will then adopt the recommendation to use this new procedure.

Numerous clinical studies of the various applications of the ShearWave™ Elastography system are underway in a number of clinical centers around the world. They have already been discussed in over 200 scientific publications. SuperSonic Imagine has conducted a major clinical study on the breast. Healthcare professionals and researchers are conducting studies in other areas of application, with the Company facilitating communication and acting as coordinator between teams interested in the same topics.

The results of studies concerning the three application areas considered as priorities by the Group (breast, liver and prostate) are presented below.

6.6.3. AN INITIAL APPLICATION DEDICATED TO BREAST IMAGING: A SIGNIFICANT IMPROVEMENT IN DIAGNOSIS

6.6.3.1. STILL TOO MANY UNNECESSARY BIOPSIES PERFORMED DURING DIAGNOSIS

- **Ultrasound imaging has a key role in breast cancer screening thanks to its excellent negative predictive value**

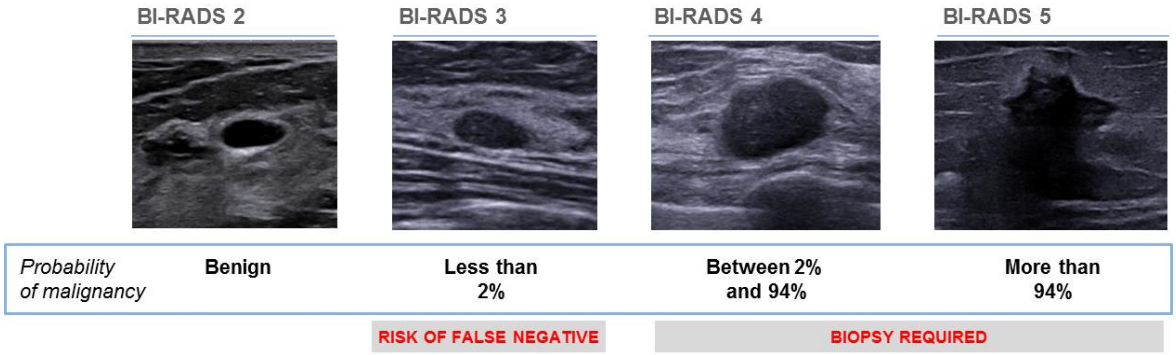
Thanks to its excellent sensitivity (around 80% for the specific breast application - see the results of the multi-site study described in Section 6.5.3.2. below), its reproducibility and the standardization of this examination, mammography is the reference examination for the screening of breast cancers. Against this background, the primary objective is to locate and identify, in asymptomatic patients, any anomaly (lesions, foreign bodies, architectural disorganization, etc.), in order to then study and perform a biopsy if it is suspect. The place of mammography in screening is today major, since it is the only procedure that has demonstrated a reduction in mortality when used for screening examinations.

Ultrasound imaging, for its part, also has a high degree of sensitivity that allows it to be used at the screening stage, but this technique has the drawback of being more dependent than the others on the operator, his experience and the quality of the device used. On the other hand, the excellent negative predictive value (ability to predict that a lesion will be benign) of ultrasound imaging, combined with a greater degree of specificity than that of mammography, make this imaging technique the ideal tool for the step that comes after screening: the diagnosis proper, which requires characterization of the lesions. Here the primary aim is no longer to detect, but rather to qualify the anomalies detected by mammography in order to identify those that are certainly benign, those that show sufficient risk of malignity to justify an additional medical procedure, biopsy, and finally those for which the risk of malignity is very low and will therefore call for close monitoring.

- **However, conventional ultrasound imaging modes have the disadvantage of lacking specificity**

This two-stage sorting process (screening and then characterization) makes it possible to rule out any suspicion for certain typically benign lesions, such as simple cysts. However, despite this two-stage sorting, the vast majority of lesions for which a biopsy is currently performed are benign. In the USA, for example, two million biopsies are performed every year, of which 80% are negative which highlights the need to improve specificity to reduce biopsies that are not useful. Conversely, certain lesions classed as probably benign, although this is a rare occurrence (less than 2% of lesions classed as probably benign), are not biopsied but subsequently prove to be cancers.

For assessing mammary lesions detected by mammography and characterized by ultrasound imaging, radiologists use a classification system developed by the American College of Radiology (ACR): BI-RADS® (Breast Imaging Reporting And Data System). This is based on the evaluation of different radiological criteria and essentially allows each examined lesion to be ranked on a scale from 1 (examination normal) to 6 (proven malignant lesion). For all lesions with a rank of 4 or 5 in BI-RADS, the risk of malignity is regarded as sufficiently high to justify a biopsy, which makes it possible to obtain an anatomical and pathological result from the tissue sample taken. BI-RADS 2 lesions are certainly benign, while BI-RADS 3 lesions are probably benign and therefore require monitoring.



In this classification, the BI-RADS® class 4 entails the greatest uncertainty concerning the malignancy of the lesion after mammography (between 2% and 94% probability that the lesion is malignant). For this reason, this category is often divided into BI-RADS 4a, 4b and 4c.

6.6.3.2. IMPROVED SPECIFICITY WITH ELASTOGRAPHY SHEARWAVE™

- **A major multicenter study**

An international, multicenter study, "Breast Elastography 1" (BE1) was initiated in April 2008 at 17 leading sites in the United States and Europe, including the Curie Institute in Paris, Hammersmith Hospital of the Imperial College of Medicine in London (UK), the diagnosis center at Wiesbaden and the university hospitals in Kiel and Greifswald (Germany), as well as Yale Medical Center (Connecticut, USA) and Northwestern Memorial Hospital in Chicago (Illinois, USA). This study was the largest clinical study financed by a company in the ultrasound sector. The proper conduct of the study was supervised by Professor David Cosgrove (Imperial College of Medicine, London) and it enabled the analysis of more than 1,800 patients in a database of more than 20,000 images. An independent biostatistician, Caroline Dorée at Hammersmith Hospital, London (UK), performed this analysis.

Involving renowned clinicians in the field of breast imaging, the BE1 study evaluated the clinical benefit of ShearWave™ Elastography in the context of ultrasonographic diagnosis of breast lesions.

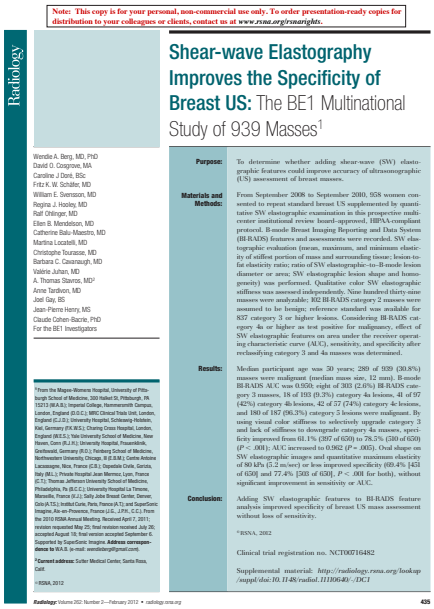
The study had two objectives:

- to demonstrate the reproducibility of ShearWave™ Elastography;
- to evaluate the diagnostic impact of ShearWave™ Elastography used as an adjunct to conventional ultrasound imaging.

Throughout this study, numerous presentations (25) were given at various international conferences.

Full recognition of the contribution of the application for the breast provided by Aixplorer® was crowned in early 2012 by the publication of two articles in the prestigious journals Radiology and European Radiology, both of these being scientific journals that are acknowledged for their independence and critical thinking.

The final clinical results were presented on 1 March 2012, at the ECR (European College of Radiology) Congress in Vienna, Austria.



Radiology

Shear-wave Elastography Improves the Specificity of Breast US: The BE1 Multinational Study of 939 Masses[1]

Wendie A. Berg, MD, PhD
David O. Cosgrove, MA
Caroline J. Doré, BSc
Fritz K. W. Schäfer, MD
William E. Svensson, MD
Regina J. Hooley, MD
Ralf Ohlinger, MD
Ellen B. Mendelson, MD
Catherine Balu-Maestro, MD
Martina Locatelli, MD
Christophe Tourasse, MD
Barbara C. Cavanaugh, MD
Valérie Juhan, MD
A. Thomas Stavros, MD
Anne Tardivon, MD
Joel Gay, BS
Jean-Pierre Henry, MS
Claude Cohen-Bacrie, PhD
For the BE1 Investigators

Purpose: To determine whether adding shear-wave (SW) elastographic features could improve accuracy of ultrasonographic (US) assessment of breast masses.

Materials and Methods: From September 2006 to September 2010, 938 women consented to repeat standard breast US supplemented by quantitative SW elastographic examination in this prospective multicenter institutional review board–approved, HIPAA-compliant protocol. B-mode Breast Imaging Reporting and Data System (BI-RADS) features and assessments were recorded. SW elastographic evaluation (mean, maximum, and minimum elasticity of stiffest portion of mass and surrounding tissue; lesion-to-fat elasticity ratio; ratio of SW elastographic–to–B-mode lesion diameter or area; SW elastographic lesion shape and homogeneity) was performed. Qualitative color SW elastographic stiffness was assessed independently. Nine hundred thirty-nine masses were analyzable; 102 BI-RADS category 2 masses were assumed to be benign; reference standard was available for 837 category 3 or higher lesions. Considering BI-RADS category 4a or higher as test positive for malignancy, effect of SW elastographic features on area under the receiver operating characteristic curve (AUC), sensitivity, and specificity after reclassifying category 3 and 4a masses was determined.

Results: Median participant age was 50 years; 280 of 939 (30.8%) masses were malignant (median mass size, 12 mm). B-mode BI-RADS AUC was 0.928; eight of 303 (2.6%) BI-RADS category 3 masses, 18 of 193 (9.3%) category 4a lesions, 41 of 97 (42%) category 4b lesions, 42 of 57 (74%) category 4c lesions, and 180 of 187 (96.3%) category 5 lesions were malignant. By using visual color stiffness to selectively upgrade category 3 and lack of stiffness to downgrade category 4a masses, specificity improved from 61.1% (297 of 620) to 76.5% (330 of 620) ($P < .001$); AUC increased to 0.962 ($P = .005$). Oval shape on SW elastographic images and quantitative maximum elasticity of 80 kPa (5.2 m/sec) or less improved specificity (69.4% [431 of 620] and 77.4% [503 of 650], $P < .001$ for both), without significant improvement in sensitivity or AUC.

Conclusion: Adding SW elastographic features to BI-RADS feature analysis improved specificity of breast US mass assessment without loss of sensitivity.

©RSNA, 2012

Clinical trial registration no. NCT00716482

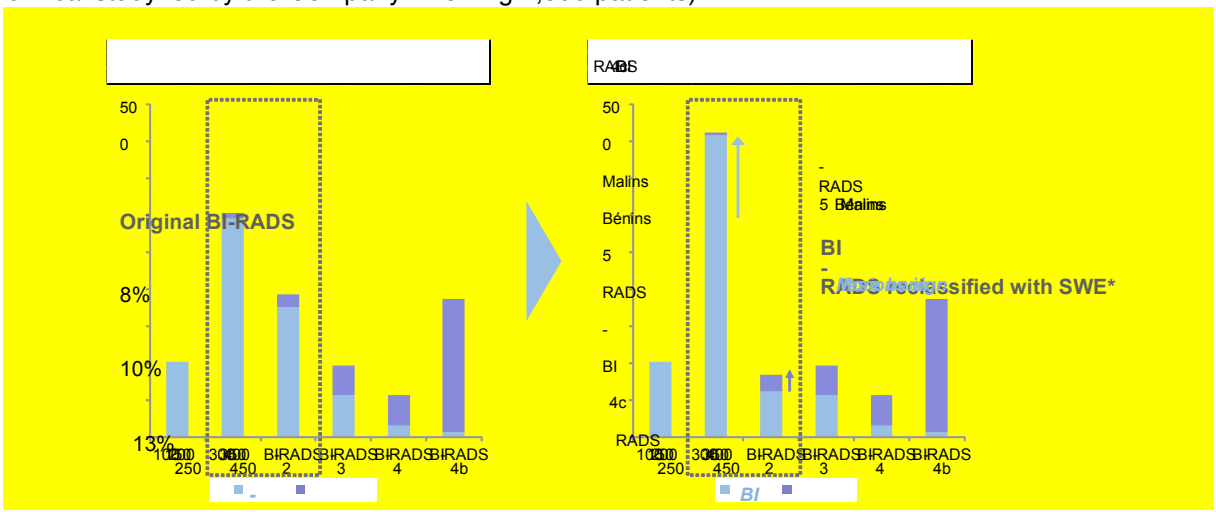
Supplemental material: *http://radiology.rsna.org/lookup/suppl/doi:10.1148/radiol.11100640/-/DC1*

- **A significant improvement in the BI-RADS classification of breast lesions thanks to the better specificity of ShearWave™ Elastography**

The study focused on improvement of the classification of breast lesions in the BI-RADS® 3 and 4 categories, so as to enable better referral of patients for medical follow-up or biopsy.

For some benign lesions classified 4a before using ShearWave™ Elastography, which were thus oriented toward biopsy, the results of examination with ShearWave™ Elastography would have recommended a follow-up, thus avoiding a biopsy. Conversely, some cancerous lesions classified as BI-RAD 3 could have been reclassified by using ShearWave™ Elastography in category 4a to be biopsied, thus avoiding the generation of false negatives. This shows the improvement in the specificity without loss of sensitivity, made possible by ShearWave™ Elastography.

In a more general manner, on a larger sample of the population, better classification of lesions between BI-RADS 3 and BI-RADS 4a reduced the false positives by 45% (result from a multicenter clinical study led by the Company involving 1,800 patients).



*Using ShearWave™ Elastography Color-Coding (aggressive)

- **Clinical result 1: ShearWave™ Elastography's characteristics show its accuracy and reproducibility.**

Each clinical investigator has to make 3 consecutive recordings of the same lesions and to compare the characteristics of the 3 images obtained with ShearWave™ Elastography. The results have proved to be reproducible in both a qualitative and a quantitative manner:

- qualitative results: in 88% of cases, the 3 repeated recordings using ShearWave™ Elastography were described by the physicians as being of similar appearance;
- quantitative results[1]: the ICC* scores (Intraclass Coefficient Correlation - guidelines by Landis & Koch) of measurements performed using ShearWave™ Elastography ranged between 0.84 and 0.95, which is recognized as being close to a perfect score.

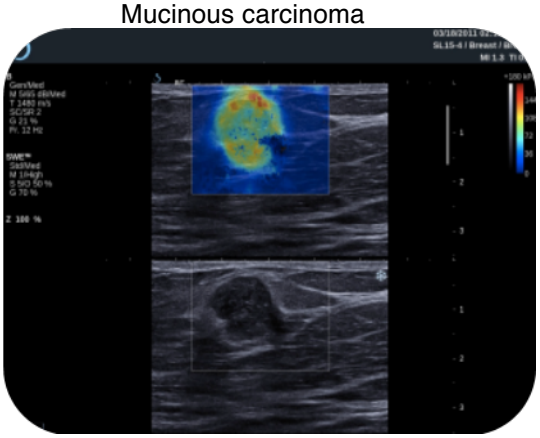
The reproducibility of the imaging modalities provides the physician with a reliable and accurate evaluation of the lesion during the procedure and also over time. Responsibility is a key element in report standardization, follow-up and monitoring of therapy.

- **Clinical result 2: ShearWave™ Elastography increased the specificity and Positive Predictive Value (PPV) of breast ultrasound imaging.**

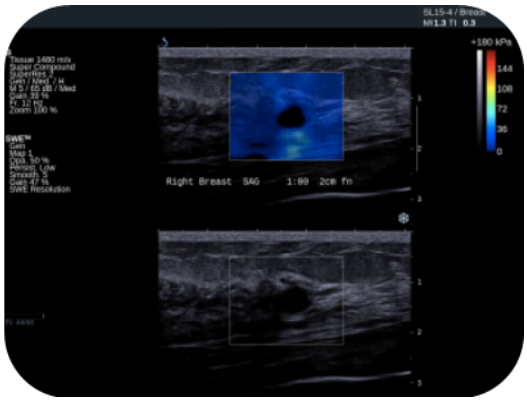
Using the maximum value of SWE elasticity in kilopascals, the specificity of ultrasound imaging was increased by 26%, without any loss of sensitivity, and the PPV (Positive Predictive Value) of biopsies in the BI-RADS 4a category (category 4, corresponding to a probability of malignancy ranging from 2% to 94%, is divided into 4a, 4b, and 4c, with category 4a representing less than 10% of malignancies) was increased by 122%. Using the color corresponding to the maximum SWE stiffness, the specificity of diagnostic ultrasound imaging increased by 28%, without any loss of sensitivity, and the PPV of biopsies in the BI-RADS 4a category was increased by 155%.

Example of images obtained with ShearWave™ technology

Mucinous carcinoma



Simple breast cyst



6.6.3.3. OTHER STUDIES CONDUCTED ON THE BREAST

In addition to the recent publications of initial results from the BE1 multinational study, numerous teams across the world have also reported the results of their own experiences.

[1] The Aixplorer® system commercially available in the USA has no quantification tool.

This, for example, is the case with the Radiology team at the Curie Institute in Paris. In 2010, Dr. Athanasiou and Professor Tardivon published the results of the first clinical evaluation of ShearWave™ Elastography used in the diagnosis of breast cancer. The conclusions were that, in the 48 breast lesions studied, measurement of elasticity enabled a very significant distinction to be made between populations of benign lesions and those containing cancers.

During the same year, Professor Evans's team at Ninewells Hospital in Scotland reported on its first experiences with 52 patients and demonstrated, for the first time, the reproducibility of the ShearWave™ Elastography technique, which moreover enabled an improved classification of breast lesions by means of ultrasound imaging.

In late 2011, Drs. Tozaki and Fukuma, from Chiba (Japan) published results on 100 breast lesions, obtained using Aixplorer® and ShearWave™ Elastography. By combining data on lesion elasticity with data obtained using standard ultrasound imaging, the specificity of the procedure was increased by 39% to 87%, which would have enabled a reduction in the number of unnecessary biopsies (on benign lesions).

Meanwhile, Professor Rzymski (Poznan University Hospital, Poland) published the results of numerous preliminary studies, which attempted to elucidate the biological or extrinsic factors influencing elasticity measured in different breast tissues (influence of menstrual cycle, insulin, breast implants, inflammatory reactions, age, etc.).

In 2014, a study similar to the BE1 study began at over 12 sites in China. This study will cover diseases in women with dense breasts for whom conventional RX mammography gives poor results.

6.6.3.4. BI-RADS CLASSIFICATION

The American College of Radiology (ACR) decided to include criteria related to elastography in its most recent update of the BI-RADS classification (30 January 2014):
Translation of the 2nd edition of BI-RADS ultrasound on the assessment of the elasticity: "Elasticity can be used as a descriptive characteristic for mass and surrounding tissue, in addition to their most important morphological characteristics. This characteristic can be achieved either by manual compression of the mass (static elastography) or by ultrasonic energy delivered within the mass (shear waves). The cancers and their surrounding tissues are generally hard, whereas benign lesions are usually soft; however, as with all other ultrasound criteria, there is an overlap zone. […] The FDA has recently approved meters per second and kilopascals as units of measurement for lesion hardness for shear wave methods. The descriptors applicable to all methods and all available systems are soft, medium, and hard."
The integration of elastography into the BI-RADS classification is a significant step forward in the recognition of a distinguishing element of Aixplorer®.

6.6.4. APPLICATION DEDICATED TO BREAST IMAGING: PROSPECTS FOR THE SCREENING AND THERAPY SECTORS

6.6.4.1. PROSPECTS FOR BREAST CANCER SCREENING

Today, ultrasound imaging is attracting interest from many quarters beyond the diagnostic realm, since some studies show that this technique could detect a non-negligible number of lesions that are, moreover, among the most aggressive (29% more cancers were detected when ultrasound imaging

was used systematically in addition to mammography for women with dense breasts in the ACRIN 6666 study in which mammography proved to be insufficient).
These women with dense breasts are young patients or those receiving hormone therapy for treatment of the menopause. Additionally, dense breasts are a natural feature of certain populations such as Asian women. Alternatives to screening with mammography alone are therefore being studied, particularly in Japan (J-START study by Dr. Ohuchi *et al.*) to evaluate the benefits of ultrasound imaging as a complement to mammography for reducing mortality in the context of screening.

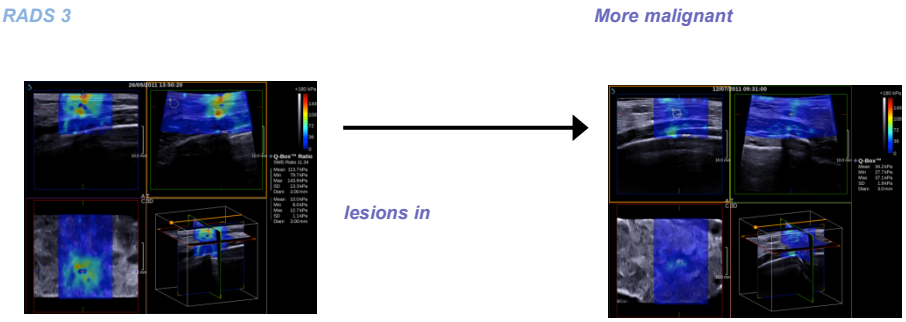
That being said, this detection of additional cancers comes at the price of numerous false alarms, since ultrasound imaging also detects many benign lesions during screening. This lack of specificity is particularly troublesome since it raises the question of the medico-economic legitimacy of ultrasound screening. The improved specificity permitted by elastography could therefore have a considerable impact on the progressive adoption of ultrasound imaging for screening, by allowing a reduction of its false positives while retaining its power of detection.

This new step in demonstrating the clinical benefits of elastography for screening is a strategic avenue of research for SuperSonic Imagine.

6.6.4.2. AIXPLORER® 3D ELASTOGRAPHY: A DIAGNOSTIC TOOL THAT SHOWS POTENTIAL FOR THERAPEUTIC MONITORING OF LESIONS

Aixplorer® is the first and only breast elastography exploration tool capable of generating a three-dimensional mapping of the elasticity of the tissue with color coding. Thanks to 3D breast exploration, suspicious tissue can be viewed by high resolution in any cross-section of a 3D volume, including a coronal cross-section* or C-cross section, thus contributing to a better characterization of the disease using the new information produced. For example, the characteristic star footprint of certain lesions in a coronal cross-section is a warning sign and confirms the suspicious nature of these lesions, while it provides additional information on their morphology.

The contribution of Aixplorer® elastography in 3D may also occur in the therapeutic monitoring of lesions to view volumetric changes in elasticity or lesion size. This information on the evolution of the lesion under treatment makes it possible to determine its effectiveness.



A study conducted at the Institut Curie on about ten patients was recently published. The main information from the Institut Curie article is as follows:
- 10 patients were monitored for 5 months shortly before and during neoadjuvant chemotherapy treatment using ultrasound (Aixplorer) SWE and 3D SWE.
- Of these patients, 8 responded to treatment and their cancer shrank in size or even disappeared thanks to the chemotherapy.
- 2 patients did not respond to treatment, and the cancer remained stable in size and hardness throughout the observation period.
- Conclusion: "Concomitant, early, rapid decrease in lesion volume, stiffness and heterogeneity could potentially represent indicators of early response to neoadjuvant chemotherapy."

6.6.5. LIVER IMAGING: PRECISE DIAGNOSIS OF LESIONS AND CHRONIC DIFFUSE DISEASES

6.6.5.1. BIOPSIES ARE CURRENTLY THE ONLY DEFINITIVE DIAGNOSTIC TECHNIQUE, DESPITE A REAL RISK OF COMPLICATIONS

The two main types of imaging for the organs of the abdomen, and particularly for the liver, are traditional ultrasound and CT scanning systems:

- since most of the organs of the abdomen are situated at some depth, the ultrasound imaging system used must, if it is to be efficient, offer very good contrast and spatial resolution, as well as good penetration into the organs;
- the CT scan is an imaging technique used to make a 3D reconstruction of tissue from a tomographic analysis obtained by X-ray. This technique, which emits radiation, locates tumors and lesions in early stages, but does not allow them to be characterized.

The liver is well suited to ultrasound imaging, contrast ultrasound in particular. Easily accessible, it is a prime target for diagnostic ultrasound imaging or biopsy procedure guidance. There are many hepatic pathologies, grouped into those known as focal (nodules and other lesions) and those known as diffuse (fibrosis, steatosis, cirrhosis and fatty degeneration).

The diagnosis of diffuse and focal hepatic disorders represents a particularly important market (see Chapter 6.4 of this document), with specific medical needs that remain unanswered for the diffuse diseases. For example, hepatitis C affects 270 to 300 million people around the world, and hepatitis B some two billion. These hepatic tissue infections develop into fibrosis, then cirrhosis, with the ultimate complication being the onset of cancer site, portal hypertension or liver failure, which each lead to death of the patient in the absence of treatment. Today, the survival rate at five years after diagnosis of chronic disease is surprisingly low, at only 50%, despite improvements in therapeutic management. If the fibrotic process is not diagnosed sufficiently early and if suitable management is not begun very soon, its development into cirrhosis becomes unstoppable and will result in a liver transplant, at best.

To establish this diagnosis, liver biopsy is currently the only definitive technique. Due to its invasiveness, however, it has a real risk of complications, especially among potentially vulnerable patients, and remains problematic as a method of diagnostic monitoring, where the repetition of the invasive procedure increases the risk of complications.

6.6.5.2. AIXPLORER®: A NON-INVASIVE EVALUATION OF HEPATIC FIBROSIS

Several clinical assessments measuring the contribution of ShearWave™ Elastography in the assessment and diagnosis of chronic liver disease are in progress and are subject to clinical collaborations. Several scientific publications have been produced, which showed a clear benefit to the use of Aixplorer® and ShearWave™ to assess the degree of hepatic fibrosis.

The first collaboration with the Institut Langevin, the Hepatology Unit of the Hôpital Cochin in Paris and an INSERM unit (June 2011) showed for 113 patients with hepatitis C that the SuperSonic Imagine system was a rapid, simple, reproducible and reliable method for **non-invasive** assessment of hepatic fibrosis. By mapping the elasticity of the liver over an extensive and deep area, this method, in contrast to FibroScan® or other non-invasive techniques, made it possible to avoid bias due to the heterogeneity of the fibrosis.

At the end of 2012 and of 2013, two teams published the results of their work, which consisted of evaluating the performance of SWE™ in the diagnosis of hepatic fibrosis in patients carrying the hepatitis C (Ferraioli et al., Hepatology 2012) and hepatitis B virus (Leung et al, Radiology 2013).

These two independent publications demonstrated that the measurement of liver tissue elasticity with ShearWave™ Elastography made it possible to distinguish more accurately than with other techniques (FibroScan®) stages of significant, severe fibrosis and cirrhosis, thus having the potential to prevent liver biopsy being performed in some cases.

These results also make ShearWave™ Elastography a very good tool for non-invasive patient monitoring, making it possible both to monitor the development of liver fibrosis and to monitor patients undergoing antiviral therapy.

Several teams are currently working on the evaluation of the benefits of SW in the context of liver transplants. For example, the South Korean team of Dr. Yoon has shown that SW allowed the exclusion of any hypothesis of the presence of hepatic fibrosis, thus ensuring the identification of healthy donors. ShearWave™ Elastography also allows one to monitor and identify patients who received transplants and identify from four weeks post-transplant any graft rejections and recurrences of chronic disease.

An effort international in scope to collect clinical information is currently underway with Aixplorer® and ShearWave™ Elastography users that should see its first results during 2015 and shed light on the interactions between various clinical factors, techniques and practices, measures of hepatic stiffness and the degree of hepatic fibrosis. This work will be coordinated by Dr. Mireen Friedrich-Rust, internist sonographer and gastroenterologist at the University Hospital of Frankfurt, Germany.

In parallel, several French university campuses (Paris, Angers, Bordeaux, Grenoble), some of which are international leaders in hepatology, have shown considerable interest in Aixplorer® and ShearWave™ Elastography. Indeed, the addition of a reliable method for measuring hepatic stiffness with an ultrasound imaging device of the liver is a major advance in the diagnosis of chronic liver disease.

6.6.5.3. CONTRIBUTION MADE BY AIXPLORER® IN DIAGNOSIS AND THERAPY

With regard to focal lesions, ShearWave™ Elastography and the contrast-enhanced imaging mode available with Aixplorer® also help with the detection and characterization of focal lesions. Moreover, the combination of high image quality and ShearWave™ Elastography offers an effective tool for the real-time control of minimally invasive procedures for radiofrequency ablation of certain hepatic lesions.

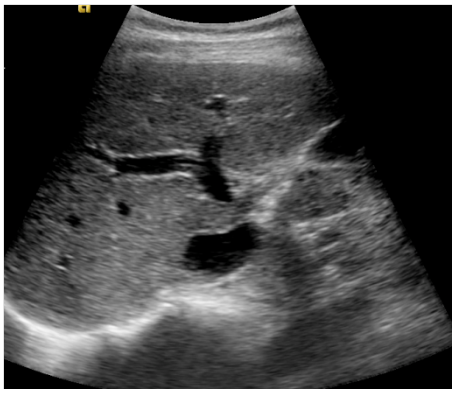
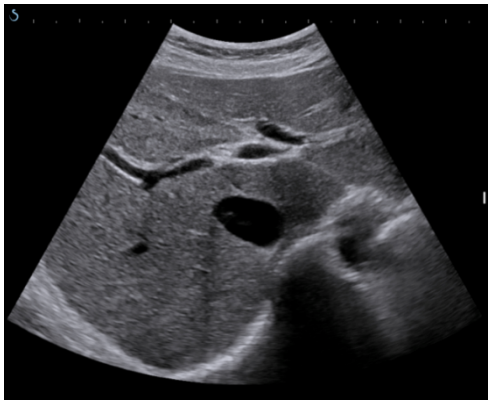
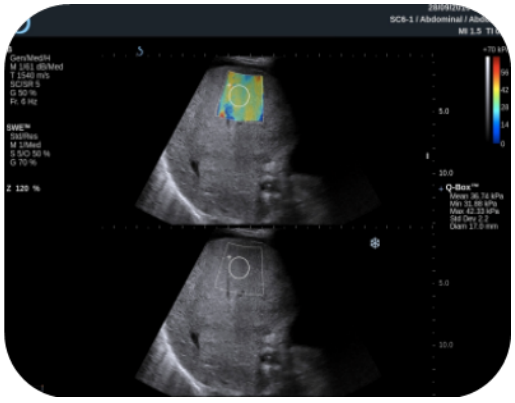


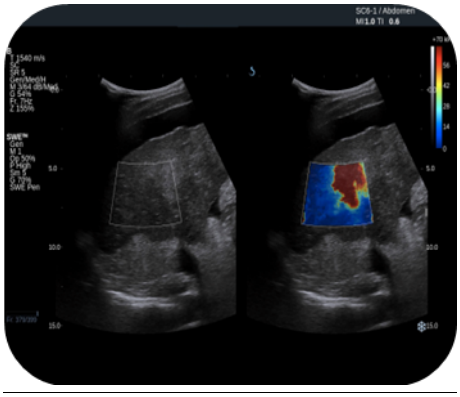
Image taken with conventional equipment



Harmonic Imaging: this mode reduces noise and aberrations to obtain more precise tissue limits. This image shows a healthy liver with excellent delineation of the branches of the hepatic vein and excellent penetration



Screening and evaluation of liver fibrosis F4 (cirrhosis)



Diagnosis of hepatocellular carcinoma cell

6.6.6. PROSTATE IMAGING: AN IMPROVEMENT IN PROSTATE CANCER DIAGNOSIS RESULTING FROM BETTER BIOPSY GUIDING

A publication, which appeared in March 2012, by Drs. Barr, Memo and Schaub from a clinical research center in the United States (Cleveland, OH), presents the results of a study, which aimed to evaluate ShearWave™ Elastography in the detection of prostate cancer. Fifty-three patients participated in this study. These preliminary results concluded that ShearWave™ Elastography provides very high sensitivity (97%) and specificity (70%), which enables the detection and diagnosis of these cancers. According to this study, patients with abnormal blood levels of PSA*, for whom a biopsy is indicated, could avoid this biopsy thanks to non-suspicious results being obtained in a ShearWave™ Elastography scan. This could significantly reduce the proportion of negative biopsies in these patients.

The authors state that shear wave elastography is a very promising technique for detection of prostate cancer on the one hand, and for guiding the biopsy procedure in prostate cancer on the other, and that it could become the principal method for screening and diagnosis of prostate cancer.

Professor Correas's team at the Radiology Department, Necker Hospital, Paris, is also currently conducting a clinical study to evaluate the advantages of ShearWave™ Elastography in the screening and diagnosis of prostate cancer. The results he recently presented at the RSNA (Radiological Society of North America) Annual Conference in 2013 involved 184 patients recruited by him at the Necker Hospital in Paris and by Dr. Richard Barr (Youngstown, OH, USA), of whom 65 were carriers of a cancer site. Aixplorer® and shear wave elastography enabled 98% of the malignant sites to be correctly diagnosed. In particular, it was possible to predict with extreme accuracy (99%) that a lesion was benign.

Other centers that are currently using Aixplorer® and ShearWave™ Elastography in this clinical application and evaluating the clinical benefits of this technology include: Dr. Nabi at Dundee University, Scotland, Professor Rouvière at Lyon City Hospitals, and Dr. Samir at Massachusetts General Hospital (MGH) in Boston (USA).

Dr. Jochen Walz is a surgeon of German origin and is currently working at the Center for the Fight Against Cancer in Marseille, which is located in the Institut Paoli Calmettes. For the past few months, he has been evaluating ShearWave™ Elastography as part of the diagnosis and detection of prostate

cancer and reported an experience similar to Prof. Correas and Dr. Barr. After being surprised by the ease of handling of Aixplorer® and SWE™ technology, all the more so for a non-radiologist, he witnessed the accuracy, reproducibility and high diagnostic value of the measurements made by ShearWave™ Elastography.

The viewing in a color scale of tissue hardness offered by the Aixplorer® ShearWave™ Elastography mode should also be an important contribution in brachytherapy operations to better view where to put the radioactive element used to destroy diseased tissue.

6.6.7. THE OTHER APPLICATIONS AND THE FUTURE OF CLINICAL INNOVATION AS SEEN BY SUPERSONIC IMAGINE

In addition to the applications of ShearWave™ Elastography in the screening and even diagnosis of breast cancer, and the evaluation of the advancement of hepatic fibrosis and in diagnosing prostate cancer, Aixplorer® is also used in many other clinical domains. The development of an ultra-rapid Doppler mode, named "UltraFast™", has also allowed Aixplorer® to position itself in the diagnosis and characterization of vascular pathologies, such as stenosis and the visualization of transient phenomena associated with blood flow turbulence.

Accordingly, Dr. Hisham Tchelepi of Wake Forest, NC, USA, reported a clear benefit to the use of UltraFast™ Doppler in terms of time and accuracy of hemodynamic measurements thus made at various international conferences. With a single acquisition of two seconds, the operator can access all the hemodynamic information in the various vessels of the same organ, such as, for example, the kidney. Similarly, Dr. Stephanie Franchi-Abella of Kremlin Bicêtre Hospital in Paris, who specializes in pediatric examinations, willingly says that the use of Doppler UltraFast™ in young children ensures acquisitions of good quality and considerable flexibility in pediatrics.

The technological and clinical expertise of SuperSonic Imagine is redefining the shape of the ultrasound imaging market. Demonstration of clinical benefits is an asset for meeting the requirements of the premium/high-end market while allowing the creation of new target markets such as hepatology or gastroenterology liver. Indeed, in these clinical specialties markets, a high level of scientific evidence is expected to meet the diagnostic needs of specialists without requiring the expertise of image interpretation by the radiologist. Only such clinical evidence supports the adoption of innovative technology by specialists.
The example of the "liver" clinical application is interesting on this point. In industrialized countries, the increasing number of carriers of hepatitis C has resulted in an urgent need for an alternative to ultrasound-guided biopsy to evaluate in a **non-invasive** manner the degree of liver fibrosis. With equipment easily usable by hepatologists, the recent adoption of FibroScan® allows them to keep hold of their patients without depending on radiologists to perform ultrasound-guided biopsies. However, for monitoring fibrosis patients, only radiologists can still perform a complete ultrasound examination, for a prognosis of cirrhosis complications or even a diagnosis of hepatocellular carcinoma.
As a result, SuperSonic Imagine's ultrasound imaging, thanks to shear wave elastography, enables radiologists to retrieve diagnostic information fibrosis even during the ultrasound examination and allows hepatologists to appropriate ultrasound imaging to provide a simple and robust alternative to the FibroScan®. This becomes even more evident in Asia, where the prevalence of hepatitis B continues to grow.

6.6.8. EXAMPLES OF SCIENTIFIC PUBLICATIONS AND ORAL PRESENTATIONS ABOUT THE CLINICAL STUDIES

A complete list of scientific publications is available and regularly updated by the Company on its website. It contains more than 220 entries at the date of this document.

The most significant ones are listed below:

1. Supersonic Shear Imaging: A New Technique for Soft Tissue Elasticity Mapping. Bercoff J. et al. IEEE Transactions on Ultrasonics, Ferroelectrics and Frequency Control, Vol. 51, No. 4, April 2004.
2. Ultrafast Compound Doppler Imaging: Providing Full Blood Flow Characterization. Bercoff J. et al. IEEE Transactions on Ultrasonics, Ferroelectrics, and Frequency Control, Vol. 58, No. 1, January 2011.
3. Shear-wave Elastography Improves the Specificity of Breast US: The BE1 Multinational Study of 939 Masses. Berg WA et al., Radiology 2012; 262:435-449.
4. Shear wave elastography for breast masses is highly reproducible. Cosgrove DO et al., Eur Radiol. 2012 May; 22(5):1023-32.
5. Can shear-wave elastography predict response to neoadjuvant chemotherapy in women with invasive breast cancer? Evans A et al., Br J Cancer. 2013 Nov 26; 109(11):2798-802.
6. Shear wave elastography for differentiation of benign and malignant thyroid nodules: a meta-analysis.Zhang B et al., J Ultrasound Med. 2013 Dec;32(12):2163-9.
7. Comparison of diagnostic value of conventional ultrasonography and shear wave elastography in Accuracy of real-time shear wave elastography for assessing liver fibrosis in chronic hepatitis C: a pilot study. Ferraioli G et al., Hepatology. 2012 Dec;56(6):2125-33.
8. Quantitative Elastography of Liver Fibrosis and Spleen Stiffness in Chronic Hepatitis B Carriers: Comparison of Shear-Wave Elastography and Transient Elastography with Liver Biopsy Correlation, Leung VY et al., Radiology. 2013 Dec;269(3):910-8.
9. Ultrasound elastography of the prostate: State of the art. Correas JM et al., Diagn Interv Imaging. 2013 May;94(5):551-60.
10.Biomechanical properties of the calcaneal tendon in vivo assessed by transient shear wave elastography. Aubry S et al., Skeletal Radiol. 2013 Aug; 42(8):1143-50.

6.7. RAPID COMMERCIAL DEVELOPMENT

6.7.1. MARKETING AUTHORIZATION IN 63 COUNTRIES

The regulatory aspects of the Group's activity are managed by the Regulatory/Quality team attached to the Chairman of the Management Board. Since Aixplorer® and the probes are medical devices, their marketing requires specific authorizations from the national competent authorities.

The table below presents details of:

- the 54 authorizations obtained so far;
- the nine countries for which no authorization is required:
- the one application that is currently under review.

Authorizations by country	Year obtained	Aixplorer	Probes (8 in total) and biopsy guides
Authorization obtained (54 countries)			
Algeria (on the basis of CE marking)	2014	✓	✓
Saudi Arabia (6)	2010	✓	6 probes/8, guide OK
Argentina (5) (6)	2014	✓	6 probes/8, guide OK
Australia	2009	✓	✓
Belarus	2011	✓	5 probes/8, guide OK
Brazil (6)	2012	✓	6 probes/8, guide OK
Canada (6)	2010	✓	6 probes/8, guide OK
Chine (2)	2010	✓	5 probes/8, guide OK
Colombia	2010	✓	✓
South Korea	2010	✓	✓
Croatia	2009	✓	✓
USA (1)	2009	✓	✓
Europe (CE marking), 28 countries	2009	✓	✓
Israel (on the basis of CE marking + FDA approval)	2010	✓	✓
Japan (3) (5) (6)	2010	✓	6 probes/8, 2 guides/3 (3)
Thailand (on the basis of CE marking + FDA approval)	2014	✓	✓
Mexico	2012	✓	2 probes/8, guide OK
New Zealand	2009	✓	✓
Peru (6)	2012	✓	6 probes/8, guide OK
Russia	2010	✓	7 probes/8, guide OK
Serbia	2010	✓	✓
Singapore (6)	2012	✓	6 probes/8, guide OK
Switzerland (on the basis of CE marking)	2009	✓	✓
Taiwan	2010	✓	6 probes/8, guide OK

Authorizations by country	Year obtained	Aixplorer	Probes (8 in total) and biopsy guides
Thailand (on the basis of CE marking + FDA approval)	2009	✓	✓
Tunisia (on the basis of CE marking)	2014	✓	✓
Ukraine	2012	✓	✓

Countries for which authorization is not required		Expected date	Aixplorer	Probes (8 in total) and biopsy guides
No authorization required (9 countries)	**Authorization in progress (1 countries)**			
Ecuador	Egypt	2015	✓	6 probes/8, guide OK
Hong Kong				
India				
Lebanon				
Malaysia				
Pakistan [4]				
Philippines				
Turkey				
Venezuela				

(1) United States: Marketed excluding contracts, PWV
(2) China: excluding PWV, Panoramic, Neonatal Cephalic, Obstetrics, TCD
(3) The biopsy guides for SL15-4 and SC6-1 are authorized. However, the biopsy guide for SE12-3 is not authorized.
(4) Only invasive DMs need authorizations
(5) Excluding Obstetrics
(6) Excluding TCD

6.7.1.1. EUROPEAN REGULATIONS

CE marking is a legal authorization that permits a manufacturer to market products within the European Union. It guarantees user and patient safety and indicates that the manufacturer has taken all necessary measures to ensure conformity with the essential requirements of the European Directives. Aixplorer® products are covered by the European Directive on Medical Devices (Directive 93/42/EEC of 14 June 1993). However, if applicable, the manufacturer must also take into account the specifics of national transpositions of European directives.

Aixplorer® and associated probes received CE marking as "Diagnostic ultrasound imaging systems, probes and Related Accessories" on 13 March 2009.

In parallel, the Group's Quality Management System (QMS) is audited annually by an independent organization.

Acquisition of CE marking enables the company to market Aixplorer® in all Member States of the European Union.

6.7.1.2. U.S. REGULATIONS

The marketing of Aixplorer® in the U.S. requires authorization to be obtained from the FDA (Food and Drug Administration).

In the United States, medical devices ("MD") are classified into 3 categories: class I is the class with the lowest risk and class III corresponds to MD with the highest risks. The various classifications and associated requirements are detailed in the Code of Federal Regulations (21 CFR 820).

Like most imaging systems, Aixplorer® has a moderate potential risk, which places it in class II of the U.S. system, thus it is subject to a notification procedure prior to being placed on the market. To that end, the manufacturer produces what is known as a "510(k)" submission, which is submitted for review to the FDA. This submission includes the same type of elements as the CE marking submission and has to demonstrate substantial equivalence to a medical device, which has already been approved for the U.S. market, even if the technologies used are different. The manufacturer must also ensure that the acoustic power transmitted into the body in all the system's imaging modes does not exceed the defined maximum value. Following approval of the submission, the medical device is registered in the Medical Device Listing, which is kept up to date by the FDA. Regardless of the product classification, conformity with the Quality Management System is mandatory.

The Aixplorer® ultrasound system and the probes received 510(k) authorizations in August 2009 (K091970) pursuant to the following terms:

"Indications for use: The SuperSonic Imagine Aixplorer® ultrasound system is indicated for use in the following applications: Abdominal, Small Organs, Musculoskeletal, Superficial musculoskeletal and peripheral vascular.
The system also provides the ability to measure anatomical structures (abdominal, small organs, musculoskeletal, peripheral vascular)".

Accordingly, the authorization covers applications in superficial organs (including the breasts), the abdomen, musculotendinous and the vascular system.

Since then, various approvals have made it possible to obtain authorization for other applications such as an extension for intracardiac exams, pediatrics, neonatal cephalic, transrectal/transvaginal, obstetrics. The most recent authorization was obtained in September 2013 (K132171) and mentions the indication for use below:

"Indications for use: The SuperSonic Imagine Aixplorer® ultrasound system is indicated for use in the following applications: Abdominal, Small Organs, Musculoskeletal, Superficial musculoskeletal, vascular, peripheral vascular, OB-GYN, Pelvic, Pediatric, Urology, Trans-rectal, trans-vaginal and Neonatal Cephalic.
The system also provides the ability to measure anatomical structures (abdominal, small organs, musculoskeletal, superficial musculoskeletal, peripheral vascular, GYN, Pelvic, Pediatric, urology, Trans-rectal, Trans-vaginal, Neonatal cephalic, Fetal/Obstetrics)".

In September 2013, the Company obtained authorization from the FDA to affix directly on the displayed image a color digital scale that provides more flexibility for viewing.

6.7.1.3. OTHER MAIN REGULATIONS

The regulatory requirements in other countries can be grouped into two categories: those based on a "mutual recognition" of CE marking and/or the FDA approval and those requiring a specific procedure to be followed.

- **Countries in which the regulations are based on FDA approval and/or CE marking**

In a certain number of countries, marketing of a medical device takes place through a mutual recognition procedure with respect to FDA approvals and CE marking, sometimes completed by the transmission of some additional administrative documents such as certificates of free sale.

- **Other specific procedures**

In other countries, the procedures for obtaining a marketing authorization are more complicated and require submission of an application file to the local competent authorities. This submission has to

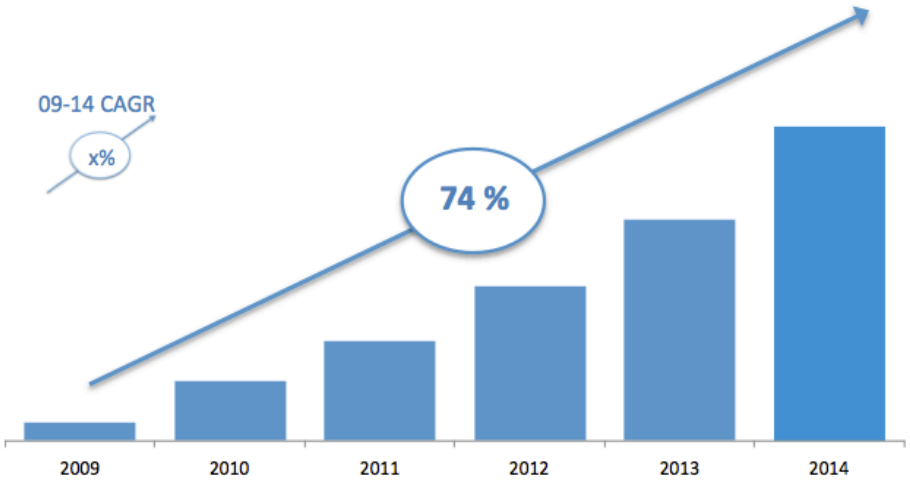
demonstrate conformity with local regulations and contains the detailed and validated technical specifications for the product, evidence of its conformity with international standards and the corresponding local standards, evidence of risk analysis, the user manual and labeling for the product and also the clinical validation.

If the technical file is sometimes sufficient, additional technical tests or specific audits are required. Procedures to obtain authorizations are currently in progress in Argentina and Egypt.

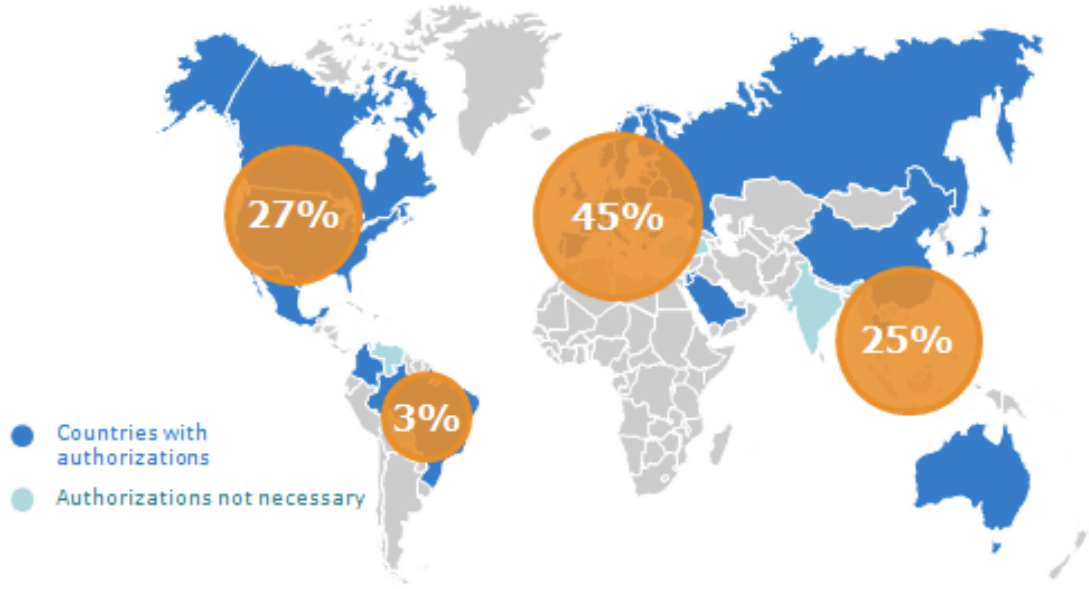
6.7.2. A CURRENT INSTALLED BASE OF MORE THAN 1000 UNITS WORLDWIDE

With CE marking obtained in March 2009 and FDA agreement "510(k)" in August 2009, over 1,000 Aixplorer® devices had been sold as of 31 December 2014, in under five years, through a commercial organization that covers the major countries in the world described in Section 6.9.2 below.

The graph below shows the evolution of the installed base, which has doubled in size over the past two years.



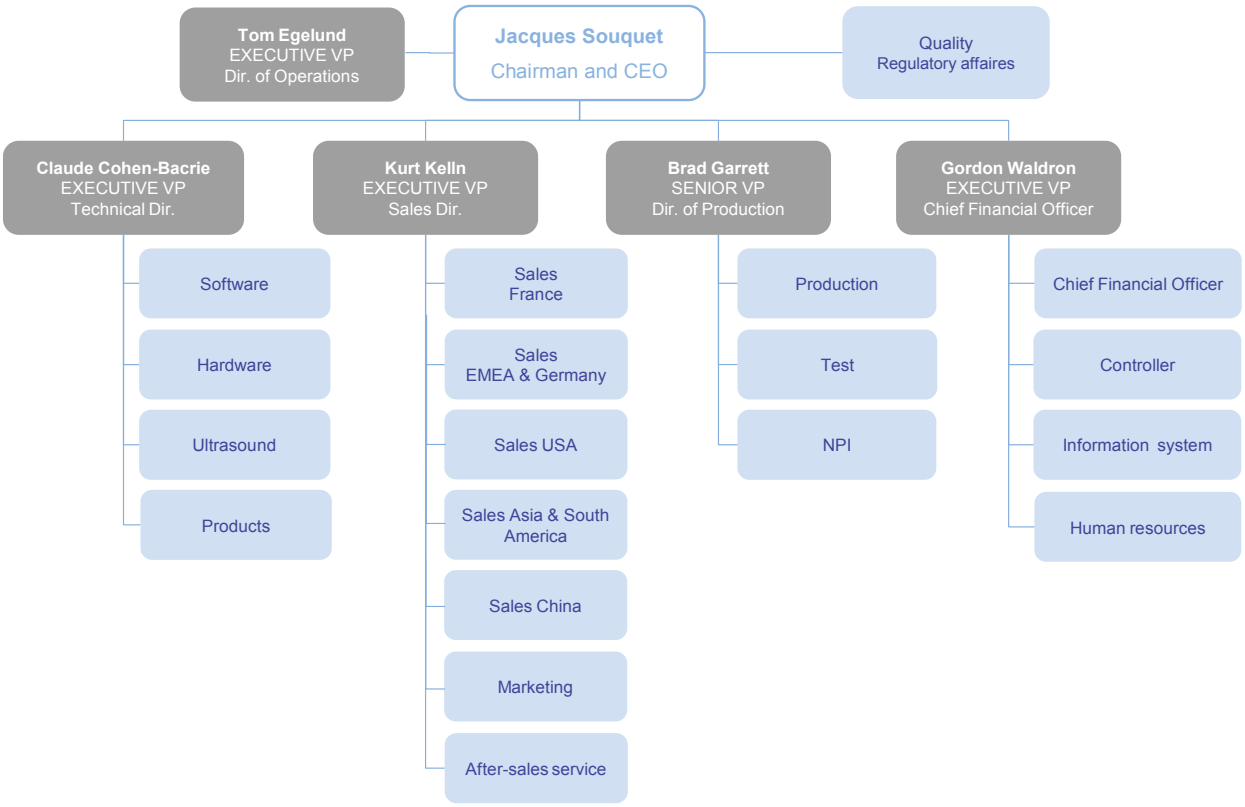
By geographical area, the installed base as follows at 31 December 2014:



As of the same date, the client portfolio included many prestigious names such as:

- In Europe:
  - France: Georges Pompidou European Hospital, Grenoble University Hospital Centre, Timone Hospital in Marseilles, La Pitié Salpêtrière Hospital in Paris, Tours University Hospital Centre, Lacassagne Centre for the Fight Against Cancer in Nice;
  - Germany: Kiel Hospital, Greifswald Hospital, USKH in Kiel;
  - United Kingdom: Dundee Hospital;
  - Russia: 26 systems on sites specializing in the evaluation of hepatic fibrosis.
- United States: University of South California in Los Angeles, Mayo Clinic, Thomas Jefferson University in Philadelphia, Northwestern Hospital in Chicago and UPMC in Pittsburgh and Hollywood Memorial Hospital in Florida.
- In Asia: Showa University in Tokyo (Japan), Samsung Hospital in Seoul (Korea), 301 Hospital in Beijing (China), Chang Gung Memorial Hospital in Taipei (Taiwan), Prince of Wales Hospital (Hong Kong), Siriraj Hospital in Bangkok (Thailand), AIIMS in New Delhi (India), Singapore General Hospital (Singapore), The Alfred Hospital in Melbourne (Australia).

6.8. INTERNATIONAL MANAGEMENT THAT FOCUSES ON QUALITATIVE GROWTH



Beyond a relatively conventional organization, including departments for R&D, Production, Marketing, Distribution and Finance, the Group has established cross-functional teams by project. Furthermore, right from the start it formed a scientific council which brings together physicians and scientists from around the world. SuperSonic Imagine submits ideas to this committee of experts, who play a part in technological and clinical assessment.

6.8.1. TECHNICAL DEPARTMENT: AN ADVANCED RESEARCH & DEVELOPMENT DIVISION

The Company grew out of the will of a high-level multidisciplinary team to develop a new-generation ultrasonic medical imaging system and it brought together a strong engineering team appointed to the R&D department, which had 47 staff members as of 31 December 2014.
The R&D division broadly consists of three divisions working together very closely.
Within their respective fields, they operate at two levels:

- continuous improvement of the product range (development of new probes and application software); and

- over the longer term, the new version of the equipment (platform B) as well as targeted collaborative projects (see Section 11 of this document).

➢ **The "Ultrasound" division**

The objective of this leading division is to develop innovative imaging methods according to clinical needs.

For this purpose, the team of eight dedicated staff members is in permanent contact with the product managers, who report needs as expressed by user clients and contact the other two divisions depending on the skills required.

It is then involved in creation and innovation to produce new methods of imaging and convert a new idea into a future product.

This division also performs technological monitoring and is responsible for aspects relating to the Group's intellectual property.

Many research studies are conducted in partnership with third parties both within the framework of funded collaborative projects (see Chapter 11.1.1 of this document) or as part of a master contract, such as that with the Langevin Institute (see Chapter 22.1 of this document) which supplies the Company with technical innovations that it incorporates into its products.

The developers have very high-level profiles, generally being engineers or physicists who have written a thesis and have design experience in ultrasonics, aeronautics or radar.

➢ **The "Hardware" division**

Aixplorer® is a platform that includes mechanics and electronics to which is added software, which requires software developments to make them function properly together and provide integrated functions for measurement, computation and signal processing.

The staff in the "Hardware" division work in particular on the design of:

(i) **the electric power supply**, which was specifically developed for SuperSonic Imagine on the basis of specifications established by the Company, which must meet the specific requirements of ShearWave™ elastography;
(iv) **the integral computer:** a motherboard, a graphics card, a hard disk and the software program to run it;
(v) **signal output/reception card** and the probe connection card, which are designed in-house and for which the Software division will develop the steering system;
(vi) **external architecture:** the console and control panels, the touch screen, an articulated arm and the monitor.

This division works in close relationship with the supply chain department, which selects suppliers and providers on the basis of very detailed specifications produced by the R&D teams.

The division has a laboratory, to which the prototype boards produced by the manufacturer are sent, where it tests these boards to confirm their compliance with the specifications established by the Company and measures the acoustic power (emissions are limited by regulations that apply in all countries).

The teams are currently working on a major project for the new-generation platform (Platform B). This new platform is based on a modular architecture, which enables needs to be met, ranging from Premium performance to portable ultrasound imaging to address specific target modalities (musculoskeletal, endocrinology, ophthalmology, etc.). A particular effort will be made to reduce the cost of this platform compared to the existing Aixplorer® product.

➢ **> The "Software" division**

One of the major assets of the Company is the fact of having selected software architecture for its ultrasound imaging, which enables a reduction in the use of electronic boards, the processing power of which restricts the development of new applications. SuperSonic Imagine with its UltraFast™ technology uses video game technology due to its characteristics of being able to process a large quantity of data with a rapid, high-quality display.

The main elements, which differentiate the system offered by SuperSonic Imagine from conventional ultrasound imaging are the following:

- the operating system selected by the Company is Linux, due to it being open source, which makes all the source code available and enables a complete system to be constructed which is relatively low-cost, reliable and high-performance;
- in a traditional system, the electric signal is transformed into a digital signal and several electronic boards (10 to 15 in a Premium ultrasound system) contribute to forming the image. With Aixplorer®, this is produced by means of one capture card and one computer with a multi-core microprocessor and video game graphics card, which enables very large quantities of data (100-fold greater than in a traditional system) to be processed at very high rate and thus to respond to the needs that are inherent to the viewing of tissue stiffness.

The size of the team enables it to be highly responsive with respect to moving into new markets.

Finally, the Software team also produces applications that are specific to the tools used by the ultrasonics and materials teams.

6.8.2. DIRECT AND INDIRECT DISTRIBUTION

Since it began marketing Aixplorer®, the Group has implemented a deployment strategy based on the combination of several approaches, depending on the specificities of each target country and based on a model that has been widely tested in the medical device sector. Three models coexist today.

6.8.2.1. A DIRECT APPROACH IN FRANCE, THE UNITED STATES AND GERMANY

Priority markets such as France and the United States are covered by a direct sales force, as is the case in Germany. In the United States and Germany, this first approach is conducted through an indirect sales force on separate targets. The breast ultrasound market had been given to an exclusive distributor in the United States until March 2015. As of that date, the distribution agreement is still in force, but on a non-exclusive basis. In anticipation of this development, the Group had begun and will continue to develop a direct sales force in the United States to ensure the growth drivers, including in the breast segment, on a direct sales basis.

In addition to local managers, the direct sales team comprises two employee profiles: commercial engineers and CAS (Clinical Applications Specialists). The CAS are involved in a manner that varies depending on the medical practices found in each country. They are either able to intervene directly in the sales process alongside the sales engineer in order to conduct a demonstration and to provide the technical part of the sales pitch, or, when the sale can be conducted entirely by a multi-skilled sales engineer, CAS will take over with respect to installing the equipment and training the users. The Company considers it of particular importance to have a direct sales team in priority regions so as to

develop special relationships with clients (in particular the KOLs - Key Opinion Leaders) and meet their expectations more closely.

As of 31 December 2014, the Group's sales force has 68 employees, including two with consultant status. The breakdown by region and function is stated in Section 6.8.2.4 below.

6.8.2.2. AN INDIRECT APPROACH COMPRISED OF A NETWORK OF DISTRIBUTORS

When it first entered the international market, the Company very rapidly wanted to benefit from switching to a distribution network, which enabled its presence to be apparent with respect to target countries that are likely to be the fastest to adopt this equipment in the Premium/High-end segments. The Group has chosen to be particularly active in the main countries of the European Union, Middle East and East Asia as well as Latin America and Russia, through structures for representation and sales which meet the following criteria: knowledge of the market, commercial presence, being known to opinion leaders, ability to provide after-sales service. Since being initially approached through a single distributor, the enormous commercial potential of China has been treated with a special approach described in Section 6.8.2.3 below since 2013, and the Company also terminated the exclusive distribution agreement in April 2013 (see Section 20.8 of this document).

With the support of regional managers and clinical application specialists, this network of 70 distributors (including 19 in China) who benefit from the network of the Indian partner's 19 sub-distributors, as detailed below, can cover countries with high medical development or a high potential for renewal on Premium and High-end segments that have public or private centers with a high financial capacity and sometimes specialize in research and do not want to be left out of technological developments, etc.

Among them, the contract with the distributor in the United States, agreed in November 2010, awarded it exclusivity on the breast ultrasound market until March 2015. Since that date, it was renewed for one year on a non-exclusive basis.
While maintaining good relations with the distributor, the Group has developed a direct sales force in the United States with a high level of expertise, and it will also focus on the breast ultrasound market using a direct distribution model.

In Japan, the exclusive distribution agreement with Canon in March 2014 will be terminated by mutual agreement, as the Company wishes to establish a more appropriate business approach through non-exclusive partners. A new distribution agreement with Konica Minolta was signed in January 2015.

In general, the selected partners must:

- have a deep knowledge of the sector;
- present a "product" synergy enabling them to speed up the sales process;
- have a real ability to communicate sometimes complex sales pitches in order to position Aixplorer® clearly with respect to the competing offer;
- have the capacity to maintain a presence "in the field", which is essential for effective promotion of equipment which represents a technological breakthrough;
- provide after-sale service for the installed base.

Even though it initially promoted exclusive distribution, the Group is entering a new phase in which sharing of territories may be allowed. In return for the exclusivity that has been granted until now, most distribution contracts from the Group require a defined minimum number of annual sales over the initial period. If this is not achieved, the Company is free to renegotiate the contract and the exclusivity that was granted. Even though most of the contracts enable the Company to end the contract unilaterally in case control of the distributor changes, only the US distributor contract also

covers breaking the contract to the benefit of the partner if the Company changes control (40% voting rights).

Some local players sometimes fall far upstream of the Group in its process of obtaining regulatory approvals to market when a specific procedure is necessary, as was the case in Japan, for example.

6.8.2.3. A SPECIFIC APPROACH IN CHINA THROUGH A REPRESENTATIVE OFFICE IN BEIJING

As one of the priority markets, China has a specific approach given the local conditions (different dialects, area) and the great potential of this market. As a result, in 2013, the Group opened a representative office in Beijing whose role is to recruit and coordinate a network of agents and distributors to cover the key areas of the country and will relay the Company's staff responsible for prospecting.

As of 31 December 2014, the dedicated sales force for China stood at 28, including:

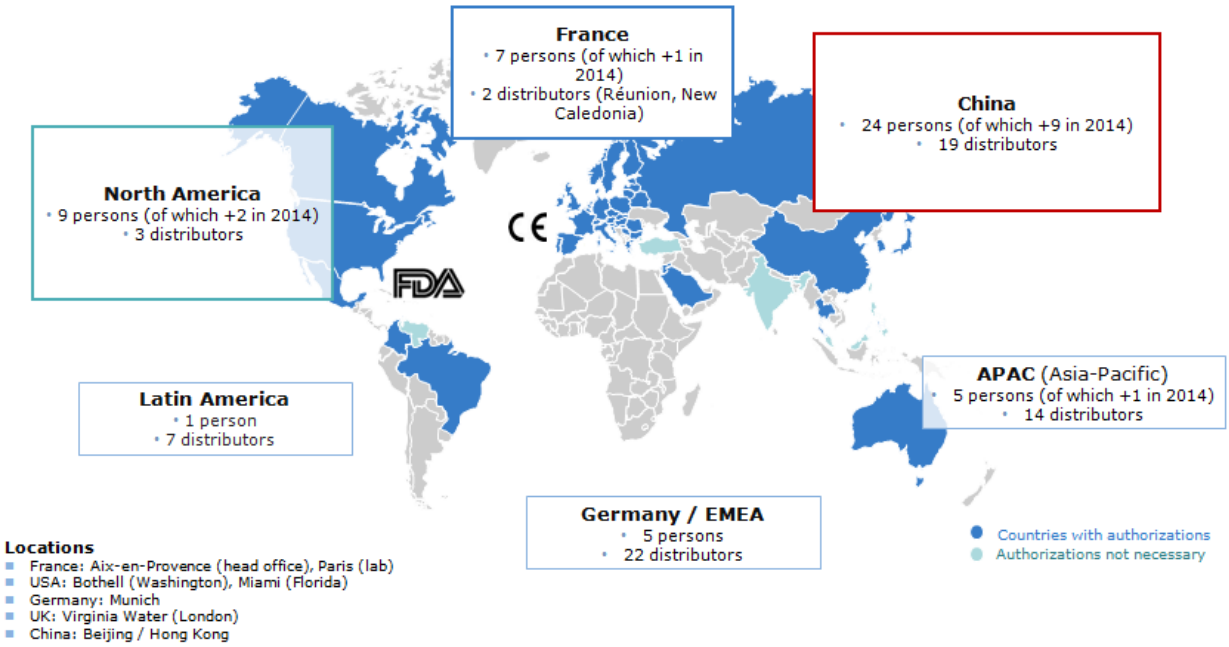
- 1 country manager
- 1 secretary
- 2 after-sales managers
- 17 sales representatives in charge of prospecting
- 5 clinical applications specialists
- 2 marketing employees
- 24 distributors

who have support and a manager for sales administration and a technical support associate.

The performance of the office was extremely fast, thus validating the choice of this business strategy. One indicator that reflects the local dynamism and attractiveness of the ultrasound devices marketed by the Group is the number of Aixplorer® devices installed by dealers with their end customers in 2014, which rose by almost 300% compared to the previous year.
The strengthening of this network is one of the priorities of the Group's strategy.

6.8.2.4. THE CURRENT SALES NETWORK

At 31 December 2014, the global sales network covers 70 countries (including French overseas departments and territories) and is divided into six geographical areas as follows:



The evolution of consolidated revenue by sales channel is shown in Section 9.2.1.1.

The entire sales force receives regular training on purely technical and clinical aspects, which are always evolving, and in particular on new areas of Aixplorer® medical applications, many sales support tools developed by the marketing department (such as brochures, videos, clinical validation reports) and considerable support from the Company to enable them to be strongly involved in the promotion of technology:

- participation at the local level in professional congresses and industrial and commercial exhibitions;
- organization of workshops to train customers and potential customers;
- organization of in situ demonstration in target medical centers.

Strengthening the sales network is one of the Company's short- and medium-term priorities, so as to implement a strategy of massive deployment of its equipment and to profit to the full from opportunities offered by a Premium/High-end market estimated to be worth almost USD 3.4 billion in 2017 (Source: InMedica 2013). (See Chapter 12 of this document).

6.8.2.5. AFTER-SALES

After-sales support is based at the Company headquarters and provided at different levels:

- the distributors provide after-sales service and can request support from headquarters in the event of technical problems, software changes or process changes;
- the technical training for future distributors who are required to be certified is performed by the Group;
- each installed system is visited on average twice yearly by an after-sales engineer, either for the purposes of preventive maintenance when an upgrade is installed, or when there are difficulties with the software or equipment.

In the United States, the distributor itself provides after-sales service to its customers, while service to direct sales is provided by the Group as in France, where it can be done in part by subcontractors.

6.8.3. TARGETED MARKETING

The marketing function of the Group is split into two divisions, product management and operational marketing.

6.8.3.1. PRODUCT MANAGEMENT

Product managers are between end users, scientists and internal R&D teams. They act both upstream of the creation of a product or application, as well as downstream by being responsive to end users. The product manager has contact "in the field" and works with the clinical sites in order to obtain clinical benefits. The division's "product management" is active at the global level.

6.8.3.2. OPERATIONAL MARKETING

With three employees dedicated to training and six to marketing, the department provides marketing communication and organizes the training of the sales team, distributors, and customers and the monitoring of clinical studies by physicians.

- **The Training division**

The main functions of this division are:

- Training of sales staff and distributors worldwide. The training sessions are conducted in a one-week online conference or seminar, as the case may be, when new products and applications are introduced and when new sales staff and distributors join the group.
- A "users' club" through a website dedicated to all users. All documentation on the Group's products, feedback on physician experiences and clinical cases are available, as this site is meant to be a forum for exchange of practitioners' experiences.

- **A dedicated training site**

At the Georges Pompidou European Hospital and the Necker Hospital, the Group has set up spaces dedicated to the training of core clients, to provide training sessions to all physicians who have access to Aixplorer® in their establishment.

- **Marketing communication**

The team is responsible for the development of messages and their implementation in the form of marketing and multiple communication materials such as conventions and exhibitions, press relations, brochures, e-mail campaigns, video and social networks

- **A strong presence in major international conferences**

The Company is present at international conventions, which correspond to its priority targets. Since 2011, SuperSonic Imagine has participated in forty international conventions per year.

The most representative annual conventions are:

- European Congress of Radiology (ECR);
- Les Journées Françaises de Radiologie (JFR) where the Company presented Aixplorer® for the first time in 2008 to radiologists;
- Annual Congress of the Radiology Society of North America (RSNA);

- Japanese Society of Ultrasound in Medicine (JSUM);
- European Federation of Societies for Ultrasound in Medicine and Biology Ultrasound (Euroson);
- World Federation for Ultrasound in Medicine and Biology (WFUMB), every two years;
- EASL (European Association for the Study of the Liver);
- AASLD (American Association for the Study of the Liver);
- ESCAR (European Society of Gastrointestinal and Abdominal Radiology);
- UEGW (United European Gastroenterology Week);
- AIUM (American Institute of Ultrasound in Medicine).

Prior to these conventions, the Society encourages practitioners to submit scientific communication projects to a selection committee, which contain the results of studies to be presented to their peers.
Increasingly, excerpts from the work of specialists concerning the use of Aixplorer® applications are presented at these conferences.
During conventions, the Company routinely organizes a symposium at which it invites practitioners to present the results of their experience with Aixplorer®.

- **Press relations**

Press relations are an important route of communication for the Company, which primarily targets the professional press, but also develops relationships with the general public, as in recent publications such as La Tribune, Le Figaro, Les Echos, Le Monde, Femme actuelle.
SuperSonic Imagine attaches particular importance to communication with the general public, which, once educated, can start to make demands. This is why the Company is going to target more extensively women's magazines, men's magazines, health magazines and magazines read by pensioners.
For its press relations, the Company calls on an external agency for France and French-speaking countries and on an independent agent in the United States.

Marketing expenses amounted to €1.9 million in 2014.

6.8.4. A PRODUCTION CAPACITY ADAPTED TO SUSTAINED GROWTH

6.8.4.1. SUBCONTRACTING OF ASSEMBLY TO A "FIRST-RATE" SUBCONTRACTOR FOR INCREASED PRODUCTION FLEXIBILITY

Fully integrated until the end of 2010, production was partially outsourced during 2011 and more significantly in 2012 to meet the requirements of an expected sharp increase in production in the coming years.

Since 2013, the production of the Aixplorer® platform has been fully subcontracted to a global leader in medical device assembly (with a GMP (Good Manufacturing Practice) certificate), with direct provision by suppliers of some of the inventory, such as printed circuit boards or plastic parts. It is the largest manufacturer of electronic medical devices throughout the world for companies in the ultrasound sector and also supplies other major clients (such as CISCO).

It produces Aixplorer® devices in their standard configuration, which represents approximately 95% of assembly, in accordance with specifications defined by SuperSonic Imagine, and guarantees a high-

end level of quality. In addition, this allows for good flexibility, it being possible to transmit orders weekly.

Once delivered to the Group's headquarters, teams perform checks on receipt of goods, for conformity with the purchase orders, for the product configuration according to the specifications required by each customer, and final product testing before shipment, and lastly the product is shipped.

In 2013, manufacturing took place at a factory in Scotland and was transferred in 2014 to the factory in Penang, Malaysia, which is equipped with the most advanced technologies. This should lead to an improvement in the gross margin on sales of equipment, which the Company estimates at 4% in the full year.
As part of this transfer, the Company and its partner have worked together to verify the assembly and testing processes and to characterize and approve new subcontractors used locally in Malaysia.

Secondly, the group wants to gradually transfer to its partner the stages still performed by the Group. As a result, it would produce platforms configured to order (CTO) and directly deliver to customers (DOF – Direct Order Fulfillment), for further savings on transportation costs.
The Group is actively working on the development of the necessary IT infrastructure.

Eventually, the Group will retain control of only the manufacturing process, supply chain, including selection, and relationships with critical suppliers.

6.8.4.2. SELECTED SUBCONTRACTING PARTNERS

The relationship with the critical suppliers, such as those for the power supply for the equipment, the control panels, and also the probes, is maintained directly by SuperSonic Imagine.

SuperSonic Imagine strives to identify and select suppliers that have the industrial capacities to support its commercial ambitions. The choice of partners is driven by product and regulatory constraints, by production capacity, which matches the Group's ambitions and by economic considerations and profitability. The selection of partners is made jointly by each of the subgroups in the R&D division (see Section 6.8.1 of this document) in close communication with the purchasing department. In fact, the R&D department works in advance with the subcontractors in order to produce the first prototypes. In effect, the development work is done in partnership with them, so as to ensure that the design of the product is compatible with the constraints of their production processes. Once the pre-industrial phase (subcontractor production processes) has been validated by the R&D teams, the Supply Chain function takes over.

With the manufacturers of the three critical components of Aixplorer®, the Company has developed a close relationship and entered into contracts to secure supplies when it became necessary. The three components identified as critical are electrical power, probes and control panels.

However, the "Supply Chain" department has identified other potential suppliers for these components (it invites tenders each time from two or three other suppliers) as well as for the control panels that could in future provide satisfactory answers to the needs of the Group.

Finally, the "Supply Chain" department calls on all types of services providers according to local constraints (country), particularly with respect to logistics. Delays in production are taken into account in order to minimize inventories while ensuring a delivery time to customers that is comparable to the standards of the market. The department provides both shipments of finished products as well as procurement services, where one person is in charge of monitoring and validating suppliers in close contact with the Quality division. This function is also involved very early on – from the design stage – with subgroups in R&D and it plays a part in the industrial strategy.

6.8.4.3. QUALITY ASSURANCE

SuperSonic Imagine has been ISO 13485 certified since 2008. The third-party organization that issued the ISO 13485 certificate is LNE/G-MED based in Paris, France, and the latest certificate is dated 22 November 2013. The production chain is certified during recertification (every three years) or follow-up (every year) audits. Certification covers the activities related to the design, development, production, distribution, installation and after-sales service of the products.

In this context, any major changes in the production chain (subcontracting, relocation, etc.) have to be notified to the independent body and may be subject to an audit in order to ensure that the certification is retained.

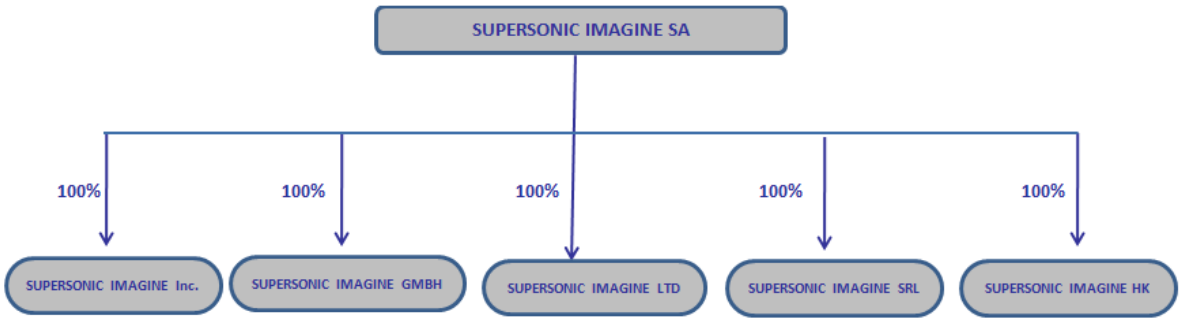
The Group has also implemented a process of monitoring and evaluation of its suppliers. The critical subcontractors (which supply products "on contract" or have a strong influence on the quality and safety of the products) are committed to a contractual relationship with the Company. They are required to comply with the specifications established by the Group and to notify or submit for approval any change in their production chain (raw materials, production methods and processes, relocation or subcontracting, etc.).

In parallel, the Group's subcontractors are subjected to regular assessments of a number of criteria (organization, financial exposure, etc.) by means of assessment questionnaires, and sometimes by means of audits performed by SuperSonic Imagine at their site, depending on their criticality and their own certification.

7. ORGANIZATIONAL CHART

7.1. GROUP ORGANIZATIONAL STRUCTURE

At present, the Group's legal structure is the following:



7.2. LIST OF SUBSIDIARIES, BRANCHES AND SECONDARY ESTABLISHMENTS

The Company has five subsidiaries, one of which to date has no activity (Italy) due to a change in business strategy for indirect sales via a distributor:

SuperSonic Imagine, Inc: U.S. subsidiary incorporated in March 2007 and headquartered in Bothell (Washington – United States of America). This entity conducts mostly commercial activity in the United States of America as well as research and development and marketing. Represented by Brad Garrett as Chief Executive Officer, this subsidiary had 18 employees as of 31 December 2014.

SuperSonic Imagine, GmbH: German subsidiary incorporated in March 2008 and headquartered in Munich. This entity markets the Group's product offering in Germany, and develops and manages a network of distributors covering the Northern Europe region. Represented by Jacques Souquet, this subsidiary had five employees as of 31 December 2014.

SuperSonic Imagine (HK) Ltd: incorporated in June 2011 in Hong Kong, the purpose of this subsidiary is the development of the Group's business activities in the Asia-Pacific region excluding China, where the parent company has a representative office. Represented by Jacques Souquet, this subsidiary had two employees (medical applications specialists) as of 31 December 2014 whose mission is to provide support to distributors covering the geographical areas referred to above and the Chinese office.

SuperSonic Imagine Ltd: this UK subsidiary, which was established in March 2008, and has been dormant since 2012, is represented by Jacques Souquet, and has had one employee since December 2014, the new Vice President of Group marketing. The sales activity in this region is limited to one sales agent. The accounting movements for this subsidiary are mainly due to practical billing considerations based on the local structure and the administrative and social management of the sole employee.

SuperSonic Imagine Srl: Italian subsidiary established in October 2009, this entity is now dormant, as the contemplated project to develop a direct sales force there was abandoned. It has no employees.

Key figures for the subsidiaries are as follows:

In thousands of euros	% ownership	Share capital	Shareholders' equity (excluding share capital)	2014 revenues	2014 net income (loss)
SuperSonic Imagine Inc	100%	10,396	(19,185)	3,408	(2,550)
SuperSonic Imagine Ltd	100%	1	(1,647)	263	(92)
SuperSonic Imagine, GmbH:	100%	25	(2,816)	1,355	(691)
SuperSonic Imagine Srl	100%	10	(28,302)	-	7
SuperSonic Imagine (HK) Ltd	100%	1	69	391	25

Under local law, only the Italian subsidiary is required to replenish its capital by 2015. The Group intends to do so by incorporating into capital the debt held by the Company on its subsidiary.

7.3. MAIN INTRA-GROUP FLOWS

There are four types of intra-Group agreements.

a) Assistance and service agreement

An agreement for services was entered into on 1 January 2011 between the Company and its subsidiaries SuperSonic Imagine Inc., SuperSonic Imagine GmbH and SuperSonic Imagine Limited.

This agreement covers the provision of services rendered by the company to its subsidiaries:
- administrative services,
- sales and marketing services,
- financial and legal assistance,
- treasury services,
- human resources management.

An amendment to the said agreement was entered into on 1 January 2013 to specify (i) the services that would be delivered and (ii) the terms of billing.

As compensation for these services rendered, the Company invoices its subsidiaries the following amounts:
- invoicing of the total service cost + 12% for administrative services,
- invoicing of the total service cost + 8% for other points covered by the agreement.

During the financial year ended 31 December 2014, the Company invoiced the following amounts to each of its subsidiaries under this agreement:
- €1,074,000 to the company SuperSonic Imagine Inc.,
- €175,000 to the company SuperSonic Imagine GmbH,
- €115,000 to the company SuperSonic Imagine Limited.

b) Cash management agreement

A cash management agreement was entered into on 1 January 2011 between the Company and its subsidiaries SuperSonic Imagine Inc., SuperSonic Imagine GmbH, SuperSonic Imagine Limited, SuperSonic Imagine srl and SuperSonic Imagine (HK) Limited through which it grants them loans and cash advances.
In return for this funding, the Company invoices its subsidiaries for interest calculated on these loans and cash advances at the 3-month EURIBOR rate plus a 1% margin. Unpaid interest is compounded.

During the financial year ended on 31 December 2014, the Company charged the following interest to each of its subsidiaries:

- €91,000 to the company SuperSonic Imagine Inc.,
- €31,000 to the company SuperSonic Imagine GmbH,
- €23,000 to the company SuperSonic Imagine Ltd,
- none to SuperSonic Imagine Srl;
- none to SuperSonic Imagine (HK) Limited.

c) Provision of services and staff agreement:

An agreement for the provision of services and staff entered into on 1 January 2011 between the Company and its subsidiary SuperSonic Imagine Inc. covers the provision of staff to the Company by its U.S. subsidiary.

An amendment to the said agreement was agreed on 1 January 2013 in order to clarify (i) the extent of services that would be provided and (ii) the terms of billing. Accordingly, as compensation for this service, the subsidiary invoices the Company for the total cost of the staff assigned.

During the financial year ended on 31 December 2014, the agreement covered the provision of a senior vice president, a vice president of sales, a director of product management, and a clinical product specialist for an amount invoiced to the Company by its subsidiary of €1.036 million.

d) Commercial services and support agreement

A commercial services and support agreement was agreed on 1 January 2011 between the Company and its subsidiary SuperSonic Imagine (HK) Limited to cover the provision of commercial, sales and marketing services rendered to the Company by its subsidiary.

An amendment to the Convention was agreed on 1 January 2013 to clarify the billing terms.

As compensation, the subsidiary invoices the Company the total cost of these services plus 8%. As such, during the financial year ended on 31 December 2014, SuperSonic (HK) Limited billed the Company the amount of €392,000.

In addition to these agreements, four agreements described in Section 16.2 of this document link some members of the Management Board to the Company.

All of these agreements are included in the report of the statutory auditors on regulated agreements set out in Section 19.3 of this document.

8. SOCIETAL AND ENVIRONMENTAL INFORMATION AND INFORMATION ABOUT OWNERSHIP

8.1. DESCRIPTION OF REAL ESTATE PROPERTIES

The only premises rented by the Group are as follows:

Headquarters in Aix-en-Provence: the Headquarters consist of two buildings leased from a third party who has no tie with the Company and its managers. The buildings are located at 510 rue René Descartes in Aix-en-Provence. Following an extension to occupy the second building, a new lease agreement was signed, replacing the previous lease signed in September 2005 for the first building.

The lease agreement signed on 18 July 2008 for a period of 9 years subject to the commercial lease legal terms and conditions, concerns the rental of two buildings, each comprising a ground floor and a first floor covering approximately 1,700 m^2 and 90 outdoor parking spaces. The annual rent is €278,000 excluding charges. A guarantee deposit of €65,000 was paid in cash upon signing the lease agreement.

Premises in the United States:

a. The Company changed its premises in the **city of Bothell (Washington)** in the United States in March 2015:

Through March 2015: The company had offices 4,372 sq. ft. (approx. 406 m^2) in size and with 16 parking spaces, which was rented by SuperSonic Imagine Inc. from a third party with no tie with the Company and its management.

A commercial lease agreement was entered into on 14 January 2010 for a 60 month-term as from 3 March 2010 to 31 March 2015. The monthly rents increased to USD 6,500.

In accordance with the terms of the lease agreement, a guarantee deposit of USD 56,000 was paid on the date of signing of the lease agreement.

Since March 2015: The company has offices in Bothell (Washington) that are 1,994 sq. ft. (approx. 186 m^2) in size and come with six parking spaces, which are rented by SuperSonic Imagine Inc. from a third party with no tie with the Company and its managers.

A commercial lease agreement was entered into on January 6, 2015 for a 39 month-term as from March 1, 2015 to 31 March 2018. The monthly rents increased during the period, to approximately USD 6,700.
In accordance with the terms of the lease agreement, a guarantee deposit of USD 4,000 was paid on the date of signing of the lease agreement.

b. In Miami: The Group occupies furnished offices within a business center. The initial one-year lease was renewed (1 November 2014 to 31 October 2015) and the rent was set at USD 1,700 including tax per month (about €1,500).

Representative office in Beijing: The Chinese representative office is located in Beijing, Chaoyang District. Covering an area of about 210 m², these offices are leased by a third party, who has no tie with the Company and its management, under the terms of a lease agreement dated 15 October 2013 covering the period from 3 December 2014 to 2 December 2015 at an annual rent of RMB 411,000, i.e. approximately €53,000. A guarantee deposit of RMB 78,000 (about €9,000) was paid in cash.

The other Group entities only have a postal address.

8.2. ENVIRONMENTAL AND CORPORATE ASPECTS

8.2.1. CORPORATE INFORMATION

For this first year of publication of information relating to the Grenelle II Law, corporate indicators are reported for the full scope of consolidation unless otherwise stated. The Company promises to expand its scope of reporting in the coming years.

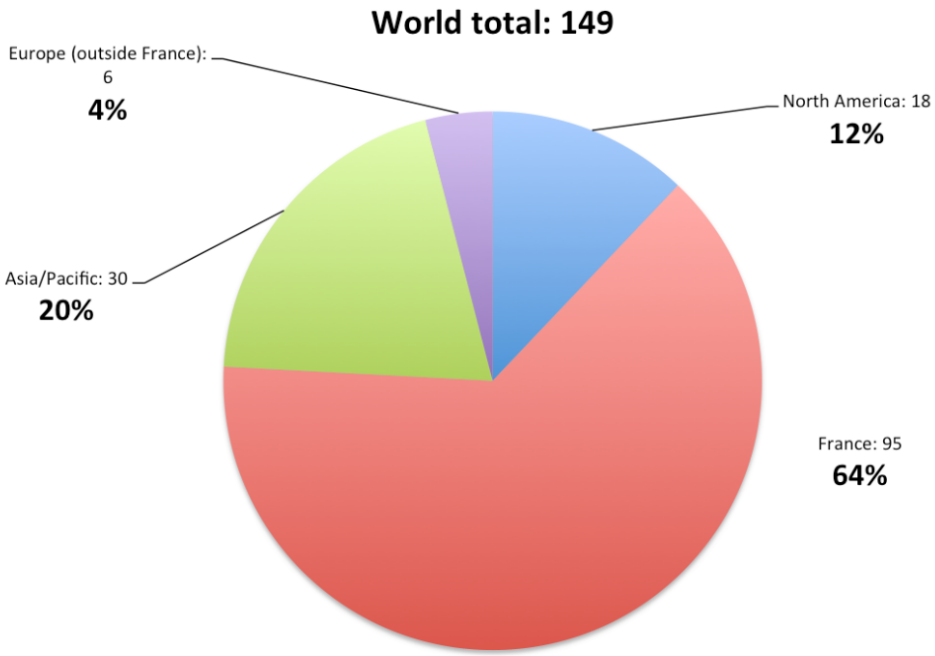
1.1 Employment

1.1.1 Total workforce and distribution of employees by sex, age and region

With the development of its international business activities, the Group employs people of various nationalities, cultures and languages.

As of 31 December 2014, a total of 149 employees contributed to the Group's business activity worldwide, compared to 127 (corresponding to 126 full-time equivalent employees) at 31 December 2013, excluding contracts to acquire professional certification and temporary workers.

Distribution of employees by region at 31 December 2014

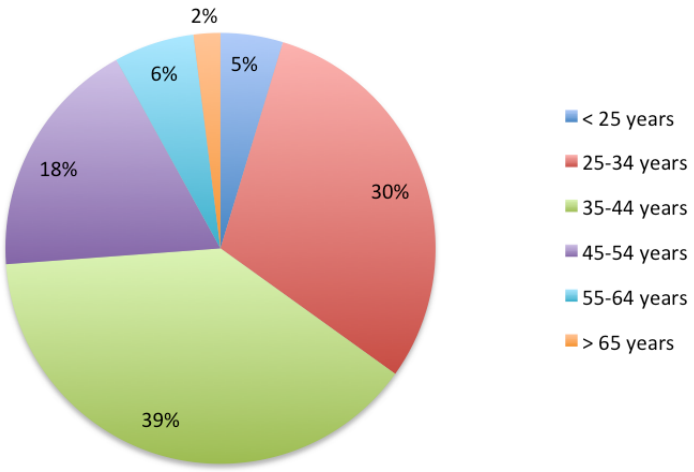


	31 Dec 2014	31 Dec 2013
Number of open-ended employment contracts (or local equivalent by country)	146	121
Number of fixed-term employment contracts (France only)	3	6
Total	**149**	**127**
Men	101	88
Women	48	39
% women	32.21%	30.70%

Distribution of employees by age	31 Dec 2014
Under 25 years	7
Between 25 and 29 years	22
Between 30 and 34 years	23
Between 35 and 39 years	31
Between 40 and 44 years	27
Between 45 and 49 years	14
Between 50 and 54 years	13
Between 55 and 59 years	8
Between 60 and 64 years	1
Over 65 years	3
Total	149

The average age of employees is 36, and 38.93% of employees are between 35 and 44 years old.

Worldwide distribution by age group



1.1.2 Hires and departures

	31 Dec 2014	31 Dec 2013
Hires	41	24
Departures	22	18

In 2014, the group hired 41 people, 95% of which were under open-ended contracts.

The departures of 14 people are due mainly to resignations, which represent 64% of all departures, 4 departures were due to layoffs (18%), and the employment contracts of 2 people expired (9%). The rest includes breaks in test periods at the employee's initiative and a departure on sabbatical.

Departure rate[1]	2014	2013
Group worldwide	17.32%	15.38%

1.1.3 Compensation and changes

The Group's compensation policy has the following objectives:

- Looking for good consistency with local market practices to ensure competitive compensation levels in each of the countries where the Group is present.
- Provide a link to the company's performance and contribution of employees to this performance, with respect for fairness among employees.

Management Board remuneration is explained in Section 15.1 of this Registration Document.
The compensation of the Group's employees therefore consists of:

- fixed compensation assessed at an absolute value and reviewed from year to year,
- social protection consisting mostly of contributions to a pension, reimbursement of medical expenses and disability and death coverage,
- variable medium-/long-term compensation consisting mostly of stock option grants and the establishment of an incentive agreement (see Section 1.3.2), in an attempt to encourage greater employee involvement in the Group's success and to improve their performance.

Non-discrimination
For a given job level and an equal level of individual performance, the Group ensures that no wage discrimination takes place due to gender, ethnicity or other reasons.

In 2014, the basic average annual gross salary, excluding the Management Board, rose 3.02% overall.

In thousands of euros	2014	2013
Total payroll	11,120	10,042
Revenue	19,761	16,961
Total payroll/Revenue ratio	**56%**	**59%**

[1] Departure rate: number of departures during the period compared to the total workforce at the beginning of the period

1.2 Work organization

1.2.1 Organization of working time

The reference working week is set at 35 hours per week for employees in France, pursuant to the Metallurgy Collective Agreement binding on the Company.
However, as stipulated in their employment contracts, and given the technical nature and degree of initiative required for the positions assigned to the Company's managerial staff, it is not bound to follow a specific schedule. All managers must devote the time necessary for the proper performance of their duties, in compliance with applicable legal provisions, including the Collective Agreement based on the allotted number of days for the year (218 days including the day of solidarity described in Article L. 212-16 of the French Labor Code).
As for Non-Managerial employees, the Company's established practice is to allot 36 hours and 50 minutes weekly to allow employees to benefit from days for reduced working time (RTT).

In order to improve working conditions, in 2014, France began to allow working from home (telecommuting) on an experimental basis.
For the Company's subsidiaries abroad, working time arrangements are made in compliance with the laws in force in the country.

The number of part-time employees decreased between 2013 and 2014 due to the departure of two part-time employees in 2014.
Part-time employees at SuperSonic Imagine work part-time on a voluntary basis.

	31 Dec 2014	31 Dec 2013
Number of part-time employees	2	4
Total workforce	149	127
Percentage of part-time employees	1.34%	3.14%

1.2.2 Absenteeism

This indicator is monitored and controlled locally at each subsidiary. For the initial report, the Company determined this indicator for France only.
This is done to define the relationship between the total number of days of absence during a given period and the number of days normally worked in the same period.
This indicator reflects the climate of the company and employee commitment.

Reason	Number of employees affected (France)	Number of absent days in 2014
Illness	21	167.5
Maternity, Paternity	2	123
Workplace accident	0	-
Commuting accident	2	-
Total	25	290.5

The rate of absenteeism was 0.74% in 2014, whereas at the national level in France it was between 3.80% and 4%.

No absence was due to a workplace accident, commuting accident or occupational illness, and the two commuting accidents reported above did not result in any absences.

1.3 Employee-management relations

1.3.1 Employee representation

Employee-management relations within the Group are based on respect and dialogue. In this spirit, employee representatives and Company management meet at least once a month to discuss, negotiate and conclude agreements and monitor their implementation. Employers are assisted in these meetings by the head of human resources.
In the French entity, there is a single employee representative body (*Délégation Unique du Personnel*, DUP) consisting of representatives and four alternates. The members of the DUP perform both employee representatives and works council members.

In other countries, if there are no elected employee representatives, the opportunity is given to employees to express their opinions to management and the human resources department of the Company's head office.
At the same time, the Group communicates regularly with employees about its strategy, results, and the progress of projects.

1.3.2 Summary of collective agreements

In 2014, two agreements were signed with employee representatives:

- a telecommuting agreement on a trial basis (applicable only to employees of the French entity)

  The work organization at Supersonic Imagine is based on a very flexible model that facilitates frequent adaptations and rearrangements out of concern for efficiency and productivity.

  The employees of the Company often ask to work from home for various reasons.

  This agreement aims in particular to ensure that telecommuting remains an effective solution and that it is undertaken in the mutual interest of the employees and the Company, since its purpose is to combine a need for flexibility and operational efficiency and improve the separation between private life and professional life.
- an incentive agreement (applicable to all employees of the Group)

  Although this idea originated in France, the bonus resulting from the incentive agreement is applied to all Group employees.

An agreement in which employees can share in the Group's profits was set up in 2014 for a three-year period covering 2015, 2016 and 2017.

The choice of method of calculation was based on the desire to involve all employees in key objectives of the Group in areas where each employee can have an influence on these parameters by their actions, decisions and involvement in the running of the company. The selected targets are improvement in operating profit and (ii) growth in Group revenues.

1.4 Health and safety

1.4.1 Workplace health and safety conditions

The Company constantly strives to ensure that each employee has optimal working conditions.

- **It does this through its health and safety efforts:**

- The Company has a Health, Safety and Working Conditions Committee and a safety assistant that are very active in health and safety matters. Work on these issues is performed in close collaboration with the Human Resources Department and the Management.
These parties meet as many times as necessary, formally and informally, and each meeting publishes an action plan whose progress is evaluated frequently.
- Regulatory safety courses are regularly offered. Sessions such as "How to Use Fire Extinguishers" or "Rescue Aid Officer" are offered. All employees whose duties require work on energized equipment have been issued an "Electric Certification" certificate after special training. These courses are monitored by the Human Resources Department so that recycling arrangements can be made as needed.
Since most Aixplorer® manufacturing is outsourced, there are few safety issues in manufacturing. Nevertheless, managers, who are assisted by the Human Resources Department, ensure that all safety principles are learned by employees through awareness campaigns or in-house training. These efforts occur regularly and are also monitored.
In addition, personal protection equipment is always available to employees, and it must be worn if handling anything that requires it. To support its awareness campaigns, posters with basic safety rules to follow are hung in strategic places.

- **At the same time, the Company seeks to guarantee the most pleasant working conditions possible and, to accomplish that, several measures have been or will be taken.**

- Workstations are adapted to everyone's needs and limits: all employees may request to be provided with equipment such as a footrest, noise-canceling headphones to reduce any noise caused by work in open-space areas, or an ergonomic seat.
Moreover, given the increase in the workforce, which has resulted in a space optimization problem, an ergonomist devoted to solving this problem was commissioned in 2014.
He was asked to prepare a diagnostic of current working conditions and analyze the layout of the office as it currently is, the relational flow, and activity-related constraints.
In 2015, this action will result in the drafting of recommendations to optimize space organization and the establishment of working groups.

- Finally, the Company attaches great importance to work-life balance. This is why all employees have a lot of flexibility in their schedules.
Under the rules for the organization of working time (see 1.2.1 Organization of working time), and with the consent of their superiors, employees can organize their time freely, the only restriction being that business-related obligations are observed.
What is more, the Company also introduced a telecommuting agreement. This allows all employees to work from home up to one day per week, provided that certain technical conditions are met.

1.4.2 Workplace health and safety agreements

To date, there is no workplace health and safety agreement in effect within the company.

1.4.3 Accidents and occupational diseases

Supersonic Imagine experienced no workplace accidents or any occupational disease in 2014.
Two commuting accidents were reported, but in both cases, there was only material damage to the employees' vehicles.

1.5 Training

1.5.1 Policies implemented

Training is one of the levers for encouraging innovation. It is of great importance in Supersonic Imagine.
Although the company's training policy changes from year to year, the desire on the part of Management to support an innovative atmosphere for all employees remains constant. This is particularly true in Research & Development, and in other departments such as Marketing, Sales, or Support functions, where creativity is always in demand.

Many of the courses included in the plan are technical courses, to enhance expertise, update knowledge, or learn about new methods. The Company is also establishing management modules to support employees as they rise into managerial positions.

The company's training plan is divided into the following stages:
- Definition of strategic priorities by Management and Human Resources
- Deployment of needs analysis with employees via department heads: each employee can make a request personally, and managers can add individual or group requests for their teams
- Centralization of requests by Human Resources
- Arbitration of requests by Management according to defined strategic priorities and the allotted budget
- Approval of the final training plan after consultation with the Works Council
- Distribution of training plan to employees
- Implementation

1.5.2 Total number of training hours

Since worldwide training figures are not consolidated, they are published for France only in this report. The French workforce represents 64% of the total workforce.

In 2014, 1,036 hours of training were provided in the French Company to train 52 people, or 55% of the French entity's employees.
In 2014, the average number of hours devoted to training is 20 hours per trained employee.

Employee training:

	2014	2013
Number of employees trained	52	53
Number of hours of training	1,036	1,449
Percentage of employees trained	55%	61%
Average number of hours of training per employee	20	26

1.6 Equal treatment

1.6.1 Measures taken to promote gender equality

SuperSonic Imagine believes that diversity is a source of wealth and good performance that must be fully included in the Company's development strategy. The number of female employees has increased over the period.
At 31 December 2014, 32.21% of the Company's employees were women (29.27% at 31 December 2013).

Women accounted for 21% of hires during 2014. Fifty percent of these were managers.

1.6.2 Measures to employ people with disabilities

Although all positions are open to employees with disabilities, few applications are presented primarily due to a mismatch of skills to the profiles of open positions.
Furthermore, given its size, the Company has not yet implemented a specific policy for the employment of people with disabilities.

However, the Company deploys various measures to promote employment and integration of workers, such as when it used several organizations that help people with disabilities back into work (ESATs) for a number of office supply orders.

1.6.3 Policy against discrimination

The Company does not have an anti-discrimination policy, but it believes that its practices are not discriminatory.
During annual interviews and annual salary increases, the Company verifies that no discrimination in terms of career management and compensation is taking place among its employees.

1.7 Promotion and enforcement of the provisions of the fundamental conventions of the International Labour Organization

The Group has promised to comply with the following stipulations:

- a fair wage policy (compliance with contractual salary scales at a minimum),
- prohibition of moral or physical harassment,
- prohibition of all forms of discrimination in employment and professional life,

1.7.1 Respect for freedom of association and the right to collective bargaining

The Group has promised to comply with the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, in particular with respect to the freedom of association and right to collective bargaining

1.7.2 Elimination of discrimination in employment and professional life

The Company does not have an anti-discrimination policy, but it believes that its practices are not discriminatory.

1.7.3 Elimination of forced or compulsory labor

The company has no manufacturing activity in a country where the practice of forced or compulsory labor might still exist.
Production of Aixplorer® is outsourced to a US group that manufactures the device at its plant in Malaysia. Nevertheless, despite the geographical location of the plant, risk is limited because the US company applies strong internal controls and carries out internal audits on its sites.

1.7.4 Effective abolition of child labor

The Group has no manufacturing activity in a country where the practice of child labor might still exist.
Production of Aixplorer® is outsourced to a US group that manufactures the device at its plant in Malaysia. Nevertheless, despite the geographical location of the plant, risk is limited because the US company applies strong internal controls and carries out internal audits on its sites.

8.2.2. ENVIRONMENTAL INFORMATION

For this first year of publication of information relating to the Grenelle II Law, environmental indicators are reported for France only. The Company is committed to expanding its scope of reporting in the coming years.

2.1 General environmental policy

2.1.1 The organizational structure of the company takes into account environmental issues and, where appropriate, environmental assessment and certification procedures

Due to the outsourcing of its industrial manufacturing, the Group believes that its environmental impact is low.
The bulk of research and development activities take place at the head office. These activities do not include industrial manufacturing or distribution and therefore do not generate significant consumption of raw materials or significant emissions or greenhouse gases into the environment.

2.1.2 Environmental protection training and information campaigns for employees

Even though it does not have a specific policy, the Group makes its environmental concerns known through frequent information campaigns for all of its employees. These campaigns include good cooling/heating management practices, recycling of some waste, and light management in workspaces.

2.1.3 The resources devoted to environmental risk and pollution prevention

Not applicable to Group business activity.

2.1.4 The amount of provisions and guarantees for environmental risks, provided that such information is not likely to cause serious harm to the company in ongoing litigation

The Group has not recorded provisions and guarantees for environmental risks.

2.2 Pollution and Waste Management

2.2.1 Measures to prevent air, water and soil emissions

Air emissions
Laboratory emissions are captured and filtered by special vents that are periodically maintained and inspected.
Similarly, the Company regularly inspects the air conditioning system (cold production) to limit the risk of refrigerant leaks.

Water emissions
SuperSonic Imagine's business activity generates no direct water emissions.
Soil emissions
SuperSonic Imagine's business activity generates no direct soil emissions.

2.2.2 Recycling and waste disposal measures

The Company sorts its waste, and to this end, it has set up containers for collection of paper/cardboard and printer cartridges on its site of Aix-en-Provence:
Three bins for paper/cardboard sorting are in place:

- two bins set up by VEOLIA are managed by the ASL (Association Syndicale Libre) for the whole area of operations at the company's Aix-en-Provence site (which has five buildings, of which two are occupied by the company).
- one bin, set up by 13RECYCLAGE is managed directly by the company.

The data concern dumpsters used both by SuperSonic Imagine, but also by other site companies. It is not possible to conduct a more detailed analysis of waste recycled.

SERVICE PROVIDER	2014	2013
VEOLIA	3.03 T	Not available
13RECYCLAGE	0 T	1.080 T

Despite an awareness campaign for Company employees, waste other than cardboard/plastic was placed in the 13RECYCLAGE bin, which resulted in a reclassification of the waste as "Common Industrial Waste".
The Company started a new awareness-raising campaign in 2015, to avoid this kind of deviation.

Similarly, a printer cartridge recycling bin is available to employees so that cartridges can be collected and sent for recycling.
Furthermore, in order to limit a certain category of waste, the Company has started using rechargeable batteries, which, besides their clear economic benefit, have undeniable advantages ecologically.

2.2.3 Noise pollution

This indicator is not relevant in the case of SuperSonic Imagine because:
- production is outsourced
- the company's business activity takes place in buildings (that consist of offices and laboratories) located in an area of professional activity.

2.3 Sustainable use of resources

2.3.1 Water consumption

The Company's water consumption is mainly for sanitary purposes and employees are aware of ways that this natural resource may be used reasonably.

	2014	2013
Consumption of water distributed to common areas *(estimate)*	1,505.53 m^3	2,117.12 m^3

2.3.2 Consumption of raw materials

The main raw material consumed is paper. As with water, employees are informed of reasonable consumption habits.

	2014	2013
Consumption of reams of paper *(1 ream = 500 sheets)*	410 reams	Not available

2.3.3 Energy consumption

The energy consumed on the SuperSonic Imagine site is mainly from electricity consumption for heating and cooling of buildings and the operation of laboratory facilities and computer equipment.

	2014	2013
Energy consumption	294,783 kWh	307,311 kWh

No significant measures to reduce energy consumption have been taken to date and the Company does not use any form of renewable energy to meet its energy needs.

2.3.4 Land use

Manufacturing is outsourced and the Company's activities are located in two buildings situated in a business park.
The total area of the premises is 1,685 m^2 (two buildings, 843 m^2 and 842 m^2).

2.4 Climate change

2.4.1 Greenhouse gas emissions

Greenhouse gas emissions are linked exclusively to electricity consumption and air travel. It should be noted that employees are encouraged to take public transport through a 50% reimbursement for employees travel expenses.

	2014	2013
CO2 emissions from power consumption *(CO2 emission factor for electricity according to ADEM is 0.072 kg eq/kWh)*	21,224 kg	22,126 kg

CO2 emissions from air travel from 1 January to 31 December 2014:
- ⇒ 69,259 kg CO2 equivalent

The scope of calculation of CO2 emissions applies only to flights operated by some airlines. Due to the restricted scope of the analysis from the tool used within the company, a change in the travel reservation processes is planned in the future, to improve reporting.

2.4.2 Adaptation to climate change

No specific measures have been put in place.

2.5 Protection of biodiversity

The Company's offices are located in an area of professional activity, and its operations have no significant impact on biodiversity. No special protective measures were taken.

8.2.3. SOCIETAL INFORMATION

3.1 Territorial, economic and social impact of the company

3.1.1 Employment and regional development

The Group employs 149 people of different nationalities on different sites, most of whom are trained in France.
Despite having experienced strong growth over the last nine years, a still-growing SME such as SuperSonic Imagine can have only a limited impact on employment and development in an area such as Provence Alpes Côte d'Azur.

3.1.2 Local populations

The Company makes every effort to encourage relationships with local engineering schools, to find candidates for internships, and regularly works with the employment agencies located in the region.
Similarly, for the maintenance of its offices and buildings, the Company uses local service companies.

3.2 Relationships with persons or organizations interested in the company's activity

3.2.1 Conditions for dialogue with such persons or organizations

The SuperSonic Imagine Quality/Regulatory Department is in regular contact with various bodies:

- Notified bodies and certification bodies (LNE-GMed, TUV Sud, Tuv Rheinland Brazil)

These organizations carry out semi-annual or annual audits to ensure

- Compliance with the requirements of ISO 13485 (quality management for medical devices)
- Compliance with technical standards that ensure the safety of our equipment (standards 60601-1, 60601-1-6, 60601-2-37, ISO 62304, EN 62366, etc.)
- Maintaining our laboratory certification

- The competent authorities of various countries/regions around the world: ANSM (the French National Agency for Medicines, formerly AFSSAPS), FDA (Food and Drug Administration), Health Canada, etc.

- Distributors that increase sales in their geographic area

The Company is a member of SNITEM (the French National Medical Technology Industry Union).
These regular contacts make it possible to ensure normative and regulatory oversight to ensure compliance with global and local requirements.

3.2.2 Partnerships and sponsorships

The Company does not currently engage in corporate philanthropic actions.

3.3 Subcontractors and suppliers

3.3.1 Inclusion of social and environmental issues in the Company's purchasing policy

All suppliers that work with SuperSonic Imagine have provided documents certifying that they have taken steps to account for social and environmental issues, such as ISO certifications, codes of conduct, etc.

Although purchasing managers always verify good supplier practices when asking for this type of document, there are currently no formal procedures.

The Company is currently implementing actions to clarify its position and standardize its requirements in terms of social and environmental responsibility.

3.3.2 Importance of outsourcing and consideration of social and environmental responsibility in relationships with suppliers and subcontractors

Currently there are no purchasing charters that take environmental and societal criteria into account. The Company is in the process of gradually integrating aspects of CSR that might become decisive in the selection of suppliers (ISO14001 certification, etc.).

However, Aixplorer® is manufactured in Malaysia by a subcontractor and its specifications are applied rigorously.
Compliance with the requirements imposed on our subcontractor in these specifications is verified regularly, and several visits by company employees are conducted each year on the Malaysia site.

In addition, our subcontractor supplies several documents guaranteeing its good practices in social and environmental issues such as:

- An ISO 14001 certificate
- A code of conduct and ethics
- A code of conduct and ethics for its own suppliers
- A protection policy declaration against human trafficking

The parent company of the subcontractor is a US group that relies on strong internal controls, and internal audits are carried out regularly, thus limiting the risks.

Furthermore, it should be noted that many of the so-called “critical” suppliers are ISO14001 certified.
Finally, the Company is in the process of setting up an internal auditing team, so that it can conduct regular audits within the company and with subcontractors and distributors.

3.4 Fair practices

3.4.1 Anti-corruption efforts

In 2014, SuperSonic Imagine updated its rules to include an anti-corruption charter. In France, a copy is given to all Company employees, who must acknowledge receipt and state that they have reviewed it.
For foreign entities, an English version (Code of Conduct) that includes the anti-corruption charter is given to all employees, who, similarly, must acknowledge receipt and state that they have reviewed it.
Moreover, the Company has updated its standard distribution agreement, incorporating an anti-corruption clause and questionnaires. All new distributors must sign a contract with these stronger terms and the company is in the process of having all former distributors sign new contracts or amendments to comply with the new clause.
In the same context, a code of interactions with health professionals has been established to properly inform all Group employees of the rules to be observed in this context.
SuperSonic Imagine complies with all global anti-corruption laws, including OECD Convention on Combating against the Bribery of Foreign Public Officials in International Business Transactions, the United Nations Convention against Corruption (UNCAC) and other international anti-corruption laws such as for example the UK Bribery Act 2010.

3.4.2 Measures taken to promote consumer health and safety

Since it is in the medical imaging sector, health and patient safety are at the heart of Supersonic Imagine’s requirements.

Aixplorer® has the most reliable safety guarantees because it has received the CE mark from LNE/GMed and 510k registration in the USA and in over 60 countries worldwide.

The Company is also ISO 13485 certified and was recently inspected successfully by the FDA (US Food and Drug Administration). It also follows the recommendations of the risk management standard (ISO 14971) and the standard for suitability of use (EN 62366) throughout development.

In addition, the product development process includes a verification and design approval stage. This is a key step that comprises several checks:

– Software verification
– Electromagnetic compatibility tests
– Thermal and acoustic tests
– TÜV Rheinland certification
– Approval by our Product Management team with support from opinion leaders

3.5 Human rights

3.5.1 Actions taken to support human rights

Although it did not take any actions to support human rights, respect for human rights is one of the values held by the Company, which believes that these principles apply to individuals, nations, and by extension to businesses.

8.3. REPORT BY THE INDEPENDENT BODY ON THE CONSOLIDATED CORPORATE, ENVIRONMENTAL AND SOCIETAL INFORMATION IN THE MANAGEMENT REPORT

To the Shareholders,

In our capacity as an independent body accredited by COFRAC[1] (No. 3-1050) and a member of the network of one of the SuperSonic Imagine statutory auditors, we hereby report on the consolidated corporate, environmental and societal for the year ended 31 December 2014 presented in Section 8.2, hereinafter the "CSR information" under the provisions of Article L. 225-102-1 of the French Commercial Code.

Corporate Responsibility
It is the responsibility of the Executive Board to prepare a management report that includes the CSR information described in Article R. 225-105-1 of the French Commercial Code, in accordance with the standards used by the Company (hereinafter the "Referentials"), which are summarized in the introduction to Section 8.2.

Independence and quality control
Our independence is defined in the regulations, the professional code of ethics and the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have put in place a quality control system that includes documented policies and procedures that ensure compliance with the rules of conduct, professional standards and applicable laws and regulations.

Responsibility of the independent body
It is our responsibility, on the basis of our work, to:
- certify that the required CSR information is presented in the management report or, if not, that it is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of presence of CSR Information);
- provide limited assurance of the fact that the CSR information, taken as a whole, is accurately presented in all material respects in accordance with the Referentials (Reasoned opinion on the accuracy of CSR Information).

Our work was conducted by a team of two people from November 2014 to the signing date of this report for a period of about two weeks.
We conducted the work described below in accordance with the professional standards applicable in France and the Decree of 13 May 2013, which determines the manner in which the independent body conducts its mission concerning the accuracy of the reasoned opinion, and with the ISAE 3000 international standard[2].

1. Certification of presence of CSR Information
Based on interviews with the heads of the relevant departments, we reviewed the explanatory guidelines for sustainable development, based on the social and environmental consequences of the company's business activity and its societal commitments and, where appropriate, the actions or programs that result.

[1] Scope of accreditation available at www.cofrac.fr
[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical information*

We compared the CSR information contained in the management report with the list contained in Article R. 225-105-1 of the French Commercial Code.
Where some of the consolidated information is absent, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.
We verified that the CSR information covering the scope of consolidation, i.e., the company and its subsidiaries as defined by Article L. 233-1 of the French Commercial Code and the companies it controls as defined by Article L. 233-3 of that Code with the limits specified in the methodological note in Section 8.2 (publication for a limited scope in France (64% of the workforce) of environmental information and certain corporate information such as rates of absenteeism and the number of training hours.
Based on this work, and given the limitations mentioned above, we confirm the presence of the required CSR information in the management report.

2. Reasoned opinion on the accuracy of CSR Information

Nature and scope of work
We conducted three interviews with the persons responsible for the preparation of the CSR information in the human resources and purchasing departments and for the information gathering process and for internal control procedures and risk management in order to:
- assess the appropriateness of the Referentials in terms of their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, industry best practices;
- verify the implementation of a collection, compilation, processing and control process to ensure the completeness and accuracy of the CSR information and review the internal control and risk management procedures relating to the preparation of the CSR Information.

We determined the nature and scope of our tests and controls based on the nature and importance of the CSR information with regard to the characteristics of the society, the social and environmental challenges of its business activity and its sustainable development and good industry practices guidelines.

For the CSR information we considered to be most important[1]:
- at the parent company, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organizational structure, policies, actions, etc.), we implemented analytical procedures for the quantitative information and, using surveys, verified the calculations and data consolidation, and we verified their accuracy and consistency with the other information contained in the management report.

[1] **Societal and environmental information:**
- *Indicators (quantitative information)***:** consumption of thermal and electrical energy per unit of production (MWh/ton), GHG emissions (scope 1 and 2), share of non-hazardous waste recycled.
- *Qualitative information:* pollution and waste management (preventative measures, recycling and disposal of waste), energy consumption, measures to improve energy efficiency, water consumption, relationships with stakeholders (conditions for dialogue, partnerships or sponsorships), extent of outsourcing and consideration of social and environmental issues in purchasing policy and relations with suppliers and subcontractors, fair practices (anti-corruption efforts, consumer health and safety measures).

Corporate information:
- *Indicators (quantitative information):* total registered workforce, turnover, rate of absenteeism.
- *Qualitative information*: employment (total workforce and distribution, hiring and departures, compensation and pay increases), organization of working time, employee-management relations (employee representation, collective bargaining agreements), training policies implemented, total number of hours of training, diversity and equality of opportunity and treatment (gender equality measures taken, anti-discrimination efforts), promotion of and compliance with the provisions of the fundamental ILO Conventions (freedom of association, elimination of discrimination, forced labor and child labor).

- at a representative sample of entities selected by us[1] based on their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify the correct application of procedures and implementation of detailed tests based on samples, which consist of verifying calculations and reconciling the data in the supporting documentation. The sample thus selected represents on average 64% of the workforce.

For the other consolidated CSR information, we assessed their consistency with our knowledge of the company.

Finally, we assessed the relevance of any explanations related to the total or partial absence of certain information.

We believe that the sampling methods and sample sizes that we used in the exercise of our professional judgment allows us to provide a moderate level of assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques and other inherent limitations of any information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be completely ruled out.

Conclusion

Based on our review, we found no significant anomalies likely to call into question the fact that the CSR information, considered as a whole, is presented accurately, in accordance with the Referentials.

Paris-La Défense, 9 March 2015
The Independent Body
ERNST & YOUNG et Associés

Christophe Schmeitzky	Bruno Perrin
Sustainable development associate	Partner

[1] the parent company SuperSonic Imagine

9. REVIEW OF THE COMPANY'S RESULTS AND FINANCIAL SITUATION

9.1. GENERAL OVERVIEW

9.1.1. ACCOUNTS PREPARED IN ACCORDANCE WITH IFRS

In compliance with European Regulation 1606/2002 of 19 July 2002, the Consolidated Financial Statements of SuperSonic Imagine for the years 2014 and 2013, approved by the Management Board, were prepared in accordance with the current IFRS as adopted by the European Union. They are presented in Chapter 20.1 of this Registration Document.

The consolidated financial statements for the years ended 31 December 2013, 2012 and 2011, and the corresponding audit reports appear on pages 219 to 292 of the base document filed with the AMF, under no. I.14 -006 obtained 6 March 2014.

The information below concerning the review of the Group's results and financial position is solely based on the Financial Statements under IFRS that appear in Chapter 20.1 of this Registration Document and must be read in conjunction with the rest of the Registration Document.

9.1.2. COMPANY'S ACTIVITY

SuperSonic Imagine, founded in March 2005, specializes in ultrasound medical imaging. The Company designs, develops and markets innovative ultrasound imaging solutions aimed at improving medical diagnosis.

The Company offers cutting-edge technology - ShearWave™ Elastography - which it has developed in the form of a revolutionary ultrasound system: Aixplorer®. This device breaks away from conventional technology by integrating three major innovations:

- A 100% Linux-based software architecture which is a lot more flexible than the electronic board architecture used in existing ultrasound systems and which offers unequalled signal processing capacities;
- The UltraFast™ system providing unequalled image acquisition capacity (20,000 images/second versus 200 to 500 images/second);
- The Multiwave™ technology combining an ultrasound wave with a shear wave (ShearWave™).

In addition to exceptionally improving traditional imaging methods (B mode and contrast) thanks to advanced proprietary technologies, Aixplorer® is currently providing the market with a new imaging mode: ShearWave™ Elastography, as well as a revolutionary Doppler approach using the Ultra Fast™ Doppler.

ShearWave™ is the world's only innovation capable of quantifying tissue elasticity in an objective way and in a reproducible, real time and user independent manner. Tissue elasticity is a clinical parameter which is essential for diagnosis since it is often linked with disease. Physicians can thus detect and characterize palpable and non-palpable masses to potentially make future treatment available.

In a world market concentrated on a small number of players, the Company is distinct due to its innovation and extensive technological expertise. Thanks to its in-house R&D team boasting over 250 years of combined experience in the fields of ultrasound, it has gained:

- A solid portfolio of patents;
- the backing and support of opinion leaders in learned societies;
- strong clinical validation based on numerous studies;
- sales regulatory authorizations covering 54 countries, in addition to 9 countries for which no authorization is required.

Strengthened by an offer which is unique on the market, the Company has been committed since 2012 to a worldwide commercial roll-out phase of its offer.

9.1.3. REVENUE RECOGNITION

The Group has two primary sources of revenue: sales of the Aixplorer® systems and application-specific probes, as well as the associated services.

(a) Revenue from the sales of Aixplorer systems

The Group's products are generally sold through contracts or via purchase orders placed by customers which include fixed, determinable prices that do not contain a right of return or any significant post-delivery obligation, nor any other clause inducing deferred revenue. Revenue is recognized for products when title and risk are transferred, in accordance with Incoterms as defined in the contracts, when the price is fixed and determined, and collectability of the receivable is reasonably assured.

Distributors of Aixplorer® products do not benefit from any contractual right of return on acquired products beyond the legal guarantee of 12 months granted on products.

(b) Revenue from services

Revenue for services (principally maintenance, after-sale service, guarantee extensions) is recognized over the period when services are rendered and when collectability is reasonably assured.

A one-year warranty is included in each sale of an Aixplorer system.

A provision for the warranty period is created when a system is sold. It is then reversed, thus generating profit for the cost of sales over the entire period covered by the warranty. Revenue from multiple element arrangements, such as those including services is recognized as each element is earned based on the relative fair value of each element.

(c) Revenue from the Group's technology

Revenue from the Group's technology represents a third source of income. It corresponds to the access rights to the technology developed by the Group or access partnerships for that technology. The income is non-recurring in nature, and as such, it is presented on a separate line in the income statement under Other Income.
This revenue corresponds to contracts, whose profits are recognized according to the negotiated terms and conditions, and in accordance with IAS 18 criteria.
Each contract is subjected to a technical analysis that determines how the revenue will be recognized. Based on this analysis, the associated profit will be recognized in full upon the signing of the contract or spread over the relevant periods.

9.1.4. RESEARCH & DEVELOPMENT AND TECHNOLOGIES

SuperSonic Imagine provides breakthrough technology within the ultrasound market, through three areas: the software as a whole, the high-speed acquisition of data and the use of shear waves, all of which are detailed in Section 6.3.3 of this registration document.

Research charges are expensed as incurred.
In accordance with IAS 38, expenses corresponding to project developments (design and testing of new or improved solutions) are recognized as an intangible asset when the following criteria are met:

- The Group has the intention, financial capacity and technical capacity to complete the development project;
- The Group has the resources necessary to finish the development and to use or market the product developed;
- There is a high probability that the future economic benefits of the products developed will benefit the Group;
- The expenditure attributable to the intangible asset during its development can be reliably measured.
-

Development expenses which do not meet the criteria are recognized as an expense for the period.

Capitalized development, which is principally composed of employee expenses, is depreciated in the income statement in the line "Research and Development expenses" on a straight-line basis over the duration of the estimated residual life of the product Aixplorer®. This estimated remaining life is reviewed at each year-end.

9.1.5. PARTNERSHIPS AND SUBCONTRACTING

The Company benefits from close links with research institutions (CEA, Institut Langevin at the ESPCI, etc.) and some of the most prestigious medical establishments in France and abroad.

Since 2009, production of the Aixplorer® platform (in a standard configuration) has been subcontracted to the site to a global leader in medical device assembly in Scotland, which directly handles the majority of supplies, such as printed circuits, plastic parts, metal parts, etc.

The manufacturer's role has evolved over time as follows:

- in 2009/2010, it manufactured the lower portion of the system and the Company manufactured the upper part (Control Panel + Screen,) the plastic parts and all of the tests;
- in 2011, it did the full assembly, along with a portion of the tests;
- in 2012, it did the complete assembly as well as all of the tests, including Live Scan (the final step in verifying quality and compliance with the specifications ordered);
- in 2013, transfer of manufacturing from the site in Scotland to the site in Malaysia;
- since early 2014, manufacturing has taken place exclusively from the site in Malaysia.

The final configuration, which is adapted to each client's demands - CTO (Configuration To Order) as well as the shipping of each Aixplorer® to the end clients is handled by SSI's Production department, which is located at the headquarters in Aix-en-Provence.

As detailed in Section 6.8.4. of this registration document, and in Note 28 to the consolidated financial statements, work was undertaken with this partner during 2012 in order to transfer all production of

the standard platforms from its Scottish site to its Malaysian site. Production in Scotland was halted in late 2013, and full production has occurred in Malaysia since early 2014. Today, only system controls and the CTO are still carried out internally by the Manufacturing Department in France. The second stage (from mid-2015 to late 2016) will consist of entrusting the subcontractor located in Malaysia with the manufacturing of Aixplorer® through their final configuration for each customer order (CTO), first for orders for China and Asia, then for the Americas.

In this regard, during the first quarter of 2014, the Company and its partner focused on verifying the assembly and testing process and on qualifying and approving the new subcontractors used locally in Malaysia. This period also allowed the contractor to ramp up its teams so that they would be fully operational by April 2014. Extra time was, however, necessary to take full advantage of the reduced production costs, given that there were units still in stock, before units produced entirely in Malaysia could be sold. As a result, the savings on manufacturing costs were fully realized in the second half of 2014 and will be realized over all of 2015.

SuperSonic Imagine strives to identify and select suppliers that have the industrial capacities to support its commercial ambitions. It chooses its partners in view of several factors: regulatory and product constraints; production capacity in keeping with the Group's ambitions; economic and profitability considerations (refer to Section 6.8.4 of this Registration Document).

SuperSonic Imagine's Production department maintains close relations with two suppliers of critical components (control panels and electrical supplies) and also has a privileged partnership with two probe suppliers, one based in Tours, France, a worldwide specialist in ultrasound probes, and also a supplier of some of SuperSonic Imagine's competitors, and one based in South Korea. Lead times for probe sub-components are long, so a critical inventory of up to three months is necessary for the probes due to the unpredictable nature of supplies.

The relationship with the "crucial" suppliers is and will be kept at the SuperSonic Imagine level.

In addition, the Production Department calls on various other service providers, especially for logistics, adapting on a case by case-by-case basis depending on each country's local requirements.

9.1.6. COST OF SALES

The cost of sales of equipment includes the following elements:

- product cost (purchase of components and assembly);
- cost of the Group's "Production" department;
- provision for warranties;
- royalties due;
- provisions for write-down of inventory due to obsolescence and scrapping.

Product cost

The analysis of the gross margin on Sales activity for the period must be placed within the context of the cost optimization policy decided on by the Company, which is detailed in Section 9.1.5 above.

This transfer to Malaysia will immediately decrease the cost of producing Aixplorer® at volumes consistent with those of Scotland. In the future, additional discounts should be granted according to the unit volume levels ordered annually from the Malaysian subcontractor.

SuperSonic Imagine's R&D teams are currently developing the second generation of Aixplorer®, for which the production cost should be significantly lower than the current platform.

Cost of the Group's "Production" department

Due to the increased outsourcing described in the paragraph above, the Production department now handles the supply chain (management of strategic suppliers), client configuration as well as inventory management.

This new organization of production had the effect of limiting the increase in costs of the Production department, despite a considerable increase in sales. Their relative impact on the gross margin rate should decrease with increasing sales levels.

Warranty provision

A warranty on parts and labor of one year is offered for the systems sold directly, although the warranty only concerns the parts for systems sold through the distribution network (the labor warranty being borne by the distributor.) In order to cover the costs of this warranty, a provision is recorded. The provisioning rate used is a classic value in the industry. An analysis of service costs incurred in 2014 on systems under warranty verified the provisioning rate applied.

Royalties due

The equipment sold integrates certain technological elements that the Company exploits under licenses, which are remunerated through royalties.

The provision for write down of inventory due to obsolescence and scrapping

Provisions for write down of inventory are recorded when a new version entailing hardware modifications is launched, which renders certain components obsolete or when defective parts are returned by the client.

9.1.7. PRO FORMA FINANCIAL STATEMENTS

None.

9.1.8. MAIN FACTORS AFFECTING THE BUSINESS AND ITS RESULTS

Since inception, the Company has carried out significant technological developments, which required significant investments and generated significant losses.

These efforts have allowed it to:

- consistently improve its existing products, as well as its development and manufacturing procedures, and launch new development projects;
- very significantly expand its commercial offer and the addressable markets;
- pursue clinical studies allowing it to create a differentiated positioning based on diagnostic performance;
- improve its subcontractor selection and manufacturing processes;
- obtain the CE mark in March 2009 and subsequent FDA 510(k) approval in August 2009.
-

The Company intends to continue its R&D efforts in order to maintain its technological edge. The expenses incurred in this field will continue to have an impact on Group results.

The need to have inventories of critical components in order to secure the production process and the need to have safety inventories to be able to meet the requests in the shortest possible time, may lead the Company to keep significant inventories, which can weigh down its financial structure.

The use of outsourcing has made much of the variable production costs. Indeed, the mission of SuperSonic Imagine's Production department currently concerns the supply chain, configuration according to client orders (CTO) and inventory management.

Efforts have likewise been undertaken on commercial roll-out, with a strengthening of the direct sales force and the establishment and organization of a worldwide network of distributors. The Company has obtained marketing authorizations covering 54 countries (and there are 9 for which no authorization is required). The investments linked to the commercial roll-out, primarily relating to the time required for the increase in the power of the sales force, will continue to impact the Group's result.

The significant share of the revenues generated by distributors extends average payment terms on receivables due to certain local practices.

At the regulatory level, the ISO 13485 certification, which is essential for the Company's business activity, was obtained starting in 2008 (except in Canada, where it was obtained in 2009). It was renewed in November 2013 by LNE/GMed. This enables the Company to comply with the regulatory requirements of its industry, as well as set the required stringency level and appropriate methods for the development of innovative medical devices.

Moreover, the Company regularly grants financial instruments giving access to the company's share capital to its employees, corporate officers and certain partners. The Company's results are affected by the corresponding expense, which is recognized in the financial statements in accordance with IFRS.

Lastly, the Company experiences a certain degree of seasonality, having noted that approximately 35 to 40% of annual revenues are regularly recorded during the fourth quarter of the corporate year.

9.2. TWO-YEAR COMPARISON

In terms of research and development, 2014 saw the launch of two new probes, SLH 20-6 probe on the musculotendinous market and the XP 5-1 probe for vascular exploration (transcranial Doppler), thus increasing the Group's portfolio of probes to eight.

Operationally, after the successful transfer in early 2014 of systems manufacturing from Scotland to a site owned by the same subcontractor in Malaysia, 2014 was marked by the start of systems manufacturing in Malaysia. The expected impact on the gross margin from the sale of platforms produced in Malaysia materialized in the second half of 2014, and the first half of the year was necessary to create the inventory needed to secure the transition period.

9.2.1. BREAKDOWN OF OPERATING INCOME (LOSS)

9.2.1.1. REVENUE AND OTHER OPERATING REVENUES

STRONG REVENUE GROWTH 2014

27% revenue growth

In thousands of euros	31 Dec 2014	31 Dec 2013	Change Amount	Change %
Revenues	19,761	16,961	2,800	17%
Other revenues	1,819	-	1,819	-
Total revenue	**21,580**	**16,961**	**4,619**	**27%**

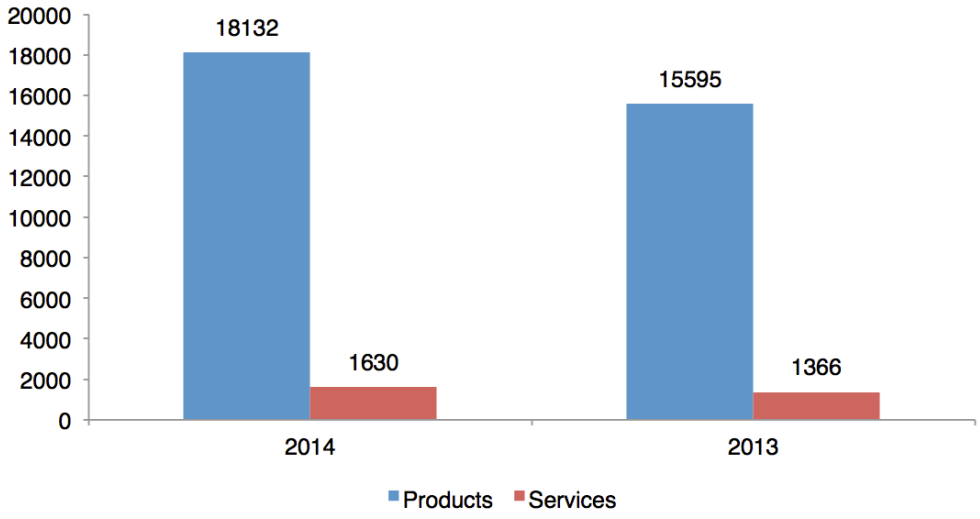
Taking into account the other revenue, which consists primarily of profits from access to the Group's technology, total SuperSonic Imagine revenue for 2014 totaled €21.6 million, for growth of +27% compared to 31 December 2013.

Total Group revenue, which was €19.8 million in 2014, increased 17% from 2013.

REVENUE BY TYPE

In thousands of euros	31 Dec 2014	%	31 Dec 2013	%
Sale of goods	18,132	92%	15,594	92%
Sale of services	1,630	8%	1,366	8%
Revenue	**19,761**	100%	**16,961**	100%

Sales of goods and services accounted for €18.1 million and €1.6 million respectively, or 92% and 8% of revenue over the year.



The distribution of sales of products and services remained stable in 2014 and 2013.

- **Sale of goods**

Growth in revenue from goods: 16%

Product revenue grew by 16% and totaled €18.1 million in 2014, compared to €15.6 million in 2013.

In 2014, the impact from the €/$ exchange rate had no significant impact on the progress of equipment sales. It represented a gain of €79,000, for a 0.5 point increase in sales in 2014 compared to 2013.

In a market with annual growth of around 5% *(source: 2013 InMédica study*), these figures generally reflect the increasing penetration of Group offers.

Growth in direct sales of goods: 17%

Direct sales of goods increased by 17% compared to 2013. This growth was particularly strong in the United States, where sales of live goods grew by 50% compared to 2013.

Growth in indirect sales of goods: 16%

Sales of goods through distributors posted revenue growth of 16% compared to 2013. Despite strong growth in many regions (especially Asia), the growth in indirect sales of goods, as a whole, was impacted by a slowdown in indirect sales in the United States.

- **Sale of services and spare parts**

Sales of services include both the sale of maintenance contracts after the warranty period ends, technical interventions on platforms not covered by these contracts, sales of spare parts and software updates.

Revenue growth of 19% in services

In thousands of euros	31 Dec 2014	31 Dec 2013	Change Amount	Change %
Maintenance agreements	664	320	344	108%
Spare parts/Software updates	966	1,046	(80)	-8%
Revenue from services	**1,630**	**1,366**	**264**	**19%**

The year 2014 experienced significant revenue growth in services, from €1.4 million in 2013 to €1.6 million in 2014, an increase of 19%.

Under the effect of a growing installed base, which has doubled in the last two years to over 1,000 systems as of December 2014, revenue from service agreements also doubled between 2013 and 2014.

The sale of spare parts and software updates totaled €1 million in 2014 and decreased by 8% compared to 2013. This figure is largely made up of sales of spare parts to distributors to create an inventory to ensure rapid customer service. Since their need to supply these parts is not linear in nature, there may be significant differences in this source of income between two periods.

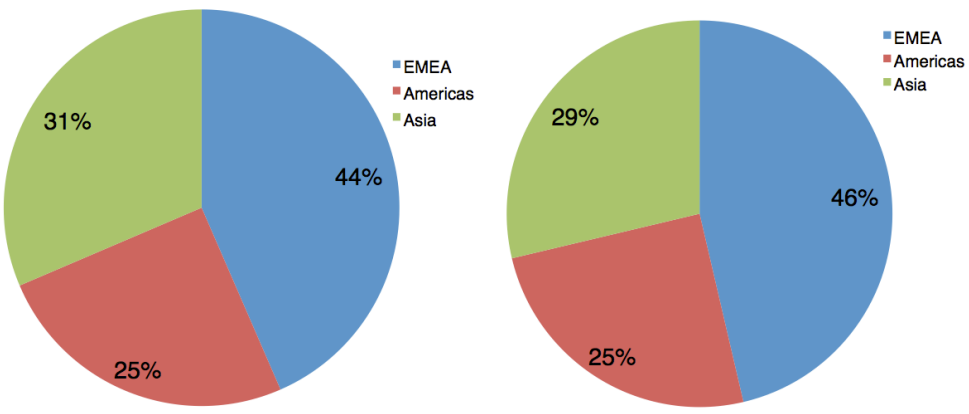
The impact from the €/$ exchange rate on sales of services is still very limited and represented €11,000 in 2014. Sales in 2104 rose by 0.8 points compared to 2013.

GEOGRAPHICAL DISTRIBUTION OF SALES

The Group's consolidated revenue by geographical area for the financial years ended 31 December 2014 and 2013 is as follows:

In thousands of euros	31 Dec 2014	%	31 Dec 2013	%
EMEA	8,590	43%	7,861	46%
Americas	4,962	25%	4,232	25%
Asia	6,209	32%	4,869	29%
Total	**19,761**	100%	**16,961**	100%

2014 **2013**



EMEA remains the largest market, with €8.6 million in revenue (+9%), representing 43% of total revenue.

Sales in Asia consolidated, totaling €6.2 million in 2014 (+28%) and their proportion increased to 32% of total revenue in 2014, versus 29% in 2013.

The share generated by the Americas amounted to €5 million (+17%) and remained constant at 25% of total revenue.

- **EMEA (Europe Middle East & Africa):**

In thousands of euros	31 Dec 2014	%	31 Dec 2013	%
France	4,014	47%	3,577	46%
Other EMEA	4,576	53%	4,284	54%
Total EMEA	**8,590**	100%	**7,861**	100%

✓ *France*

France continues to increase its market penetration, with growth of 12%, despite a very high comparative base.

Fiscal year 2013 experienced growth of 42.4% over 2012 due to the rise in orders from the UGAP and AGEPS referentials, the tenders won at various hospitals and the sale of platforms at research institutions (INSERM and other).

The year 2014 was marked by greater diffusion in the private sector due mainly to new customers who bought several units and equipment renewals by consumers that had bought from SuperSonic Imagine in 2009 and 2010. Note that private hepatology activity began in 2014.

The Public sector continued to seek out the Group's products through UGAP, which won a new contract in March 2014 (€1.084 million for the period from June to December).

Sales in 2014 were well distributed among the private, public and research sectors. The distribution of income is due to a wider range of products, including a new clinical application package for musculoskeletal imaging (V9) and an overall improvement of the system for the radiology and hepatology segments. The musculoskeletal imaging market is growing rapidly in France, especially in the private radiology sector.

✓ *Other EMEA (Europe Middle East & Africa):*

In 2014, revenue earned in the EMEA region excluding France amounted to €4.6 million, an increase of 7% compared to 2013 (€4.3 million). This growth, which was lower than in other regions, reflects the difficult economic situation in this region. Euro-area health spending was revised downwards. Nevertheless, Supersonic grew over the period and increased its market share.

➢ **Americas (USA, Canada, South America):**

The Americas region earned total revenue of €5 million in 2014, up 17% compared to 2013. The United States' share was the largest, with €4.6 million, or 93% of total revenue and 19% growth.

In thousands of euros	31 Dec 2014	%	31 Dec 2013	%
USA	4,625	93%	3,878	92%
Other Americas	337	7%	354	8%
Total Americas	**4,962**	100%	**4,232**	100%

US growth of nearly 20% was the result of a mix of distribution channels, in which direct sales drove growth in the region, with 52% growth in products and services combined between 2013 and 2014.

The business and marketing investments made for the previous two years, and the hiring of a country manager in 2013 bore fruit in 2014.

The indirect channel has not met expectations set by the Group that developed alternative business strategies to compensate for lower growth.

The performance of the Americas region was mainly due to the performance of the USA.
Other countries do not have significant change or amount for the Americas.

➢ **Asia:**

Asia recorded the largest growth between 2013 and 2014 with revenue that increased from €4.9 million to €6.2 million, up 28%.

In thousands of euros	31 Dec 2014	%	31 Dec 2013	%
China	3,163	51%	3,062	63%
Other Asia	3,046	49%	1,807	37%
Total Asia	**6,209**	100%	**4,869**	100%

✓ *China*

In 2014, sales in China totaled €3.2 million, versus €3.1 million in 2013, an increase of 3%. This modest sales growth by Supersonic Imagine with its Chinese distributors masks a sharp increase in the number of Aixplorer® units installed in 2014 with end customers in China.

Indicator reflecting taking increasing market share: the number of Aixplorer® installed by dealers in their end customers in 2014 rose by almost 300% compared to the previous year.

✓ *Asia excluding China*

Asia (excluding China) saw exceptionally good sales growth (+69%), with revenue that rose from €1.8 million in 2013 to €3 million in 2014. This growth is based on marketing of Aixplorer® in a new country in Asia in 2014, which brought €0.8 million or 26% of 2014 revenue from that region.

BREAKDOWN OF TOTAL REVENUE BY SALES CHANNEL

Revenue by distribution channel is as follows:

In thousands of euros	31 Dec 2014	%	16 Dec 2013	%
Direct	6,868	35%	5,997	35%
Indirect	12,893	65%	10,963	65%
Total	**19,761**	**100%**	**16,961**	**100%**

While predominant in absolute terms, the relative contribution of indirect sales (both via a distribution network and the representative office in China) to the Group's consolidated revenue remained stable at 65% in 2014 and 2013.

Total direct sales rose 15%, driven mainly by:

- The USA, with performance of +52% compared to fiscal 2013, thanks to the reorganization initiated in 2012,
- France, which generated growth of 12% despite an exceptionally high comparative base (see above paragraph).

In 2014, despite the decline in indirect sales by a distributor in the United States, indirect sales rose 18% to €12.9 million in 2014, versus €11 million in 2013, thanks to the outstanding performance of Asia.

9.2.1.2. OPERATING EXPENSES AND OPERATING INCOME (LOSS)

In thousands of euros	31 Dec 2014	31 Dec 2013
Revenue	19,761	16,961
Other income	1,819	
Revenue	**21,580**	**16,961**
Cost of sales	(12,364)	(10,723)
Gross margin	**9,216**	**6,238**
Gross margin on revenue[1]	***7,397***	***6,238***
Gross margin rate on revenue (%)[2]	***37.4%***	***36.8%***
Research and development expenses	(2,629)	(3,311)
Selling and marketing expenses	(11,248)	(9,146)
General and administrative expenses	(5,073)	(4,083)
Other operating income/(expenses)	254	(986)
Current operating income (loss)	**(9,480)**	**(11,289)**
Other non-current operating income/(expense)	(1,305)	(435)
Operating income (loss)	**(10,784)**	**(11,723)**

[1] Gross margin on revenue = Revenue – Cost of sales
[2] Gross margin on revenue = Gross margin on revenue/Revenue

9.2.1.3. COST OF SALES

Over the period in question, the gross margin on total revenue increased 5.9 points to 42.7% in 2014, versus 36.8% in 2013. The gross margin corresponds to total revenue (€21.580 million) minus the cost of sales (€12.364 million). In 2014, it fully benefited from Other income (€1.819 million) and generated no cost.

The gross margin on sales corresponds to revenue (€19.761 million) minus the cost of sales. The gross margin increased from 36.8% in 2013 to 37.4% in 2014. The analysis of this rate is presented below with the analysis of the margin on equipment sales and on services.

In thousands of euros	31 Dec 2014	31 Dec 2013
Cost of sales	12,364	10,723
Gross margin on total income	**9,216**	**6,238**
Gross margin as a % of total income	*42.7%*	*36.8%*
Gross margin on revenue	**7,397**	**6,238**
Gross margin as a % of revenues	*37.4%*	*36.8%*
of which cost of equipment sales	10,803	9,078
Gross margin equipment sales	**7,329**	**6,516**
Gross margin as a % of revenues produced	*40.4%*	*41.8%*
of which activity from Services	1,561	1,645
Gross margin from services	**68**	**(279)**
Gross margin as a % of revenues	*4.2%*	*N/A*

Evolution of the gross margin for the equipment sales activity

As detailed in Section 9.1.6, the cost of the sale of equipment includes:

- product cost (purchase of components and assembly);
- cost of the Group's "Production" department;
- provision for warranties;
- royalties due;
- provisions for write-down of inventory due to obsolescence and scrapping.

The decrease of 1.4 points in the gross margin from equipment sales, which fell from 41.8% in 2013 to 40.4% in 2014, is due to:

- *A positive effect* from the Group's efforts to improve long-term margins, including the relocation of production to Malaysia, with a full-year effect expected for 2015;
- *A gain* on the cost of the production department resulting from a volume effect and the significant decrease in depreciation corresponding to the end of the depreciation of certain production materials (including molds) at 31 December 2013;
- *A downward effect* because of a new licensing agreement generating additional royalty payments (see Note 34.1 to the consolidated financial statements in Chapter 20.1 of this Registration Document).

Evolution of the gross margin for the services activity

The Company posted an annual profit for the first time for services in 2014. The gross margin of this activity totaled €68,000 for the period.

Revenue from services increased 19% over the period, from €1.366 million in 2013 to €1.630 million in 2014.

The cost of the activity over the period decreased by €0.1 million from €1.645 million in 2013 to €1.561 million in 2014. This decrease is explained by the following changes:

- +€0.3 million euros in structural costs due to the increase in the installed base and therefore in associated travel and spare part shipping costs and the hiring of an additional service engineer;
- -€0.2 million positive impact on the cost of spare parts, thanks to a special effort to return spare parts from customers and distributors;
- -€0.2 million positive impact also on depreciation of service inventories, through reduction of probe failure rates.

The intensification of the commercial roll-out and the increase in the installed base are determining factors for improving the profitability of the Group's services activity in the future. The service teams currently in place, in particular in France and for the support of distributors, can effectively meet demand. In the future, increased infrastructure and larger teams will be implemented in the United States and China.

9.2.1.4. RESEARCH AND DEVELOPMENT EXPENSES

The breakdown by type and method of the recording of total R&D expenses is as follows:

In 2014:

In thousands of euros	Expenses for R&D	Capitalized expenses	Total Expenditures
Personnel	1,153	2,924	4,077
Fees, External Services	785	539	1,324
Travel expenses and entertainment	112	117	229
Depreciation, amortization & provisions	961	177	1,138
Purchases and consumables	344	60	404
Others	420	166	586
Subtotal expenses	**3,775**	**3,983**	**7,758**
Operating grants	(703)	(6)	(709)
Research Tax Credit	(444)	(1,437)	(1,881)
Subtotal income	**(1,147)**	**(1,443)**	**(2,590)**
Total	**2,629**	**2,540**	**5,168**

In 2013:

In thousands of euros	Expenses for R&D	Capitalized expenses	Total Expenditures
Personnel	2,444	1,641	4,085
Fees, External Services	771	177	948
Travel expenses and entertainment	122	64	186
Depreciation, amortization & provisions	725	220	945
Purchases and consumables	186	128	314
Others	522	65	587
Subtotal expenses	**4,770**	**2,295**	**7,065**
Operating grants	(947)	-	(947)
Research Tax Credit	(513)	(1,221)	(1,733)
Subtotal income	**(1,460)**	**(1,221)**	**(2,680)**
Total	**3,311**	**1,074**	**4,385**

With the initial public offering in April 2014 and the capital increase of €50 million (net), the Group has increased the pace of its business activities in research and development with €7.8 million spent in 2014 and €7.1 million in 2013, up 10%.

The Company also benefits from subsidies and from the Research Tax Credit, (CIR), thus reducing the total R&D budget. As a result, for the period presented, R&D expenses (net of the CIR and subsidies) totaled €5.168 million in 2014, versus €4.385 million in 2013.

This tax credit is calculated based on certain expenses linked to research and development. Granted in the form of a corporate tax (IS) reduction IS, it amounts to 30% of the volume of eligible R&D expenses, within a limit of €100 million, then 5% thereafter.

As detailed in Section 9.1.4 above, development expenses which do not meet the criteria established by IAS 38, are recognized as expenses for the year.

Thus, over the period, the breakdown of total R&D costs into expenses recognized for the year and costs capitalized as intangible assets is as follows:

In thousands of euros	2014	2013
R&D (expenses)	2,629	3,311
Development costs (capitalized)	2,540	1,074
Total (*)	**5,168**	**4,385**

(*) Total net operating expenditures and operating and research tax credit subsidies.

The capitalized amounts, which consist primarily of personnel costs, are inherent in the successive developments of Aixplorer® versions V3 to V10 (in 2014, V9 and V10 as well as expenditures for the next generation of ultrasound devices). The share capitalized as intangible assets amounted respectively to €1.074 million in 2013 and €2.540 million in 2014.

Work on the Aixplorer® platform consists primarily of development of software applications dedicated to new clinical applications to enrich its functionalities and optimize its possible uses. New

developments do not render the previous versions obsolete but instead enrich the functionality of the system.

Dedicated payroll expenditures account for the bulk of costs expensed during the financial year in which they were incurred, as compared to "Fees/External services/Subcontracting", demonstrating the integrated expertise of the Company. The decrease in payroll (portion maintained as expenses) between 2013 and 2014 (-53%) is explained by an increase in the number of activated projects that complied with IAS 38 in 2014. Total expenditure incurred for personnel costs are comparable for both years.

Over the period, the CIR recorded by the Company is equal to €1.733 million for 2013 and €1.881 million for 2014, or 8.5%, which is in line with the increase in R&D expenses between the two years (+10%).

The amount of subsidies decreased by 26% between the two years, from €947,000 in 2013 to €703,000 in 2014. This is due to the expenditures eligible for the ICARE subsidy lower than initially anticipated costs.

9.2.1.5. SALES AND MARKETING EXPENSES

Total sales and marketing expenses, which consist mainly of dedicated staff expenses, increased significantly during the period in question.

In thousands of Euros	31 Dec 2014	31 Dec 2013
Personnel	5,648	4,367
Fees, External Services	1,941	1,821
Travel expenses and entertainment	2,515	2,065
Depreciation, amortization & provisions	367	454
Others	777	438
Total	**11,248**	**9,146**

The 23 % growth in these expenses between 2013 and 2014 is mainly explained by:

- ✓ An increase in payroll of €1.281 million (+29%) that reflects the increased workforce. Accordingly, the number of employees increased from 52 at 31 December 2013 to 65 at 31 December 2014, which includes nine new employees in China. The number of FTE (full-time equivalent) employees devoted to sales (Managers, salespeople and application specialists) increased from 31 at the end of 2013 to 44 at the end of 2014;
- ✓ A "Fees/external services/subcontracting" expense up 7%;
- ✓ Travel expenses and entertainment increased by 22%, thus demonstrating the intensive work of the sales forces around the world.

9.2.1.6. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of Euros	31 Dec 2014	31 Dec 2013
Personnel	2,738	1,815
Fees, External Services	1,696	1,449
Travel expenses and entertainment	196	243
Depreciation, amortization & provisions	246	338
Others	197	238
Total	**5,073**	**4,083**

In 2014, the increase in general and administrative expenses was 24% as a result of:

- ✓ a significant payroll increase (+51%) mainly due to the hiring of a new senior manager whose impact is €844,000 out of a total increase of €923,000 in 2014. It should be noted that most of this expense is related to the granting of stock options to the new senior manager (for a total of €669,000, of which €379,000 is related to IFRS entry with no cash consideration).

- ✓ an increase in "Fees/external services" expenses of 17% or €0.2 million corresponding mainly to implementation and optimization services for various software used by the Group (ERP, customer relations management, human resources, quality management and regulatory affairs and electronic invoicing) and the purchase of additional licenses for that software.

9.2.1.7. OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Customer provisions	(129)	(1,165)
Miscellaneous	(23)	-
Other operating expenses	**(152)**	**(1,165)**
Reversal of unused customer provisions	403	166
Miscellaneous	2	14
Other operating income	**405**	**180**
Other operating expenses and other operating income	**254**	**(986)**

During 2014, allocations to provisions for bad debts decreased sharply, from €1.165 million in 2013 to €129,000 in 2014.

At the same time, the recovery of provisions for bad debts totaled €403,000 in 2014, more than double the recoveries in 2013. The 2014 recovery is mainly due to the repayment of part of the debt of the Brazilian distributor and the return of a system sold to an Italian customer that was fully provisioned in 2013.

9.2.1.8. CURRENT OPERATING INCOME (LOSS)

At 31 December 2014, current operating income showed a loss of €9.5 million, compared with a loss of €11.3 million in 2013.

9.2.1.9. NON-CURRENT OPERATING INCOME (LOSS)

The Group's non-current operating income is negative and increased over the period from €435,000 in 2013 to €1.305 million in 2014.

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Depreciation of receivables	(1,002)	-
Personnel	(276)	(158)
Fees, commissions and royalties	(904)	(180)
Travel	(68)	(36)
Equipment	(12)	(22)
Others	(44)	(38)
Other non-recurring operating expenses	**(2,307)**	**(435)**
Receivables	1,002	
Other non-recurring operating income	**1,002**	**-**
Other non-recurring operating income and expenses	**(1,305)**	**(435)**

Total Other expenses and non-recurring operating income increased by about €0.9 million over the period. This is explained by €0.2 million in expenses related to the transfer of production to Malaysia. As the transfer was completed in 2014, in 2015 this item will include only the residual charges relating to the transfer, with the balance being mainly due to an exceptional payment under a licensing agreement.

Moreover, in the dispute between the Company and its former Chinese distributor, in 2014, the Company recorded a receivable equal to €1 million, which corresponds to the damages awarded for the judgment of 30 October 2014 by the International Chamber of Commerce in favor of Supersonic Imagine. To the extent that the Company has no guarantee that its former distributor has the capacity to honor this debt, this amount was fully provisioned. (see Note 12 to the consolidated financial statements in Section 20.1 of this Registration Document).

9.2.2. NET INCOME (LOSS)

9.2.2.1. FINANCIAL INCOME (LOSS)

Consolidated financial income was negative in 2014, and there was a loss of €219,000 in 2014, an increase of €51,000 compared to 2013, when the net loss amounted to €168,000.

In thousands of euros	31 Dec 2014	31 Dec 2013
Foreign currency exchange losses	-	(135)
Interest	(592)	(97)
Change in value of derivative liabilities	-	-
Financial expenses	**(592)**	**(232)**
Foreign currency exchange gains	227	64
Interest	146	-
Change in value of derivative liabilities	-	-
Financial income	**373**	**64**
Financial income (loss)	**(219)**	**(168)**

This general evolution has four principal components:

- ✓ A reversal in foreign exchange income from a loss of €71,000 in 2013 to a gain of €227,000 in 2014. The main foreign currency to which the Group is exposed is the US dollar. Between 2013 and 2014, the increase in revenues in dollars (from the United States and China) was tempered by a significant increase in dollar costs, particularly following the transfer of Scotland production to Malaysia.

- ✓ Interest paid increased by almost €500,000 between 2013 and 2014, which is related to the issuance of bonds at the end of 2013. The bond received interest from investment of cash.

9.2.2.2. INCOME TAX

Given the deficits recorded for the last two years, the Company has not recorded any income tax with the exception of a flat tax in China totaling €105,000 in 2014, versus €76,000 in 2013. It had a research tax credit, which is deducted from research and development expenses in the IFRS consolidated financial statements (see Section 9.2.1.2.2 above).

At 31 December 2014, the unrecognized deferred tax assets amounted to €35.482 million, versus €28.611 million at 31 December 2013.

9.2.2.3. NET INCOME (LOSS) AND NET EARNINGS (LOSS) PER SHARE

The consolidated net loss totaled €11.108 million at 31 December 2014, whereas it was equal to €11.967 million at 31 December 2013. In the absence of minority interests, the net loss, Group share is equal to the net loss.
The net loss per share issued (weighted average number of shares outstanding) was €0.76 in 2014 and €1.09 in 2013.

9.3. BALANCE SHEET ANALYSIS

The balance sheet total at 31 December 2014 was €71.9 million compared to €26.4 million at 31 December 2013.

ASSETS

In thousands of euros	31 Dec 2014	31 Dec 2013
Intangible assets	7,464	5,385
Tangible assets	1,279	1,210
Other non-current assets	2,509	284
Total non-current assets	**11,251**	**6,879**
Inventories	4,234	3,296
Trade receivables	8,417	6,704
Other current assets	5,809	3,109
Cash and cash equivalents	**42,204**	**6,437**
Total current assets	**60,664**	**19,545**
Total assets	**71,915**	**26,424**

LIABILITIES

In thousands of euros	31 Dec 2014	31 Dec 2013
Share capital	1,607	1,134
Share premiums	58,924	31,623
Consolidated reserves	1,640	-9,002
Non-controlling interests	-	-
Net income (loss) for the year	(11,108)	(11,967)
Total equity	**51,062**	**11,788**
Financial debt - Long-term portion	5,562	5,488
Retirement obligations	364	347
Provisions and other non-current liabilities	716	744
Total non-current liabilities	**6,643**	**6,580**
Financial debt - Short-term portion	3,021	1,189
Trade payables and related accounts	4,525	2,924
Provisions and other current liabilities	6,664	3,944
Total current liabilities	**14,210**	**8,056**
Total liabilities	**20,853**	**14,636**
Total liabilities and shareholders' equity	**71,915**	**26,424**

9.3.1. NON-CURRENT ASSETS

Non-current assets were, respectively, €11.251 million at 31 December 2014 and €6.879 million at 31 December 2013.

In thousands of euros	31 Dec 2014	31 Dec 2013
Intangible assets	7,464	5,385
Tangible assets	1,279	1,210
Other non-current assets	2,509	284
Total non-current assets	**11,251**	**6,879**

Non-current assets include tangible, intangible and financial assets. Their increase is primarily a result of:

- ✓ The increase in intangible assets of €2.1 million due to:
  - a €2.5 million increase in capitalized development costs for 2014;
  - a €0.4 million increase in intangible assets acquired in 2014 as part of R&D projects;
  - a €0.8 million depreciation of the intangible assets, of which €0.7 million was on development costs and €0.1 million patents and licenses.
- ✓ A small increase in tangible assets of €69,000 as follows:
  - +€0.8 million in research equipment acquisitions, capitalization of Aixplorer® systems for use in research, production equipment (test bench, control game, various tools, etc.) and office and computer equipment;
  - -€0.6 million in depreciation expenses;
  - -€0.1 million following the transfer of ultrasound devices previously capitalized as they were used for research and development activities that are then returned to inventory when they become available for sale, or vice versa.
- ✓ Other non-current assets consist mainly of cash and pledged securities, and the significant increase of €2.2 million is presented below:
  - +€2 million relating to the bond issued in December 2013. In this agreement, the Company promised to maintain a minimum of €2 million in cash. Consequently, in order to recognize this commitment, €2 million was reclassified from "Cash and cash equivalents" to "Other non-current assets";
  - +€0.1 million in operating subsidies recorded as a receivable corresponding to the outstanding balance of more than one year by the Company for the various research projects funded;
  - +€0.1 million in assets available to the liquidity agreement concluded in April 2014 following the company's initial public offering.

9.3.2. CURRENT ASSETS

Net current assets amounted to, respectively, €60.664 million at 31 December 2014 and €19.545 million at 31 December 2013 and break down as follows:

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Inventories	4,234	3,296
Trade receivables	8,417	6,704
Other current assets	5,809	3,109
Cash and cash equivalents	42,204	6,437
Total current assets	**60,664**	**19,545**

The changes in the main items can be analyzed as follows:

- Net inventories increased significantly between 2013 and 2014 (+28%)

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Raw materials and spare parts	2,613	1,953
WIP and finished goods	1,843	1,005
Demonstration equipment	1,171	1,186
Total gross inventories	**5,627**	**4,143**
Provisions for loss on inventories	(1,393)	(847)
Total net inventories	**4,234**	**3,296**

The €0.9 million increase in net inventories between 2013 and 2014 is the result of:

- +€1.5 million in inventories of raw materials and spare parts and goods in process and finished goods during the period. This increase is explained by a larger number of systems and probes in inventory at 31 December 2014. In connection with an offer of larger probes, a new probe supplier was contracted in 2014 and a safety stock was made to compensate for a long-term supply of sub-components for these probes.

- -€0.5 million of inventory impairment was completed in 2014. This impairment corresponds to impairment of items that are defective or returned by customers waiting for a possible repair and the linear depreciation of demonstration materials.

- Trade receivables

In thousands of euros	31 Dec 2014	31 Dec 2013
Trade receivables	9,331	7,802
Provisions for bad debt	(915)	(1,098)
Trade receivables, net	**8,417**	**6,704**

The Trade receivables item reflects the rise in activity over the period. Excluding the share of receivables on other non-recurring revenue that did not exist in 2013 (which is not due for several months), the change in trade receivables increased at a rate of 14%, compared to 17% of revenue.

Impairment of receivables will be positive between the two years, since it is decreasing by 17% (see Section 9.2.1.2.5, which describes charges and reversals of provisions for bad debts).

At 31 December 2014, the impairment of receivables consists mainly of depreciation on the receivable of a Chinese distributor for €485,000 and the receivable on the current portion of the debt of a Brazilian distributor for €245,000 (see Note 12 to the consolidated financial statements in Chapter 20.1 of this Registration Document).

Given the impairment recognized at 31 December 2014, the balance of unimpaired outstanding receivables totaled €798,000 (versus €957,000 euros at the end of December 2013), of which €693,000 were collected in January and February 2015.

- Other current assets

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Research tax credit receivable	3,691	1,699
VAT receivable	1,023	331
Prepaid expenses	331	264
Prepayments	248	192
Operating grants receivable – current portion	466	572
Other receivables	50	50
Total other receivables	**5,809**	**3,109**

The primary changes in the item "Other current assets" are analyzed as follows:

- Tax credit receivable

Given its status as an SME in EU terms, receivables relating to the research tax credit (CIR) are repaid in the year following their recognition.

The significant change of +€2 million between the two years is the consequence of non-repayment of the CIR for 2013 (€1.7 million), due to an ongoing tax audit. However, the Ministry of Research, to which the review of the research tax credit (CIR) was referred, concluded in its report of 29 January 2015, that there was total eligibility for the audited Research Tax Credits. Accordingly, the 2013 research tax credit, payment of which was blocked pending the findings, was paid in April 2015.

- VAT receivable

The increase in VAT receivable of €0.7 million (three times the 2013 amount) comes mainly from the movement of purchases in Europe to the rest of the world (including Malaysia), which generates an deductible VAT payable upon clearance of customs and also the increase in purchases in 2014 in connection with the increase in the company's business activity.

- Operating grants receivable – short-term

The Operating grants receivable items correspond to the amounts that may be called from the financing institution, as a result of expenses incurred during the period.

- Cash and cash equivalents

In thousands of euros	31 Dec 2014	31 Dec 2013
Cash on hand	5,575	1,933
Marketable securities	36,630	4,504
Cash and cash equivalents	**42,204**	**6,437**

Cash held at banks is principally held in euros. The Group invests its excess cash primarily in money market funds.

Changes to "Cash and cash equivalents" are mainly the result of the cross-effect from the annual consumption of cash from operating activities and net cash flows from financing activities.

The change between the two periods can be explained by the funds raised through the initial public offering in April 2014.

Two million euros in cash were reclassified as non-current assets (see Section 9.3.1 of this document).

Refer to the detailed net cash flow analysis presented in Chapter 10.2 below.

9.3.3. SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2014 totaled €51.1 million, versus €11.8 million at 31 December 2013. This change is due to the combined effect of the losses for the period and changes related to the capital increase in April 2014.

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Shareholders' equity	51,062	11,788

The breakdown of the change in consolidated shareholders' equity is presented in the schedule, which forms part of the financial statements presented in Section 20.1 of this Registration Document.

9.3.4. NON-CURRENT ASSETS

Non-current liabilities were stable between 31 December 2014 and 31 December 2013 and amounted to €6.6 million.

In thousands of euros	**31 Dec 2014**	**31 Dec 2013**
Financial debt - long-term	5,562	5,488
Retirement obligations	364	347
Provisions and other non-current liabilities	716	744
Total non-current	**6,643**	**6,580**

- **The financial debt – Long-term portion** consists, as of 31 December 2014 of the non-current portion of two repayable advances by Bpifrance (formerly OSEO) received by the Company for €0.7 million and long-term portion of the bond issue of €5 million euros (€4.8 million net of issuance costs).

- **Pension commitments** amounted to €0.4 million at 31 December 2014.

- **Provisions and other non-current liabilities** at 31 December 2014 consist of €0.5 million for future payments discounted for fixed minimum charges on acquired patents and licenses, and €0.2 million of the deferred income corresponding to maintenance contracts. These two items were stable between the two years.

9.3.5. CURRENT LIABILITIES

Current liabilities increased sharply by approximately €8.1 million at 31 December 2013 to €14.2 million at 31 December 2014.

In thousands of euros	31 Dec 2014	31 Dec 2013
Financial debt - Short-term portion	3,021	1,189
Trade payables and related accounts	4,525	2,924
Provisions and other current liabilities	6,664	3,944
Total current liabilities	**14,210**	**8,056**

- **The financial debt – Short-term portion** consisted, at 31 December 2013, primarily of debt financing through a factoring contract and Dailly-type assignments. At 31 December 2014, the factoring agreement was terminated effective 31 December 2014. To replace the factoring agreement and finance the high working capital requirements by year-end, the Group set up a short-term cash line of €3 million under much more favorable conditions (Euribor 3-month interest + 0.85%). This line was fully used at 31 December 2014.

- **Trade payables** were up 55% (€1.6 million). This increase is mainly due to the increase in system supplier debt, sensors and related transport for €0.7 million and €0.4 million in additional debt on Royalties (new licensing agreement and growth in revenue on which the royalties are calculated).

- **Provisions and other current liabilities** increased significantly by 69% between 31 December 2013 and 31 December 2014**.**

This line is broken down as follows:

In thousands of euros	31 Dec 2014	31 Dec 2013
Social security costs	3,190	2,074
Deferred revenue - current portion	1,713	366
Operating grant repayable	804	807
Provisions for other current liabilities	456	383
Tax debt	376	242
Advances received on orders	110	50
Miscellaneous	14	21
Total other current liabilities	**6,664**	**3,944**

- **Social security costs** increased by €1.1 million, up 54%. This increase is mainly due to €0.3 million in additional commissions and bonuses for sellers and clinical specialists, €0.3 million in tax on stock options granted to a new senior manager, €0.2 million in bonuses for executives and matching IFRS entry for SAR (Stock Appreciation Rights) for Chinese employees of €0.1 million.

- **Deferred revenue** increased by an amount equal to €1.3 million between the two years, which is mainly due to the deferred revenue related to Other income;

- **Operating grants to be repaid** total €0.8 million and include only the part of the excess grant received under the ICARE program. Since costs incurred for the project were significantly lower than the costs originally projected, the Company plans to repay the part of the grant received for expenses that ultimately were not incurred (not recognized as income by the company);

- **Provisions for other current liabilities**: the item is exclusively linked to the provision for warranty on equipment sold. During the period presented, the increase is related to the growth in number of units sold.

- **Tax liabilities** increased by +55%, or €134,000, which comes from the VAT payable on revenue earned in the United States and a reclassification of the Chinese flat tax payable for the last quarter of 2014.

9.4. SUMMARY OF THE CORPORATE FINANCIAL STATEMENTS

For the year ended 31 December 2014:

- net revenue before tax amounted to €19.394 million, compared to €16.550 million a year earlier,
- total operating profit amounted to €26.008 million, compared to €20.972 million in the previous year,
- the operating expenses for the year amounted to €34.667 million, compared to €31.373 million in the previous year,

- the operating loss amounted to €8.660 million, compared to a loss of €10.402 million in the previous year,
- the amount of wages and salaries totaled €7.456 million, compared to €6.193 million for the previous year,
- the amount of payroll taxes amounted to €3.145 million, compared to €2.535 million for the previous year,
- the amount of depreciation and amortization amounted to €1.552 million, compared to €1.747 million for the previous year,

The salaried workforce at 31 December 2014 was 95, versus 86 for the previous year,

Given a financial loss of €7.212 million primarily related to the impairment of receivables from its subsidiaries, before-tax profit for the year amounted to a loss of €15.872 million, compared to a loss of €13.521 million for the previous year.

In light of the above, an exceptional loss of €459,000, a corporate tax credit of €1.750 million, which mostly represents the amount of the research tax credit, and the tax for the Chinese representative office, the financial year saw a loss of €14.581 million, compared to a loss of €11.841 million for the previous year.

10. CASH AND CAPITAL RESOURCES

10.1. INFORMATION ON CAPITAL FUNDS, CASH AND EQUIVALENTS, AND GROUP FINANCING SOURCES

Note 15 to the consolidated financial statements, and the table showing changes in shareholders' equity reported in accordance with IFRS standards and appearing in Chapter 20.1 of this document, respectively set forth changes in the Company's share capital and in the Group's shareholders' equity.

At 31 December 2014, total shareholders' equity amounted to €51.062 million, versus €11.788 million at the end of 2013.

10.1.1. INFORMATION ON CASH AND CASH EQUIVALENTS BALANCES

At 31 December 2014, the total amount of cash and cash equivalents held by the Group totaled €42.204 million, compared to €6.437 million at the end of 2013.

Cash and cash equivalents include cash and marketable securities primarily invested in money market funds. This cash comes mainly from funds raised for the initial public offering and grants and is used to finance the Group's operations. Note that there is a pledge on bank accounts made to holders of bonds with warrants (see Note 35.3 to the consolidated financial statements in Chapter 20.1 of this document). As such, the amount available in the bank has been reduced by €2 million and reclassified as non-current assets, because the Company has promised to maintain a minimum account balance of €2 million for as long as the bond issue is not fully repaid.

At 31 December 2013, financial debt consists of:

- debts related to repayable advances granted by Bpifrance, formerly OSEO,
- a bond with equity warrants issued in December 2013,
- a short-term loan corresponding to a line of credit fully used for a total of €3 million.

(In thousands of euros)	31 Dec 2014	31 Dec 2013
Cash in banks	5,575	1,933
Marketable securities	36,629	4,504
Total	**42,204**	**6,437**
Current financial liabilities	3,021	1,189
Financial debt - current (A)	**3,021**	**1,189**
Non-current financial liabilities	5,562	5,488
Financial debt - Non-current (B)	**5,562**	**5,488**
Financial debt (A)+(B)	**8,583**	**6,677**
Net financial debt	**(33,621)**	**240**

10.1.2. INFORMATION ON THE GROUP'S FINANCING SOURCES

Supersonic Imagine is a growing company engaged in the medical device sector, with a product range that includes innovations for the most part. The policy of innovation adopted by the Company has resulted in negative operating cash flow since its creation.

The Company has used several financing sources to support its growth, primarily:

- share issues, especially during the initial public offering and three bonds issues by historical shareholders that were then converted into shares;
- a bond with equity warrants;
- the Research Tax Credit;
- repayable advances from Bpifrance (formerly OSEO);
- other public financing in the form of grants and premiums;
- short-term bank financing.

The table below shows, by type and year, all funding obtained at 31 December of each year by the Company since its inception, excluding factoring and the Dailly-type agreements mentioned above in Section 10.1.1.

In thousands of euros	Share capital increase	Research tax credit	Repayable aid	Grants, bonuses	Bond warrant issue	Short-term debt	Total per year	Cumulative total
2005	337	0	44	1,000	-	-	1,381	**1,381**
2006	5,000	148	-	197	-	-	5,345	**6,726**
2007	5,000	993	28	38	-	-	6,059	**12,785**
2008	13,302	1,269	507	342	-	-	15,420	**28,205**
2009	13,271	1,603	500	1,179	-	-	16,553	**44,758**
2010	23,041	1,537	516	1,178	-	-	26,272	**71,030**
2011	9,917	1,599	-	244	-	-	11,760	**82,790**
2012	1,583	1,680	424	1,314	-	-	5,001	**87,791**
2013	14,391	1,045	-	133	5,000	-	20,569	**108,360**
2014	54,817	-	-	340	-	3 000	58,497	**166,856**
Total	**140,658**	**9,874**	**2,019**	**5,965**	**5,000**	**3,000**		**166,856**

(*) Requests for repayment of the CIR recorded for 2013 and 2014, €1.739 million and €1.846 million, were made. The CIR for 2013 was received in April 2015. Details of the payment of the CIR are described in Section 20.1, in Note 1.2 to the consolidated financial statements.

10.1.2.1. EQUITY FINANCING

At 31 December 2014, the Company has received a total of €140.658 million (before transaction costs recorded as a deduction from share issuance premiums) through capital increases carried out since its establishment in 2005 to the current time. These successive fundings are detailed in the table below.

Date	Nature of operations	Category of shares	Gross amount raised (in €K)
04/04/05	Incorporation	Ordinary	37
05/08/05	Cash	Ordinary	300
10/03/06	Cash	Preferred A	5,000
20/02/07	Cash	Preferred A	5,000
23/10/08	Cash	Preferred A	495
23/10/08	Bond conversion	Preferred B1	4,078
23/10/08	Cash	Preferred B2	8,729
	Total equity financing at 31 December 2008		**23,639**
15/04/09	Cash	Preferred B2	3,271
05/06/09	Cash	Preferred B2	4,000
23/11/09	Cash	Preferred B2	6,000
	Total equity financing at 31 December 2009		**36,910**
27/04/10	Conversion of anti-dilutive warrants	Preferred B2	42
27/09/10	Cash	Preferred C1	13,554
27/09/10	Convertible bonds	Preferred C1	82
27/09/10	Convertible bonds	Preferred C1	5,030
25/11/10	Cash	Preferred C1	4,333
	Total equity financing at 31 December 2010		**59,951**
30/12/11	Conversion of C2 warrants	Preferred C2	9,917
	Total equity financing at 31 December 2011		**69,868**
14/05/12	Exercise of C2 2010 T2 warrants (investors)	Preferred C2	1,583
	Total equity financing at 31 December 2012		**71,451**
27/03/13	Cash	Preferred D	12,555
15/04/13	Cash	Preferred D	1,500
13/05/13	Exercise of D 2013 T2 warrants	Preferred D	306
16/12/13	Exercise of 09-2010 and BSPCE 03-2006 warrants'	Ordinary	30
	Total equity financing at 31 December 2013		**85,842**
09/04/14	Cash	Ordinary	50,000
09/05/14	Cash	Ordinary	4,771
30/06/14	Exercise of stock options	Ordinary	1
31/12/14	Exercise of BSPCE	Ordinary	45
31/12/14	Exercise of stock options	Ordinary	1
31/12/14	Exercise of warrants	Ordinary	-
	Total equity financing at 31 December 2014		**140,658**

10.1.2.2. FINANCING BY BOND ISSUE

In December 2013, the Company issued a bond with a nominal value of €5million with an annual interest rate of 10.13%. Over a period of 60 months, including a grace period of 24 months (potentially 36 months, depending on performance), it is repayable in constant and equal installments from the end of the grace period. The detailed repayment conditions are described in Note 17.2 to the consolidated financial statements prepared under IFRS for the year 2014.

10.1.2.3. FINANCING THROUGH THE RESEARCH TAX CREDIT

The Company benefits from the provisions of Articles 244 quater B and 49 septies F of the French General Tax Code (CGI) pertaining to the Research Tax Credit.

During the period presented, the change in the Research Tax Credit receivable amounting to €1.846 million at 31 December 2014 was as follows:

(In thousands of euros)

B/S receivable as at 31 Dec 2012	**1,090**
+ 2013 RTC recorded over the period	1,739
+ TTC recorded over the period	(5)
- 2012 RTC payment received	(1,045)
Foreign tax debt	(79)
B/S receivable as at 31 Dec 2013	**1,699**
+ 2014 RTC recorded over the period	1,846
+ TTC recorded over the period	66
- 2013 RTC payment received	-
Foreign tax debt	81
B/S receivable as at 31 Dec 2014	**3,691**

From its inception until the end of 2014, the Group obtained a total Research Tax Credit refund of €9.874 million (see detailed table in Section 10.1.2 above). This amount does not include the CIR for 2013 and 2014 of €3.585 million that was not settled as of 31 December 2014 (see Note 1.2 to the consolidated financial statements in Chapter 20.1).

The cumulative total (including 2013 and 2014 receivables) thus amounts to €13.459 million.

10.1.2.4. FINANCING THROUGH REPAYABLE ADVANCES

In addition to the bond debt referred to in Section 10.1.2.2 above, at 31 December 2014, consolidated financial debt included repayable advances from Bpifrance (formerly OSEO) and the IMPULSE incubator.

The Company currently benefits from the 5 following repayable advances:

- **1st repayable advance received from the IMPULSE incubator:** as a participant in the incubator, the Company received a repayable advance of €44,000 in 2005. The amount received was fully repaid at 31 December 2009.
- 2**nd repayable advance from the Bpifrance (formerly OSEO) (HIFU-Brain Therapy project):** OSEO granted SuperSonic Imagine a repayable advance of €1.3 million on 18 June 2007 for the purpose of designing the first two prototypes for clinical research on brain therapy using IRM compatible High Intensity Focused Ultrasound (HIFU).

  The drawdown schedule specified in the agreement is as follows:
  - €500,000 after the signing of the agreement;
  - €500,000 beginning 1 January 2008 (subject to the condition of a prior capital increase of €15 million);
  - the balance of €300,000 upon the completion of the work (no later than 30 September 2009).

  At 31 December 2011, the Company had received the first two installments above, including €500,000 in 2007 and €500,000 in 2009. The Company has suspended the project after receipt of the advance and began the repayment of the advance.
  In the original schedule (if the company had applied for and received all the aid), the refund should have been as follows:
  - €160,000 no later than 30 September 2010;
  - €200,000 no later than 30 September 2011;
  - €300,000 no later than 30 September 2012;
  - €300,000 no later than 30 September 2013;
  - €340,000 no later than 30 September 2014.

  with the understanding that, whether or not the program is successful, the Company is obligated to repay the amount of €260,000 according to the following terms:
  - €160,000 no later than 30 September 2010;
  - €100,000 no later than 30 September 2011.

  At 31 December 2011, a total of €360,000 had been repaid, corresponding to the first two maturities mentioned above.

  An additional repayment of €300,000 was made in 2013. The balance of the €340,000 advance was to be repaid in 2014, but the Company established an admission of failure that allowed it to retain this amount permanently. To this end, a meeting was held with Bpifrance, formerly OSEO, to effectively establish the early abandonment of the project in question after a design phase for a first version of the prototype design. The Group received a letter confirming the technical failure from the financier that released the Company from its obligations to pay.

- **3rd repayable advance from Bpifrance, formerly OSEO (Prostate):** On 26 June 2007, the Company received a reimbursable advance of €35,000 for a project pertaining to the technical feasibility of integrating prostate elasticity imaging with a micro-convex probe.

  The drawdown schedule specified in the agreement is as follows:
  - €28,000 after signing the contract;
  - the balance of €7,000 upon completion.

  At 31 December 2008, the Company had drawn down the entire amount of the advance.

  The repayment schedule is as follows:
  - €7,000 no later than 31 March 2011; this payment was made on the agreed date;
  - €10,000 no later than 31 March 2012. The repayment was made in April 2012;
  - €18,000 no later than 31 March 2013. The repayment was made in May 2013.

- **4th grant from Bpifrance, formerly OSEO (Portion relating to the collaborative project (TUCE):** on 4 December 2008, the Company was granted a financing package by OSEO that included both a repayable advance and a grant. This collaborative project carried out in a partnership with Theraclion, entitled TUCE (Thérapie Ultrasonore Contrôlée par Elastographie/Ultrasound Therapy Controlled by Elastography), has the goal of developing a medical device that will allow the non-invasive ablation of the parathyroid glands by combining innovative imaging, monitoring of the temperature of the tissues, and ablation by High Intensity Focused Ultrasound (HIFU). Of the total amount of aid granted of €8.522 million, the share going to the Company totaled €1.615 million, of which €1.208 million was for subsidies and €407,000 for a repayable advance.

  In accordance with an amendment dated 20 December 2010, the start date for the R&D work was moved from 30 June to 31 December 2009, thus pushing back the end date of the 60 month program to 31 December 2014.
  In accordance with a second amendment dated 30 November 2012, the project duration was increased from 60 to 84 months to take into account the development of an OEM system based on the new platform, thereby postponing the program end date to 31 December 2016.

  As for the portion pertaining to repayable advance granted to the Company, the drawdown schedule specified in the new agreement was as follows:
  - €77,200 at the completion of Key Stage 2 as defined in the agreement, i.e., 31 December 2011;
  - €0 at the completion of Key Stage 3 as defined in the agreement, i.e., 31 December 2012;
  - €51,000 at the completion of Key Stage 4 as defined in the agreement, i.e., 31 December 2013;
  - €191,000 at the completion of Key Stage 5 as defined in the agreement, i.e., 31 December 2014;
  - €27,000 at the completion of Key Stage 6 as defined in the agreement, i.e., 31 December 2015;
  - the balance of €60,900 at the end of the program, on 31 December 2016.

On 26 June 2012, the Company received the first installment of €77,000. Repayments will be based on future sales of products resulting from the project, such as Aixplorer® prototypes whose size enables integration into another device (focused ultrasound therapy cameras, for example), i.e., 2.5% of revenues, upon reaching €1.5 million of revenues and will be spread over a period of eight consecutive years at most. Because the project is scheduled to end in 2016, no repayment should be made before that date. Repayments may therefore exceed the nominal amount deposited, but in the absence of reliable estimates of the amounts to be repaid, no additional amount was recorded. This will also depend on the success rate of the project at the end of the program.

- **5th repayable advance from Bpifrance, formerly OSEO (ICARE project):** On 6 May 2009, OSEO granted the Company a financing package including both a repayable advance (loan) and a grant. The ICARE project is a collaborative program, carried out in partnership with the company Vermon, which relates to the development of an ultra-rapid echocardiogram capable of imaging the heart in three dimensions and offering quantification of cardiac mechanisms.
  The project was granted aid totaling 7.296 million, including 5.876 million attributable to the Company and broken down into a total of 2.837 million in grants and 3.038 million repayable advances.

  The project is expected to take about 60 months. The start of the project has been postponed from 15 September 2009 to 15 May 2010.

  Regarding the repayable advance granted to the Company, the drawdown schedule originally specified in the agreement is as follows, it being stipulated that it was subject to the prior contribution of €13.270 million to capital funds:

  - €515,000 upon signing;

- €734,000 at the completion of Key Stage 1, as defined in the agreement, i.e., 15 August 2011;
- €1.078 million at the completion of Key Stage 2 as defined in the agreement, i.e., 15 June 2012;
- €255,000 at the completion of Key Stage 3 as defined in the agreement, i.e., 15 June 2013;
- the balance, €456,000, at the completion of the program, i.e., 15 September 2014.

At 31 December 2014, the Company had received the sum of €863,000 (the first payment of €515,000 mentioned above was received in 2010 and €347,000 in 2012). The €347,000 represents only a portion of the Step 1 amount stipulated in the initial contract (€734,000) because since this is a collaborative program with a partner that does not always share the same priorities, the project was delayed. No further advance was received in 2013.

The initial contract stipulates that the advance will be repaid based on future sales of products resulting from the project, amounting to 3.3% of revenues, with a discount rate of 3.74% upon reaching €12 million, until the financial year ending in 2022. Repayments may therefore exceed the nominal amount received.
At the balance sheet date of the financial statements, the Company is in discussions with Bpifrance, the funder of this program, to redefine the revenue base to be considered for future payments, because some of the initial objectives may not be successful and the Company does not expect to release all of the aid since part of the project will not be realized.
In the absence of a reliable estimate of the amount payable until 2022, because talks are ongoing, an estimate of payments to be made in excess of the amount of the advance is not recognized in the balance sheet.
In addition to the advance of €863,000, the Group also received a grant of €1.775 million under the ICARE program.
Since the costs were much lower than originally projected, the Group plans to repay, in 2014, €807,000 corresponding to the portion of the grant received for expenses that were not ultimately incurred (and not recognized as income by the Group), out of a total of €1.774 million in grants received (completely independently of the repayment of the advance used). As such, €807,000 was reclassified in the financial statements at 31 December 2013 as short-term liabilities.
Final repayment should take place in 2015.
Repayable advances at 31 December 2014 are summarized as follows:

Repayable aid *(In thousands of euros)*	1st advance IMPULSE	2nd advance BRAIN THERAPY	3rd advance PROSTATE	4th advance ICARE	5th advance TUCE	**TOTAL**
B/S debt at 31/12/2012	**-**	**620**	**18**	**634**	**77**	**1,349**
+ payments received	-	-	-	-	-	**-**
- repayments	-	(300)	(18)	-	-	**(318)**
- discount	-	-	-	-	-	**-**
+ accretion	-	26	-	16	-	**42**
+/- change in assumption	-	(8)	-	7	-	**(1)**
B/S debt at 31/12/2013	**-**	**338**	**-**	**657**	**77**	**1,072**
+ payments received	-	-	-	-	-	**-**
- repayments	-	-	-	-	-	**-**
- discount	-	-	-	-	-	**-**
+ accretion	-	-	-	25	-	**25**
- cancellation of debt	-	(338)	-		-	**(338)**
B/S debt at 31/12/2014	**-**	**-**	**-**	**682**	**77**	**759**

With regard to their respective characteristics, these advances were restated in the consolidated financial statements in accordance with IFRS and presented at their fair value (see Note 17.1 to the

consolidated financial statements prepared in accordance with IFRS and inserted in Section 20.1 of this document).

10.1.2.5. OTHER PUBLIC GRANTS

Since its creation, the Company has also benefited from many grants in connection with its development projects, whether or not collaborative in nature, particularly from the national research agency (ANR), and a government grant for territorial development (Prime d'Aménagement du Territoire); the amounts drawn down from these sources are summarized below:

Grants *(In thousands of euros)*	**Until 31 December 2012**	**At 31 December 2013**	**At 31 December 2014**	**Cumulative total**	**Amount of contract-related grant**	***Outstanding amounts to be received***
ICARE - OSEO	1,775			1,775	2,838	**1,063**
DARMUS - DGA	645			645	645	
CARDIO -ANR	172	43		215	215	
TUCCIRM -ANR	126			126	126	
Elastobus -OSEO	454			454	454	
TUCE -OSEO	1,014		13	1,027	1,208	**181**
Micro Elasto -ANR	56			56	186	**130**
PLIK -OSEO	40		14	54	133	**79**
PLIK –Pays d'Aix	24		1	25	80	**55**
PLIK - PACA					80	**80**
BITHUM ANR	47	24	24	95	118	**23**
IDITOP OSEO	100		167	268	335	**67**
IDITOP - PACA			59	59	250	**191**
Cartographics - INCA INSERM	40	67		106	133	**27**
CAPACITE-BPI			62	62	206	**144**
Total	**4,493**	**133**	**340**	**4,966**	**7,007**	**2,041**

(1) see Note 35.4 to the consolidated financial statements presented in Section 20.1: the Group does not intend to ask for the outstanding balance for this grant.

At 31 December 2014, the Group has received a total of €5.965 million, €4,966 million of which was in grants and €1 million various bonuses.
€1.234 million in grants are still outstanding (it should be noted that the Group will repay the overpayment on the ICARE grant in 2015 for an amount of €807,000 - see Section 10.1.2.4 below).

10.1.2.6. OTHER SHORT-TERM FINANCING

At 31 December 2014, the Group had a short-term credit authorization for a maximum of €3 million, which was fully used at that date. The Group chose not to extend the factoring agreement established in 2013 so that it could benefit from more flexible solutions such as short-term credit authorization. Furthermore, the Dailly-type financing established in late 2013 was only temporary (see the appropriate section of the 2013 base document).

10.1.3. OFF BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are detailed in Note 35 to the consolidated financial statements prepared under IFRS for 2014.

10.2. CASH FLOWS

For the period presented, changes in cash by type of cash flows were as follows:

In thousands of euros	31 Dec 2014	31 Dec 2013
Net cash flows provided from/(used in) operating activities	(8,717)	(14,154)
Net cash flows provided from/(used in) investing activities	(5,145)	(2,684)
Net cash flows provided from/(used in) financing activities	51,589	19,070
Changes in net cash flow	**37,727**	**2,232**
Cash and cash equivalents opening balance	6,437	4,251
Reclassification of cash as non-current assets	(2,000)	-
Impact of foreign exchange on cash and cash equivalents	41	(46)
Cash and cash equivalents closing balance	**42,205**	**6,437**

10.2.1. CASH FLOW RELATED TO OPERATING ACTIVITIES

Cash consumption related to operating activities for the years ended 31 December 2014 and 2013 amounted respectively to €8.717 million and €14.154 million.

In thousands of euros	31 Dec 2014	31 Dec 2013
Net income (loss)	(11,108)	(11,967)
Depreciation and amortization	1,533	1,854
Variation of provisions for contingency	73	(51)
Change in retirement benefit obligations	75	59
Income (loss) from disposal of assets	-	-
Expenses linked to share-based payments	309	(2)
Financial income and expense, net	589	97
Gains on disposal of cash equivalents	(147)	-
Change in conditional advances	(338)	-
Income tax charges	105	76
Net cash flows provided from/(used in) operating activities, before change in WCR	**(8,910)**	**(9,934)**
Change in working capital requirements		
Inventories	(842)	358
Trade receivables	(1,712)	(1,738)
Other receivables	(831)	367
Research tax credit and grants	(557)	(1,009)
Trade payables and related accounts	4,158	(2,198)
Income tax paid	(23)	-
Net cash flows provided from/(used in) operating activities	**(8,717)**	**(14,154)**

Cash flow from operations (CFO) (net consumption of cash from operating activities before changes in working capital requirements) for the years ended 31 December 2014 and 2013 amounted respectively to (€8.910 million) and (€9.934 million).

This improvement in CFO of nearly €1 million between the two years is mainly due to a net loss, which decreased by €0.9 million over the period.

The year 2014 was characterized by an improvement in working capital requirements. Despite revenue growth of 27%, the working capital requirement fell by €193,000.

This decrease is the result of the changes observed in some items. Accordingly, the growth in activity led to an increase in inventories, trade receivables and employee and tax receivables (€3.965 million) that was, overall, offset by the increase in payables (€4.158 million).

10.2.2. CASH FLOWS FROM INVESTING ACTIVITIES

Cash consumption related to investing activities for the years ended 31 December 2014 and 2013 increased by nearly €2.5 million and totaled €5.145 million and €2.684 million respectively.

In thousands of euros	31 Dec 2014	31 Dec 2013
Acquisitions of tangible assets	(758)	(1,060)
Acquisitions of intangible assets	(4,421)	(2,463)
Proceeds of CIR allocated to development costs	-	806
Proceeds related to disposals of tang. and intang. assets	-	-
Proceeds from disposals of financial assets	(112)	33
Proceeds from interest received and gain on disposal of cash instrument	147	-
Net cash flows provided from/(used in) investing activities	**(5,145)**	**(2,684)**

The main change (€2 million) relates to intangible assets and corresponds to capitalizations of development cost expenses, net of the impact of grants and the research tax credit.

The intangible assets break down as follows:

In thousands of euros	31 Dec 2014	31 Dec 2013
Capitalized R&D expenses	4,375	2,295
Licenses and patents		
Others (software, etc.)	46	168
Total acquisitions of intangible assets	**4,421**	**2,463**

The line “Capitalized R&D expenses” is for expenses incurred over the year that meet the capital requirements, minus a part of the CIR for the year (€3.983 million of spending incurred and capitalized for R&D, and €392,000 directly capitalized for the same projects).

Tangible assets break down as follows:

In thousands of euros	31 Dec 2014	31 Dec 2013
Equipment	580	815
Office and IT equipment	167	232
Others	11	13
Total acquisitions of tangible assets	**758**	**1,060**

The equipment is primarily related to R&D equipment and production.

10.2.3. CASH FLOWS FROM FINANCING ACTIVITIES

Net cash flow from financing activities totaled €51.589 million in 2014 and €19.070 million in 2013.

In thousands of euros	31 Dec 2014	31 Dec 2013
Profit from transactions on share capital	54,816	13,890
Expenses related to capital increases	(4,495)	(200)
Incurment of financial debt	3,000	11,102
Repayment of financial debt	(829)	(5,687)
Deposits into partner current accounts	-	-
Interest disbursed	(515)	(35)
Purchases of treasury shares	(388)	-
Net cash flows provided from/(used in) financing activities	**51,589**	**19,070**

Net cash flows from financing activities have as major components:

- **Transactions on capital:**

In April 2014, following the initial public offering of the company, €50.3 million euros were raised (€54.8 million minus €4.5 million for related expenses), whereas in 2013, the Company had raised €13.7 million during a round of private financing.

- **The Group's short-term financing policy:**

In 2013, the Group had purchased two debt financing agreements (through factoring and Dailly-type financing), generating €0.8 million of funding (included in the €11.1 million reported in the 2013 change, which also includes €4.9 million for a bond issue and €5.4 million for financing repaid in 2013).

These short-term loans were repaid during the year, and the related agreements were terminated.

At the end of 2014, the Group has established a short-term credit line of up to €3 million, fully used at the end of the year.

- €0.5 million in **financial interest** for financial expenses on the convertible bond issue subscribed in December 2013.
- Finally, through the liquidity agreement established in May 2014 and described in Section 21.1.3, the Group mobilized €0.4 million.

10.3. INFORMATION ON THE TERMS FOR REPAYABLE ADVANCES AND THE FINANCING STRUCTURE

A breakdown of this information is presented in Section 10.1.2 above.

10.4. RESTRICTION ON USES OF CAPITAL FUNDS

Pledge of marketable securities
Marketable securities amounting to €155,000 have been pledged to BNP Paribas Real Estate as a deposit on the rent of the of Aix-en-Provence business premises. This pledge was given for a period of nine years and ends on 18 July 2017.

Pledge of bank accounts
As security for the bond issue, the Company has granted the holders of OBSA a pledge on the bank accounts of SuperSonic Imagine SA. In June 2014, this pledge was supplemented by a commitment to maintain a credit balance of at least €2 million in its bank accounts at all times.

As part of this commitment, €2 million in cash was recognized in the financial statements as non-current assets.

10.5. SOURCES OF FINANCING REQUIRED IN THE FUTURE

Available cash at 31 December 2014 totaled €42.2 million, versus €6.4 million at 31 December 2013. The increase in funds available for Group finance is mainly due to the Company's IPO, in which it raised €54.8 million (details of this transaction are described in Note 1.2 to the consolidated financial statements presented in Chapter 20.1).

As a result, the Group can easily cover its cash requirements for the next 12 months from the balance sheet date.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, TRADEMARKS AND DOMAIN NAMES

11.1. INNOVATION POLICY

11.1.1. GENERAL

In 2009, SuperSonic Imagine put on the market a 3rd generation ultrasound device called Aixplorer®, with a radically new, entirely software-based architecture that integrates several technological innovations (see Section 6.3.3 above).

The Company's research and development strategy covers not only these technological innovations (software architecture for conventional and innovative imaging modes), but also clinical investigations, which demonstrate the advantages of these innovations in specific problems of diagnosis, screening and therapeutic follow-up, thus broadening the role of imaging in medicine. This clinical innovation strategy is a strong and very effective differentiator in a market historically shared by four major imaging players (GE, Philips, Siemens and Toshiba). It also allows it to target specific medical specialty markets, which are gradually starting to use imaging (cardiology, hepatology, urology and endocrinology).

From 2005 to 2014, the majority of the Company's resources were dedicated to the development of Aixplorer®. For 2014 alone, the total gross expenditure on research and development eligible for the Research Tax Credit for those years amounted to €6.8 million and the net amount of grants received was €340,000 (see Section 10.1.2.5 above). Some of these research and development activities were conducted through collaborative projects with public research laboratories (Langevin Institute, CNRS, Inserm), independent laboratories, university hospital centers, higher education establishments and research and private companies, for which the Company received allowances, grants and repayable advances (Bpifrance, formerly OSEO, ANR). These collaborative projects integrate perfectly into the Company's strategy for technological development because they enable it to conduct feasibility studies, which, when positive, may lead to the integration of product innovation on the Aixplorer®.

See Chapter 22.1 for a description of the collaboration agreement with the CNRS and the Ecole Supérieure de Physique Industrielle de la Ville de Paris (ESPCI) and between them, the Institut Langevin, formerly known as Laboratoires Ondes et Acoustiques, which is a Mixed Research Unit (Unité Mixte de Recherche - UMR) of the CNRS.

The Company's R&D department staff (47 employees as of 31 December 2014) is divided into three divisions: ultrasound, software, and hardware. The tasks and roles of these departments are presented in Section 6.8.1. of this document.

11.1.2. A LEGAL FRAMEWORK OF INNOVATION WITHIN THE COMPANY

SuperSonic Imagine attaches great importance to its technology development strategy; this can be seen, with regards to the inventions realized by its employees, by the Company's attention to (i) ensure that the rights to these inventions are strengthened and (ii) motivate its employees to produce inventions. This approach is characteristic of the particular attention paid by the Company to the development of innovation.

(i) Strengthen the Company's rights with respect to the inventions realized by its employees

The Company's standard work contract specifies, for each employee assigned to research and development activities, the nature of the inventive missions that are entrusted to them. The inventions produced by Company employees in the exercise of their functions, in principle, are "mission inventions", with the resulting automatic assignment of ownership of the invention to the Company (Article L. 611-7 of the French Intellectual Property Code). The employment contract also recalls the legal principles of devolution to the employer of the industrial property rights to the inventions realized by its employees. This is intended to prevent potential conflicts between the Company and the employee inventor as to the ownership of inventions that may be produced and to make the employee aware of the strategic importance that the Company grants to inventions created in-house, while preventing possible concealment or hijacking of inventions, as far as possible.

A non-disclosure clause is also intended to prevent public disclosure of the invention by the employee, which would result in the inability to protect the invention by means of a patent.

Finally, a non-compete clause limits the risk of improper use of the Company's expertise in the event of the employee leaving the Group.

(ii) Encouraging employees to innovate

The Company has established an internal document relating to the process of innovation management, which has an innovation incentive component that specifically provides for additional remuneration for the employee inventor.

11.1.3. A SCIENTIFIC COMMITTEE COMPOSED OF OPINION LEADERS

SuperSonic Imagine has established a scientific committee that brings together opinion leaders in the technical and clinical fields of ultrasound-based imaging and therapy. This committee meets to assess and prioritize the technological and clinical areas that will enable the Company to develop its market and new applications for its existing product or new products.

As of the registration date of this document, the Scientific Committee is made up of the following people:

Jacques SOUQUET: a co-founder of SuperSonic Imagine, Mr. Souquet was Director of Research and Scientific Development as well as Senior Vice President of Philips Medical at the global level from 2000 to 2005. An engineer from the École Supérieure d'Electricité in Paris, Jacques Souquet has a DEA (master's degree equivalent) from the Université d'Orsay in the field of optical memory and holds a Ph.D from Stanford University in California. In 2011, he received the Prix Yves Rocard, as an award for the collaboration between the Langevin Institute and SuperSonic Imagine. He has just been elected a member of the Académie Française des Technologies.

Mathias FINK: holds the Georges Charpak Chair at the École Supérieure de Physique et Chimie Industrielles in Paris (ESPCI). In 2002, he was elected to the Académie des Technologies (France) and in 2003 to the Académie des Sciences (France). He has created many innovative approaches such as the "time reversal mirror" and "transient elastography". Mathias Fink was a founding member of SuperSonic Imagine. In 2011, he also received the Prix Yves Rocard, as an award for the collaboration between the Langevin Institute and SuperSonic Imagine.

Claude COHEN-BACRIE: a co-founder of SuperSonic Imagine, Mr. Cohen-Bacrie held the post of Group Leader for the development of ultrasound research at Philips Research USA until 2005. Prior to this, he was Director of Research at Philips Research France from 1996 to 2002. From 1999 to 2002, he directed a major international project on ultrasound imaging in the detection of breast cancer and initiated several clinical studies on protocols for the use of innovative medical imaging in partnership

with many sites in France and the United States. Claude Cohen-Bacrie is a graduate of the École Nationale Supérieure de l'Electronique et de ses Applications (1992). He is also a graduate of Université d'Orsay, holder of a DEA in signal and image processing (1992) and of a Master's degree in medical imaging from the École Polytechnique de Montréal, Canada.
Nicolas GRENIER: professor of radiology at Bordeaux since July 1990 and head of the adult diagnostic and therapeutic imaging service at the Pellegrin Hospital Group in Bordeaux since 1993, he is also a member of the following scientific societies: French Society of Radiology (SFR), European Congress of Radiology (ECR), International Society for Magnetic Resonance (ISMR) and Radiology Society of North America (RSNA). He has contributed to numerous scientific publications and participates in several scientific boards, including the Revue d'Imagerie Médicale, the Journal de la Radiologie (since 1996), the Feuillets de radiologie (since 1996) and the European Scientific Committee for Radiology (since 1995).
Gail R. TER HAAR: a graduate in physics from Oxford University (UK), she also holds a Physician of Science in medical physics from Aberdeen University (Scotland). In 1979, Gail ter Haar obtained her doctorate in physics from the University of London. In 1998, she received a DSc in clinical medicine from Oxford University for her work on the safety of acoustic imaging and also for her research on the therapeutic applications of ultrasound. Gail ter Haar is currently director of the Department of Ultrasound Therapy at the Institute of Cancer Research in Sutton, UK. She founded and serves as President of the International Society for Therapeutic Ultrasound, ISTU. Lastly, she is Associate Editor of Ultrasonics.

Professor David COSGROVE: a graduate of Oxford University (UK), in 1963 he obtained a Bachelor of Medicine and Surgery from St Georges Hospital Medical School in London. In 1975, he obtained a Masters in Nuclear Medicine from the University of London. Professor Cosgrove is consultant radiologist at Hammersmith Hospital in London and Professor Emeritus at Imperial College of Science, Technology and Medicine in London. Author of numerous important publications forming a school within the ultrasound domain, he participates regularly as a keynote speaker in international meetings.

Professor James F. GREENLEAF: a graduate in electrical engineering (Bachelor of Science) at Utah University, Salt Lake City (1964), in engineering science (Master of Science) at Purdue University, Lafayette (1968) and in engineering science (Doctorate) at Mayo Graduate School of Medicine, Rochester and at Purdue University (1970). He currently holds the posts of Professor of Biomechanical Engineering and Associate Professor of Medicine at Mayo Medical School and acts as consultant to the departments of physiology, biophysics and cardiovascular diseases of the Mayo Foundation. A holder of 13 patents, he received the J. Holmes Prize for innovation in 1986 and in 1998 the William J. Fry Prize of the American Institute of Ultrasound in Medicine. He was nominated Distinguished Lecturer of the Ultrasonics, Ferroelectrics and Frequency Control Society of the IEEE in 1990 and 1991 and received the Rayleigh Prize in 2004.

Professor Jeffrey Colin BAMBER: holder of a Doctorate in Biophysics from the Institute of Cancer Research, University of London in 1980, a Doctorate of Science in Biophysics and Bioengineering from Chelsea College of the University of London, Bachelor of Science in Physics from the University of Kent in Canterbury (1972). From 1981 Professor Bamber worked as a medical physicist at the Royal Marsden NHS Foundation and, since 1996, as a physicist at the Hammersmith Hospital in London. Since 1986, Professor Bamber has led the research team at the Department of Ultrasound and Optics within the Joint Department of Physics of the Institute of Cancer Research, London and Royal Marsden Hospital. Professor Bamber has been the subject of articles in the 4 most important specialist journals; he has published 2 theses, 66 scientific publications, filed 4 patents and written 5 newspaper articles, 13 book chapters, 62 methodological publications, 3 reviews of articles and 134 abstracts. Professor Bamber is regularly invited to participate as a keynote speaker in the most prestigious international meetings, as evidenced by the 52 lectures he has presented at such events.

Peter BURNS: director of the faculty of medical biophysics and professor of radiology at the University of Toronto, he is also senior scientist at Sunnybrook Health Sciences Centre in Toronto. He graduated in mathematical physics in 1973 and received a Doctorate in radiodiagnosis in 1983 following a degree in the history and philosophy of science. He was subsequently Professor of radiology at Yale University (USA) and then at Thomas Jefferson University in Philadelphia before

moving to Toronto in 1991. He has received many prizes such as: the Pioneer Award of the World Federation for Ultrasound in Medicine and Biology (WFUMB) in 1988, the Ian Donald Gold Medal for technical achievements in 2002, the Trophy for Innovation and Excellence of the Canadian Society for Radiology in 2002 and the Distinguished Lecturer nomination of IEEE UFFC in 2008. He is an honorary member of the Australasian Society for Ultrasound in Medicine.

This scientific committee receives payment in the form of fees, with the exception of Matthias Fink, who is a contracted consultant to the Company.

11.2. PATENTS AND PATENT APPLICATIONS

11.2.1. INTELLECTUAL PROPERTY POLICY - STATUS OF THE PORTFOLIO

The field of ultrasound imaging traditionally generates extremely rich intellectual property from all global players. SuperSonic Imagine has set up a process (INNO process) for intellectual property management within its quality system, which aims to protect the innovations integrated into its product range or likely to be integrated.

In order to maintain its competitive advantage in the medical imaging industry, the Company's intellectual property policy is both meant to ensure the protection of its products and to fight against the emergence of alternative products incorporating one or more of the innovations developed by the Company.

Accordingly, new patent applications are filed regularly, with two to four filings made per year on average since 2006. These applications and the resulting patents, some of which may be licensed, are intended to protect inventions covering improved versions of existing products or new products.

Today, the Company's intellectual property portfolio includes:

- 26 patent families (22 of which have been filed and published and 4 filed but not yet published), of which 22 are exclusive property of the Company and 4 are jointly owned by the Company and one or more third parties; and

- 7 licensing agreements (including one in the process of renewal) dealing with a total of 6 families of patents.

With respect to the Company's current stage of development, all of these intellectual property titles do not have the same strategic importance today.

There is reason to distinguish among these families of patents, by decreasing order of importance, those covering innovations currently integrated into the Aixplorer® from those covering current research on future applications that may eventually, as the case may be, be integrated into the Aixplorer®.

11.2.2. PATENTS/PATENT APPLICATIONS

Out of the 22 families of filed and published patents, the most strategic are those directly concerning the Aixplorer® platform and its domains of application. These are the families with reference 4, 5, 6, 7 and 25, relating to the following innovations:

- **Family 4:** a device that allows simultaneous display on the main screen and on an additional screen in order to facilitate use of the ultrasound system;
- **Family 5:** a method providing imaging of all the visco-elastic properties of an area (elasticity and viscosity);
- **Family 6:** a synthetic and ultrafast method of image formation based on plane waves and applicable to all ultrasound imagery modes (B, Doppler, SWE, contrast);
- **Family 7:** shear wave elastography ultrasound method using a supersonic push (ultrasonic wind generation in the tissue using ultrasonic radiation pressure) to generate the radiation force and the plane waves ultrafast imagery to obtain a movie of the displacement of the wave; and
- **Family 25:** Ultrasound acquisition and processing device based on GPU clusters.

The two licenses described in Section 11.2.3, i.e. the licenses granted by Mr. Armen Sarvazyan, on one hand, and the company Verasonics Inc. on the other, are of the same strategic level as the four families described above.

Then follow the 12 patent families with references 1, 2, 3, 8, 9, 10, 11, 16, 17, 18, 26 and 28, mainly providing innovations related to the ongoing research and development programs:

- **Family 1:** a complimentary method to shear wave elastography allowing the visco-elastic area to be characterized by comparing the response of the area inside and outside the shear wave source (one application of which is cyst/solid lesion differentiation);
- **Family 2:** 1.5D probe designed for an optimal shear wave elastography mode for high imaging rate;
- **Family 3:** effective method for shear wave generation based on radiation pressure on an acoustic interface;
- **Family 8:** 3D visco-elastic imaging patent with a specific determining treatment method for reliability of results;
- **Family 9**: ultrasound wave focusing method by iterative learning;
- **Family 10:** one dimensional method for measuring the visco-elasticity of an area based on acoustic radiation force and evaluation of the propagation in the area of interest;
- **Family 11:** method of focusing the ultrasound beam in the brain based on time reversal;
- **Family 16:** imaging procedure and device for assessing heart contractility based on shear wave elastography;
- **Family 17:** procedure and device for visco-elastic characterization of an area based on shear wave elastography within an area subjected to transient change (change of temperature or compression rate);

- **Family 18:** generation and summation method of shear waves by radiation force that increases the distance of the wave propagation in complex areas;
- **Family 26:** Device for selection and activation of ultrasound probes without mechanical relays
- **Family 28:** New ultrafast imaging method for a spatially limited area without loss of image quality due to the spheroidal base.

The license granted by the company SEISME described in Section 11.2.3 below is of the same level of importance as the 10 families described above.

The 5 other patent families with references 13, 14, 15 and 19 are all from the focused ultrasound therapy domain. Note that Family 27 was also in the domain of focused ultrasound therapy. However, it was abandoned following the international search report. The Company concentrated on the design, industrialization and later the commercialization of equipment to aid diagnosis; it also led research on the production of a MRI-compatible focused ultrasound therapy prototype for the brain. This research prototype uses the intellectual property described in Family 14. The other families are the result of prototype development effort over a longer term.

11.2.3. LICENSING AGREEMENTS

Until 2014, the Company had seven licenses, which then dropped to 6 on 1st January 2015. Similar to the patents and patent applications, they may be broken down into three groups according to their relative importance.

Therefore, the two major licenses relate to the patents/patent applications families directly concerning Aixplorer®. These licenses have been granted by Mr. Armen Sarvazyan (20th family) and the company Verasonics Inc. (21st family).

1st license contract: On 19 December 2008, the Company signed a contract with Mr. Armen Sarvazyan for an exclusive license for use by SuperSonic Imagine of patents US 5 606 971 and US 5 810 731, of which Mr. Sarvazyan is the owner, as well as being a co-founder and shareholder of the Company (holdings <0.5%). This contract provides for the exclusive use of these patents by the Company in all fields of medical imaging for all types of modalities. Its major clauses are described in Chapter 22 of this document.

The license is valid until the expiration date of the subjacent patents, i.e. until November 2015. The Company estimates that the fact that the patents enter the public domain from this date does not present a major issue as they are only valid in the United States.

2nd licensing agreement: On 22 November 2006, the Company signed a development agreement with Verasonics Inc. for an exclusive license for use by SuperSonic Imagine of patent application WO2006113445 filed by Verasonics Inc. This contract gives SuperSonic Imagine a license to exploit the imaging patent using a pixel-oriented algorithm. This license is exclusive when the ultrasound uses any kind of elastography mode (static elastography or using shear waves). The principal terms of the development agreement and the license granted to the Company are described in Chapter 22 of this document. This exclusive license agreement expired on 31 December 2014. The Company feels that the fact that this exclusivity agreement ended does not present a major challenge, insofar as the Company's technological progress is sufficient to maintain a competitive advantage over the competition.

A third license granted by SEISME concerns patent and patent application families currently being used as part of research programs and ongoing development.

3rd licensing agreement: On 20 July 2011, the company entered into a licensing agreement with the company Elastographie Impulsionnelle pour les Systèmes de Mesures de l'Elasticité (SEISME), valid until the expiry date of the patent concerned WO2000055616 held by SEISME, to the benefit of SuperSonic Imagine. This agreement includes exclusive exploitation in 2011 and 2012 in return for payment of a lump sum. It is non-exclusive from 2013 until the end of the contract.

The main clauses of the license agreement are described in Chapter 22 of this document.

The Company holds a fourth license granted by LRT for several patent applications that have not been exploited to date in Aixplorer®.

4th licensing agreement: On 21 February 2006, the Company signed a contract for an exclusive license for use by SuperSonic Imagine of patent applications no. 8901628, no. 9211659 and no. 9508543 acquired by the company Le Retournement Temporel from the Université Paris 7 and CNRS. This contract grants to the Company an exclusive worldwide license to use patents concerning time reversal for use in medical imaging and in focused ultrasound therapy arising from the aforementioned patent applications.

The license was granted to the Company for the validity period of the last patent included in the license, i.e. until 2015.

It includes a proportional payment calculated on the base of SuperSonic Imagine's revenue before tax relating to the sale of all therapy devices including the licensed technology that may be developed by the company. In addition, an additional proportional payment is included in cases where the company would use the licensed patents for service activities within the medical imaging and focused ultrasound therapy domains, calculated on revenue made from this service activity. The proportional payment is due at when the exploitation of the patents begins.

5th licensing agreement: CNRS AUTOFOC
This agreement is described in Chapter 22.

6th and 7th agreements:
The Company has also obtained and granted non-exclusive intellectual property licensing agreements with two industry leaders.
A summary of the material provisions of this agreement is contained in Chapter 22 of this document.

11.3. OTHER INTELLECTUAL PROPERTY

The Company is also the owner of trademarks and domain names.

11.3.1. TRADEMARKS FILED BY THE COMPANY

In its strategy for filing trademarks, the Company registers them either by a national or by an international route. Trademarks are usually registered for a period of ten years and can be renewed indefinitely. Some countries require proof of use for the rights to be maintained. In other countries, the

registrations remain valid unless a third party having an interest initiates a procedure for revocation due to the trademark not being used.

The Company has already ensured the protection of brand names and semi-figurative marks in a large number of countries; the list of trademarks owned by SuperSonic Imagine is broken down into three categories:

- Semi-figurative trademarks  in class 10 of the Nice Classification (except Canada, a country in which there is no classification)
- "AIXPLORER" trademarks filed in class 10 of the Nice Classification
- Semi-figurative trademarks  filed in classes 10, 41 and 42

11.3.2. DOMAIN NAMES FILED BY THE COMPANY

At present, the Company is also owner of the 49 domain names, which are usually renewable every year or every two years and indefinitely, allowing it to cover the main systems (.fr .com .us .cn, etc.) as well as the main key words of the group (supersonicimagine, Aixplorer).

12. TRENDS

12.1. RECENT DEVELOPMENTS SINCE THE CLOSE OF FINANCIAL YEAR 2014

This chapter summarizes the major developments of 2015 up through the date of this report. The major developments of 2014 are detailed in Chapter 6.1.

12.1.1. CHANGES AFFECTING COMMERCIAL INFLUENCE

The Group signed an **exclusive distribution agreement with Konica Minolta** to distribute Aixplorer® in Japan. This agreement significantly strengthens the Group's geographical coverage: Japan, the world's third-largest market for ultrasound, is a strategic country for Supersonic Imagine's expansion worldwide.

Supersonic Imagine **partnered with Unetixs Vasculars in the United States,** the leader in vascular diagnostic equipment in the United States, thus strengthening the Group's presence for future growth.

The **contract with the US distributor for breast devices** was renewed until March 2016 on a non-exclusive basis.

12.1.2. CHANGES OF A FINANCIAL NATURE

On 17 March 2014, the Company was notified of a **tax audit** for 2011 and 2012. On 13 March 2015, the tax authority issued its findings, which confirmed the position adopted in the financial statements at 31 December 2014, i.e., the lack of financial impact.

In 2014, SuperSonic Imagine set up a profit-sharing **incentive scheme** for Group employees for a three-year period covering the years 2015, 2016 and 2017.
The choice of calculation method is based on the desire to involve all employees in the key objectives of the Company: (i) improvement of operating income and (ii) revenue growth.

In the wake of the financial year ended 31 December 2014, which posted business growth of 27%, the 2015 financial year is beginning in line with the Company's expectations.

12.1.3. CHANGES TO CORPORATE GOVERNANCE

Ten years after the creation of SuperSonic Imagine and after successfully leading the Company from start-up status to a major company renowned internationally as a player in the world of medical imaging, Jacques Souquet, age 67, co-founder and Chairman of the Management Board, wanted to scale back operations somewhat to focus on Group innovation.

As a result, in September 2014, **Tom Egelund**, a physician who has held senior management positions in international high-tech companies for 25 years, joined the Group as Director of Operations and a member of the Management Board. As of this date, the Supervisory Board planned to appoint

him to the post of chairman of the Management Board, replacing Jacques Souquet on 1 April 2015. This was officially adopted as expected.

Following the appointment of Tom Egelund, **Jacques Souquet**, Chairman of the Management Board until 1 April 2015, became Director of Strategy and Innovation as of that date. He remains a member of the Management Board. He now focuses entirely on strategy issues and the Group's innovation policy, studying innovative concepts for medical ultrasound imaging and their clinical applications. Moreover, Jacques Souquet was recently appointed to the French Academy of Technology, where he will participate in the development of projects and discussions of medical imaging at a national and European level.

On 15 April 2015, after more than four years with the Group, **Gordon Waldron**, member of the Management Board and Chief Financial Officer, resigned. During that period, he was heavily involved in the rise of the Group through his brilliant guidance of two major fundraising campaigns and the successful completion of the Company's initial public offering on Euronext last year. His decision to leave was the result of a strictly personal choice and is not related to any professional reasons within the company.

Jérôme Destoppeleir will be Gordon Waldron's successor starting in May. He holds a degree from HEC Paris and has demonstrated his skills as a professional leader throughout his career as the CFO of many internationally renowned groups.

Moreover, the composition of the Supervisory Board should change in the first half of 2015 because the current Chairman of the Supervisory Board, Johannes Barella, said during the second renewal of his term by the Shareholders' Meeting of 3 March 2014, that he did not wish to complete his term for personal reasons.

12.2. STRATEGY

Having mainly concentrated its efforts on R&D work and the validation of its product, in 2012 the Group began a commercial deployment phase. This will not mean that the policy of innovation becomes secondary, to the extent that it remains one of the main drivers behind commercial expansion.

The Group's growth strategy shall rely on three levers: commercial, technological and financial, in connection with optimizing production.

- **Commercial lever validated by promising results**

In order to make its commercial ambitions a reality, in April 2012 the Group recruited a new commercial development manager with over 20 years' experience as a sales manager in the ultrasound sector, including within the Philips groups (Philips Healthcare and Philips Medical Systems) and at ATL Ultrasound.

The Group's commercial strategy relies on accelerating the worldwide deployment of its offerings with priority targets that have been clearly identified among the geographic regions comprised of mature countries (France and the United States,) along with emerging countries, primarily China but also India and Brazil, which have significant potential for growth in the Premium and High-End segments.

To accomplish this, the Group intends to significantly strengthen its commercial scope by maintaining a three-fold commercial approach which relies on a direct sales force, an indirect sales force operating through a network of distributors according to geographic regions, and lastly a commercial representation bureau in China which, in one year, was able to get very promising results. These

three approaches will each be able to benefit simultaneously from the increase in power of the teams established over the last 2 years and from a strengthening of means.

The direct sales force (salespeople and clinical applications specialists) will increase to over 30 employees by 2022, still primarily dedicated to France and the United States.

In India and Brazil, the indirect approach will still be preferred. The Group will endeavor to provide the necessary support to its network (training, clinical testing, etc.) in order to accelerate an increase in operating power in these territories which have strong potential for development. In India, the Group will benefit from the internal organization of its distributor, which itself uses 19 sub-distributors, given the size of the countries and regional specificities.

Until March 2015, the indirect approach to the breast ultrasound sector was promoted in the United States through an exclusive distribution agreement for Aixplorer®. From that date, the contract was renewed for one year on a non-exclusive basis, so that the Group could take full advantage of the deployment of its direct sales force, with its strong and recognized expertise, including in the breast ultrasound market.

In China, the representation office's first years demonstrated that this specific approach was sound, with average yearly growth of nearly 200% in revenue in this region, and revenue grew from €840,000 in 2012 and €3.163 million in 2014. The Group is trying to capitalize on the very large potential of the Chinese market and ultimately impose ShearWave Elastography as the standard practice in the territory, in all sectors of clinical application. Coverage of the territory will intensify with both a strong increase in the number of distributors and an expansion in the type of distributors (sole distributor for certain areas, non-exclusive distributors in more important areas, etc.) and the creation of two new offices to supervise and motivate these different distribution networks, which have been adapted to each of the local provinces.

In order to establish its position locally, the Group intends to develop a direct sales force in China (in addition to the indirect network) by setting up a subsidiary. The current representative office's sole purpose is to oversee the network of local distributors, but it is not authorized to generate sales in Chinese territory.

By 2017, the Group's sales and supervisory teams should at least double compared to the end of 2013, in order to motivate a quite markedly strengthened indirect network, which will ensure the following coverage of the country:

They will also benefit from the clinical validation that should result from the studies now being conducted at 21 hospital centers across China (12 dedicated to breast, 9 to liver.)

- **Technological lever for commercial expansion**

The established sales force, which will be strengthened as explained above, may likewise rely on technological innovation to increase its productivity, thanks to an upcoming expansion of commercial prospects. The growing penetration of SuperSonic Imagine on the ultrasound imaging market is structured around two successive phases, each supported by an ambitious technological "roadmap."

2013/2016: continued expansion in ultrasound imaging within its current confines
The priority of this initial stage is to finalize the current offer for the priority market of general radiology which is so fond of innovation. Already quite developed at this point, following the integration in 2013 of a new probe interface which allows 4 probes to be connected instead of 2, and expanded applications in pediatrics in 2012 and in obstetrics in 2013, the offer for this market will be further enriched, as it will notably anchor the Group's position in the Premium segment. Therefore, since 2014, ShearWave™ Elastography will be accessible for the "musculotendinous" system thanks to a special probe and transcranial Doppler application that will be added to the range of vascular products. Later on, in 2015 and 2016, innovations should expand the field of possible applications and begin to address certain specialty markets such as hepatology and urology. The Group may thus best exploit its technological assets and gain a growing market share in the new markets.

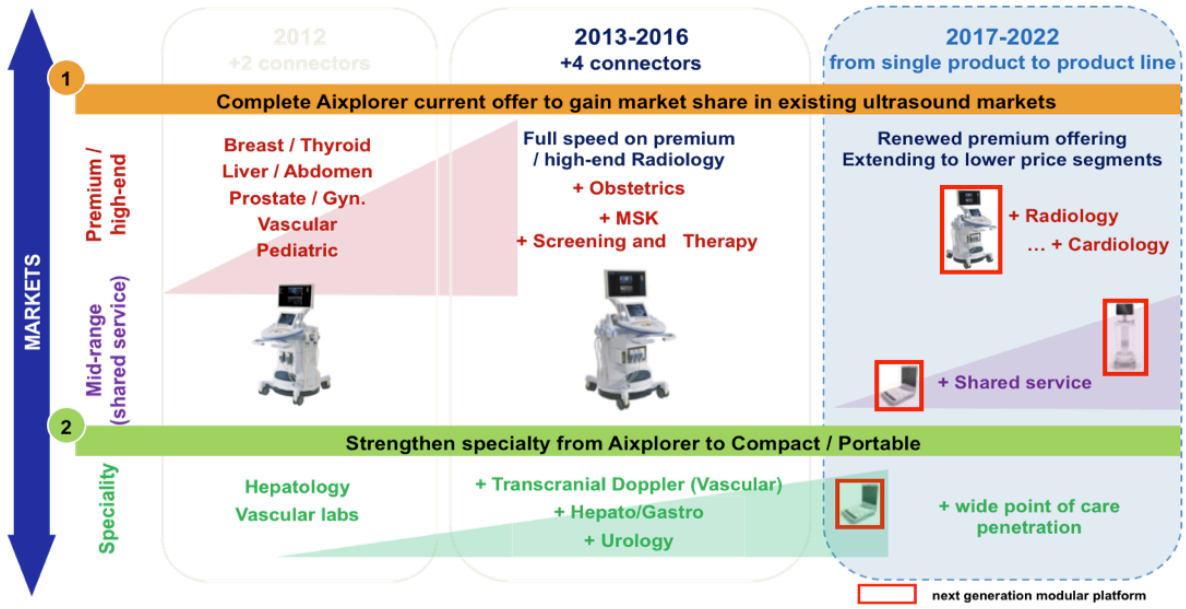
2017/2022: growth based simultaneously on a growing penetration of the current market and on an expansion of the medical applications that can use ultrasound imaging.

The second phase of the Group's innovation strategy, to strengthen its technological progress, will translate to putting two new systems on the market by the end of 2017-2020, the result of a new generation of the Aixplorer® platform which will present a level of increased modularity and a substantially reduced production cost.

Even though the current version of Aixplorer® only addresses the Premium/High-End market, the modularity of the new platform's architecture will enable there to be a complete range of products which are simultaneously intended for the Premium and High-End segments, but also for the Mid-Range segments and for portable ultrasound, considerably expanding the market that the Company can reach to cardiology, urology and gastroenterology. The market that can be reached by the Group will thus go from €1 billion to date to nearly €3.7 billion in 2018.

In support of these innovations, the Group will maintain its efforts to multiply clinical testing in support of its technological platform, in particular in the breast (specific study for Asia,) liver and even the prostate sectors, which are considered to be priority sectors with regard to the prevalence of the pathologies concerned.

The technological roadmap is summarized as follows:



➢ **Financial lever based on comprehensive outsourcing of production**

Since 2014, the Group has been able to fully benefit from the cost optimization policy that has been implemented for production since 2012. With a full outsourcing, production costs become variable.

12.3. OUTLOOK FOR THE FUTURE AND OBJECTIVES

Strengthened by this strategy, the Group is aiming to place itself amongst the five leading players in the ultrasound imaging market for the Premium/High-End segment.

To that end, in 2013 the Group set the following medium and long term objectives:

- to capture approximately 7% market share of the global ultrasound imaging market within 10 years (a market worth USD 5.8 billion in 2012, and which should achieve 5% average annual growth by 2017 – source: InMedica 2013 study);
- to achieve in the medium term a gross margin of approximately 60%, following the example of other players in the sector, while simultaneously benefiting from optimized variable products costs and a rise of the services activity thanks to a growing installed base, and an EBITDA margin of approximately 20% of revenues. By way of comparison, the gross margin achieved by Sonosite in 1999 was 36% before rising dramatically to 71% by 2005, with this level still maintained in 2011 when it was acquired by Fujifilm. Margins at the start of an activity are rarely optimal due to the sales volumes compared to the start-up infrastructure, as well as the priority of marketing a product rather than optimizing production cost; and
- reach break-even in terms of EBITDA within five years from the Company's initial public offering (IPO).

To date, the 2014 financial statements are generally in line with these objectives.

13. FORECAST OR ESTIMATES OF INCOMES

The Company does not expect to make forecasts or estimates of income.

14. COMPOSITION OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Company is organized as a French société anonyme with a Management Board and a Supervisory Board.

The Company's Bylaws and the Charter of the Supervisory Board are found in Section 21.2 on the Company's website.

14.1. DIRECTORS AND MEMBERS OF THE SUPERVISORY BOARD

14.1.1. COMPOSITION OF THE MANAGEMENT BOARD

The management board must be composed of no more than seven members. Until 11 July 2014, the management board was composed of five members and as of this date, with the appointment of Mr. Tom Egelund as a member of the management board, it has six members.

The members of the management board are natural persons. They are not required to be shareholders.

They are appointed for a term of four years by the supervisory board. All terms of management board members expire on 31 December 2016. All terms of members of the management board are renewable.

The members of the management board may not be older than 75 years of age.

Name	Position	Operating duties and other positions held in the Group	Position dates
Jacques SOUQUET (a)	Chairman of the Management Board	Director of strategy Corporate officer of: SuperSonic Imagine, GmbH: SuperSonic Imagine HK SuperSonic Imagine Ltd SuperSonic Imagine Srl	Date of first appointment: 12 March 2005 Term renewed on: 1 December 2008, and 14 December 2012 Term expires on: 31 December 2016

(a) As discussed in Section 12.1, on 1 April 2015, Tom Egelund was appointed Chairman of the Management Board of the Company. As of that date, Jacques Souquet will serve as Director of Strategy and Innovation and a member of the Management Board so that he can devote himself entirely to strategy issues and innovation policy and focus on innovative concepts for medical ultrasound imaging and their clinical applications. As of this date, Tom Egelund's employment contract had been terminated, and Jacques Souquet had become an employee of the company, under an employment contract, and shall be compensated exclusively for this purpose.

Name	Position	Operating duties and other positions held in the Group	Position dates
Claude COHEN-BACRIE	Member of the Management Board	Director of the Research and development program Corporate officer of: SuperSonic Imagine, GmbH: SuperSonic Imagine HK SuperSonic Imagine Ltd	Date of first appointment: 12 March 2005 Term renewed on: 1 December 2008, and 14 December 2012 Term expires on: 31 December 2016
Tom EGELUND (a):	Member of the Management Board	Director of Operations	Date of first appointment: 11 July 2014 Last renewal: N/A Term expires on: 31 December 2016
Bradley GARRETT	Member of the Management Board	Senior-Vice President, Customer Fulfillment Officer, person responsible for production, quality assurance, and regulatory affairs and after-sales service Chief Executive Officer of SuperSonic Imagine, Inc.	Date of first appointment: 12 March 2005 Last renewal: 14 February 2014 Term expires on: 31 December 2016
Kurt KELLN	Member of the Management Board	Executive Vice President, Chief Business Officer	Date of first appointment: 19 April 2012 Last renewal: 14 February 2014 Term expires on: 31 December 2016
Gordon WALDRON	Member of the Management Board	Executive Vice President and Chief Financial Officer	Date of first appointment: 27 September 2010 Last renewal: 14 February 2014 Term expires on: 31 December 2016 End of term at the initiative of Gordon Waldron on April 15, 2015 (see Section 12.1)

The members of the Management Board have the Company's headquarters as their professional address.
These management expertise and experience of these individuals was gained from the various salaried and management functions they have previously exercised (refer to Section 14.1.5).

14.1.2. COMPOSITION OF THE SUPERVISORY BOARD

The supervisory board must consist of at least three members and no more than 18 members. It is currently composed of 8 members.

The supervisory board members serve a term of three years, which ends at the shareholders' Ordinary Shareholders' General Meeting that votes on the financial statements of the last financial year, which is held during the year in which such term expires.

Members of the supervisory board may be re-elected, but they may not be over 85 years of age.

In accordance with the terms of the supervisory board's charter, the supervisory board must be, insofar as possible, composed of at least two independent members; this number may be reduced to one member if the Board is composed of five or fewer members.

Name	Position	Main offices held outside the Group	Position dates
Johannes BARELLA	Chairman of the supervisory Board and independent member	Member of the Board of Directors of Elekta (listed on the OMX Nordic Exchange)	First appointment: Supervisory Board meeting of 7 September 2009 Ratification: Shareholders' General Meeting of 17 May 2010 Most recent renewal of term: 16 June 2011, then 3 March 2014 Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2016
Michael BROCK	Vice Chairman and independent member of the Supervisory Board	-	First appointment: Supervisory Board meeting of 16 December 2014 Ratification: Next Shareholders' General Meeting called to approve the financial statements Date of first renewal of term: N/A Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2016
BPI France Investissement (a) represented by Philippe BOUCHERON	Member of the Supervisory Board	Director of Investments, BPI France Investissement	First appointment: 14 Dec. 2010 Date of first renewal of term: 27 June 2013 Date of expiration of term: Ordinary Shareholders' General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2015
EDMOND DE ROTHSCHILD INVESTMENT PARTNERS represented by Olivier LITZKA	Member of the Supervisory Board	Associate director, Edmond de Rothschild Investment Partners	First appointment: 23 October 2008 Most recent renewal of term: 16 June 2011, then 3 March 2014 Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2016

(a) BpiFrance Investissement, formerly CDC Enterprises, 100% owned by Bpifrance Participations, management company for the BioAm and Innobio funds.

Name	Position	Main offices held outside the Group	Position dates
MERIEUX PARTICIPATIONS represented by François VALENCONY.	Member of the Supervisory Board	Chief Executive Officer of Mérieux Développement	First appointment: 27 September 2010 Date of first renewal of term: 27 June 2013 Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2015
NBGI Private Equity Limited represented by Aris CONSTANTINIDES	Member of the Supervisory Board	Founder and Director of Investments of NBGI Private Equity Ltd	First appointment: 28 May 2009 Date of first renewal of term: 16 May 2012 Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2014
OMNES CAPITAL represented by	Member of the Supervisory Board	Associate Director of OMNES CAPITAL	Date of first appointment: 10 March 2006 Most recent renewal of term: 28 May 2009, then 16 May 2012 Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2014
Sabine LOCHMANN BEAUJOUR	Independent member of the Supervisory Board	Chief Executive Officer of BPI group	First appointment: Supervisory Board meeting of 28 May 2013 Ratification: Shareholders' General Meeting of 27 June 2013 Date of first renewal of term: N/A Date of expiration of term: Ordinary Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2015

Three non-voting directors were members of the Supervisory Board until 9 April 2014:

- Canon Inc., represented by Takhashi Mori
- Wellington Partners, represented by Eric Schlick, and
- IXO Private Equity, represented by Jean-Michel Petit.

Following the resignation of Auriga Partners SA, represented by Bernard Daugeras, on 16 December 2014, the Supervisory Board appointed Michael Brock the same day. This interim appointment will be subject to ratification by the next Shareholders' General Meeting called to approve the financial statements.

The terms of Omnes Capital, represented by Alexia Perouse, and NBGI Private Equity Limited, represented by Aris Constantinides, expire at the end of the Shareholders' General Meeting called to approve the financial statements for the year ended 31 December 2014.

The Company applies Recommendation R8 of the Code of Corporate Governance for small and midcap companies published in December 2009 by MiddleNext for the attendance of independent members of the Supervisory Board.

Johannes Barella, Sabine Lochmann Beaujour and Michael Brock are independent members of the Supervisory Board as defined by those provisions insofar as they:

- are neither employees nor directors of the Company or of a company in its Group, and have not had such status during the last three years;
- are not significant clients, suppliers, or bankers for the Company, or for whom the Company or its Group would represent a significant share of its business;
- are not major shareholders of the Company;
- do not have any close family ties with a director or a major shareholder; and
- have not been an auditor of the Company in the last three years.

The Supervisory Board currently consists of six men and two women, which means that 25% of its members are women. There are plans to seek more balanced representation in the appointment of new members.

14.1.3. OTHER POSITIONS HELD BY MEMBERS OF THE MANAGEMENT BOARD AND MEMBERS OF THE SUPERVISORY BOARD

Other positions currently held (outside the Group)

Other positions currently held outside the Group			
	Type of position SB: Supervisory Board BD: Board of Directors	**Company**	**Listed Company**
Jacques Souquet	Director	MEDIAN TECHNOLOGIES (listed on Euronext Paris Alternext)	
	Member of the Strategy Committee	LL TECH No	
Claude Cohen-Bacrie	Director	EYETECHCARE No	
Tom Egelund	-		-
Bradley Garrett	-		-
Kurt Kelln	-		-
Gordon Waldron (a)	Member of the Strategy Committee	ANTABIO (unlisted)	

(a) as stated in Section 12.1, Gordon Waldron ended his duties as of 15 April 2015

Other positions currently held outside the Group			
	Type of position SB: Supervisory Board BD: Board of Directors	**Company**	**Company**
Johannes Barella	Director	ELEKTA AB	OMX Nordic Exchange
Michael BROCK	Chairman of the Board	DDD Diagnostic	No
	Chairman of the Board	Solum Group	No
	Chairman of the Board	Urodan	No
	Chairman of the Board	Biolid Group	No
	Chairman of the Board	Omni-Drive	No
	Director	Floating Power Plant	No
	Director	Brunata	No
	Director	Unisense	No
	Director	Ibsen Photonics	No

Other positions currently held outside the Group			
	Type of position SB: Supervisory Board BD: Board of Directors	**Company**	**Listed company**
BPI France Investissements (Philippe BOUCHERON)	Director	GAMAMABS PHARMA	No
	SB member	ADEMTECH	No
	Director	INTEGRAGEN	No
	Director	ADVICENNE PHARMA	No
	Non-voting director	STENTYS	NYSE Euronext, Paris
	Director	ARTERIAL REMODELLING TECHNOLOGIES	No
	Non-voting director	VEXIM	Alternext, Paris
	Director	COREWAVE	No
Edmond de Rothschild Investment Partners (Olivier LITZKA)	Director	PROBIODRUG AG	Euronext, Amsterdam
	Director	JENAVALVE TECHNOLOGY INC	No
	SB member	NOXXON PHARMA AG	No
	Director	ALLEVRA THERAPEUTICS Gmbh	No
Mérieux Participations (François VALENCONY)	Director	PHASE SAS	No
	Director	NEUROPHAGE Inc. USA	No
	Director	LAVOREL MEDICARE SARL (Luxembourg)	No
François VALENCONY in a personal capacity	Chairman	PALADINE SARL	No
	Director	BIOTHERANOSTICS INC.	No
	Director	CIMH	No
NBGI Private Equity Limited (Aris CONSTANTINIDES)	Director	SYMETIS SA	No
	Director	DYSIS MEDICAL LIMITED	No
	Director	EOS IMAGING	NYSE Euronext, Paris
	Chairman and CEO	ADVANCED CARDIAC THERAPEUTICS INC	No
	Director	QUANTA FLUID SOLUTIONS Ltd	No
	Director	UPFRONT CHROMATOGRAPHY A/S	No
	Director	2010 PERFECT VISION AG	No
	Director	CELLNOVO Ltd	No
OMNES Capital (Alexia PEROUSE)	Director	SPINEGUARD	Alternext, Paris
	Director	PIXIUM VISION	NYSE Euronext, Paris
	Director	EYETECHCARE	No
	Observer	ENTEROME	No
	Director	GECKO BIOMEDICAL	No
	Director	CELLNOVO	No
	Director	AMAKEM	No
Sabine LOCHMANN BEAUJOUR	-	-	

Other positions currently held outside the Group			
	Type of position SB: Supervisory Board BD: Board of Directors	**Company**	**Listed Company**
AURIGA Partners (Bernard DAUGERAS) Resigned on 16 December 2014	SB member	AMOEBA	No
	BD member	BONITA SOFT	No
	BD member	CONVERTIGO	No
	SB member	CYTOO	No
	BD member	DOMAIN THERAPEUTICS	No
	BD member	EXO PLATFORM	No
	SB member	FABENTECH	No
	SB member	FIRALIS	No
	BD member	IDBYME/MOODBYME	No
	BD member	ISOCELL	No
	BD member	MEDIAN TECHNOLOGIES	Alternext, Paris
	BD member	MILIBOO (AGL IMPORT)	No
	SB member	SIRIONA	No
	BD member	STANTUM	No
	SB member	TXCELL	Euronext, Paris
Bernard DAUGERAS in a personal capacity	Member of the Management board	AURIGA PARTNERS	No
	Director	CNRS	No
	Director	IHU Strasbourg	No
	SB member	INSERM TRANSFERT	No
	Director	POPULATION GENETICS	No

Other positions held during the last five financial years that no longer exist (outside the group)

Other positions currently held outside the Group that have now ended			
	Type of position	**Company**	**Listed Company**
Jacques Souquet	Director Director	SONOSITE XCOUNTER	No Euroclear, Stockholm
Claude Cohen-Bacrie	-		-
Tom Egelund	Executive Vice President	Oce Technologies	No
Bradley Garrett	-		-
Kurt Kelln	-		-
Gordon Waldron	Director	NEORPHYS SA	No

(a) as described in Chapter 12.1, Gordon Waldron has ended his duties as of 15 April 2015

Other positions held outside of the Group during the last 5 fiscal years which have now ended			
	Type of position BD: Board of Directors SB: Supervisory Board	**Company**	**Listed Company**
Johannes Barella	Chairman of the Supervisory Board	SAPIENS STEERING BRAIN STIMULATION GMBH	No
Michael BROCK	Chairman and CEO	BK Medical	No
	Chairman of BD	Reson	No
BPI France Investissements (Philippe BOUCHERON)	SB member	LIBRAGEN	No
	SB member	CRYOLOG	No
	SB member	TXCELL	Euronext Paris
	SB member	AUREUS PHARMA	No
Edmond de Rothschild Investment Partners (Olivier LITZKA)	Director	ENDODENSE SA	No
	Director	NOVEXEL SA	No
	Member of the Management Committee	PARVULUS SAS	No
	Director	SAPIENS STEERING BRAIN STIMULATION	No
	Member of the Management Board	EdRIP	No
François VALENCONY in a personal capacity	Founding Director	OCTALFA Foundation	No
NBGI Private Equity Limited (Aris CONSTANTINIDES)	Director	REVERSE MEDICAL COPORATION	No
	Director	THETA MICROELECTRONICS	No
	Director	BONE SUPPORT AB	No
	Director	ENDOSCOPIC SOLUTIONS INC	No
	Director	Marshalsea Road Management Company Limited	No
OMNES Capital (Alexia PEROUSE)	SB member	MUTABILIS	No
	Director	EOS IMAGING SA	Euronext, Paris
	Director	STENTYS	Euronext, Paris
	Director	CIRCULITE Inc.	No
Sabine Lochmann Beaujour	Chief Executive Officer	DEPUY France	No
	Chief Executive Officer	ETHICON	No
	Chief Executive Officer	CORDIS	No

Other positions held outside of the Group during the last 5 fiscal *years which have now ended*			
	Type of position BD: Board of Directors SB: Supervisory Board	**Company**	**Listed Company**
AURIGA Partners (Bernard DAUGERAS) Resigned on 16 December 2014	BD member	ALCHIMEDICS	No
	Management Board member	ALCHIMER	No
	Management Board member	Theradiag (formerly BMD)	Alternext, Paris
	BD member	EKINOPS	Euronext, Paris
	SB member	EPTICA	Euronext, Paris
	SB member	ERYTECH PHARMA	No
	SB member	EVE	Yes
	BD member	EVOLVA SA (Switzerland)	Euronext Paris
	BD member	IMPLANET	No
	Management Board member	MUTABILIS	No
	BD member	NAUTILUS	No
	Management Board member	NEMOPTIC	Euronext Paris
	Management Board member	NOVAGALI	No
	SB member	STREAMCORE	No
	Management Board member	THERAPTOSIS	No
	BD member	TCLAND	No
	BD member	TRCOM	No

14.1.4. DECLARATIONS BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

To the knowledge of the Company, there are no family relationships among the individuals named above.

To the knowledge of the Company, none of these individuals, during the last 5 years:

- has been convicted of fraud;
- has been associated as a senior executive or director with bankruptcy, sequestration or liquidation;
- has been subject to a prohibition on having a management role; or
- has been subject to convictions or official public sanctions pronounced by legal or regulatory authorities.

14.1.5. BIOGRAPHIES OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

Management Board

Jacques SOUQUET, chairman of the Management Board. His biography is presented in Section 11.1.2 of this document.

Claude COHEN-BACRIE, member of the Management Board, his biography is presented in Section 11.1.2 of this document.

Tom EGELUND, physician, member of the Management Board and CEO as of 1st April 2015, has held executive positions in international high-tech companies for 25 years.

At Philips Medical Systems, he was Executive Vice President and CEO for EMEA and Latin America, and then at OCE, a Dutch multinational listed company in the printing sector, he served as Executive Vice President and General Director for the Division.

Tom Egelund was also Chairman of the Board of Directors of COCIR (European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry).

Bradley GARRETT, member of the Management Board, Senior Vice President and Chief Customer Fulfillment Officer, is responsible for production, quality assurance, and regulatory affairs, as well as after-sales service. He was Chief Operating Officer of SonoSite, the world leader in the portable ultrasound market, after working for 7 years at ATL Ultrasound (the predecessor of Philips Healthcare Ultrasound) as director of operations. Bradley Garrett received a Bachelor of Arts degree and an MBA from the University of Oregon.

Kurt KELLN, member of the Management Board, has more than 20 years of professional experience as a sales and marketing manager, primarily in the ultrasound sector. At ATL Ultrasound Systems, and then at Philips Healthcare, he held numerous management positions, including serving as International Vice President for Ultrasound and Women's Health at Supersonic Imagine. Kurt has lived and worked in the US, Germany and the UK.

Member of the Management Board until 15 April 2015 (see Section 12.1):

Gordon WALDRON, member of the Management Board. He is the Executive Vice President and Chief Financial Officer of the Group. He has 25 years of experience in the high-tech, biotech and medtech sectors. Before joining the Company he was Vice President and Chief Financial Officer for the French biotechnology company Novexel, where he raised €50 million and negotiated the sale of Novexel to AstraZeneca at the end of 2009 for approximately 500 million dollars. Before that, he spent eight years with Syntem (Nîmes, France), and five years with Texas Instruments. He graduated from Duke University (United States) in 1988.

Supervisory Board

Johannes BARELLA, **chairman of the supervisory board**, was formerly CEO of Philips Medical Systems and a member of the Group Management Committee of Royal Philips Electronics. Over the course of 30 years, Johannes Barella has held a number of key positions at Philips Medical Systems where he became a member of the management team in 1985, and was appointed CEO in 1997.
Johannes Barrella holds a Master of Science in Electrical Engineering/Business Administration.

Michael Brock (Member appointed in the last 12 months), Vice-Chairman and independent member of the Supervisory Board, holds a Master of Science Electronic Engineering degree from the Danish Technical University.Michael worked on innovation and the development of new innovative technologies for the measurement of sound at Brüel & Kjær in Denmark, the world leader in sound and vibration measurement in industry and the environment, where he then became chairman. In 1996, his career turned toward the medical sector, and he became Chairman of GN Otometrics, the medical division of GN Great Nordic Group, a listed company in Denmark and the United States. In 2004 Michael became Chief Executive Officer (CEO) of BK Medical, the world leader in diagnostic ultrasound for urology and surgery. As of 2011, after 15 years' experience in the medical sector, he is now primarily concentrating on his duties as a director for several companies of the medical sector.

Philippe BOUCHERON, permanent representative of Bpifrance Investissement, Deputy Director of the Life Sciences Investments line. From 1993 to 1996, Philippe Boucheron was an Associate with BioCapital LP, a Canadian venture capital fund. From 1997 to 2000, he managed the medium cap research team at ING Barings Ferri in Paris, and followed European health shares. In 2000, he co-founded Bioam, a venture capital fund dedicated to Biotechnologies, and was named Chairman of the Board in 2004.

Philippe Boucheron holds a diploma in engineering from INSA Toulouse, an MSc from the Ecole Polytechnique de Montréal, and an MBA from INSEAD.

Olivier LITZKA, permanent representative from Edmond de Rothschild Investment Partners, a member of the supervisory board, and an associate director at Edmond de Rothschild Investment Partners (EdRIP), joined the life sciences team as an associate director in 2006. Before that, he spent 6 years at 3i in capital risk for the life sciences division. During this period, he served as member of the boards of directors of many companies and was involved in numerous international investments. Olivier is a physician of molecular biology, and a graduate of the Institut für Genetik und Mikrobiologie of the University of Munich. He carried out several years of research in Munich and Oxford.

François VALENCONY, a permanent representative from Mérieux Participations, and a member of the Supervisory Board, began his career at Schneider Electric in North America, where he participated in several growth and acquisition projects in North America. He then participated in the formation of a software company, which was later repurchased by Descartes group.
François joined Institut Mérieux in 2003, with strategic and operational involvement in the areas of diagnosis, vaccines and biotechnology. He is currently CEO of Mérieux Développement and President of the MxD North American subsidiary.François holds a degree from HEC Paris and a Master's Degree from CEMS in Köln, Germany

Aris CONSTANTINIDES, representative of NBGI Private Equity Limited, member of the Supervisory Board, is founder and Investment director of NBGI Ventures. Aris Constantinides is currently on the supervisory board of numerous companies in the medtech sector.
He has over 15 years of experience in venture capital, with previous experience in the management of investment funds at Deutsche Bank and Crédit Suisse First Boston. He holds a degree from the Imperial College in London, as well as from the Massachusetts Institute of Technology (MIT) and also has an MBA from INSEAD.

Alexia PEROUSE, permanent representative of Omnes Capital (formerly Crédit Agricole Private Equity), member of the Supervisory Board, and Associate Biotech Director of Omnes Capital, joined Omnes Capital in January 2005 as Director of Investments in the Life Sciences sector. She began her career with Chiron Vaccines, then Parteurop Développement with operational and strategic roles for biotechnology start-ups. Alexia holds an MSc degree in Neurosciences from the University of Life Sciences and an MBA from IAE.

Sabine LOCHMANN BEAUJOUR, an independent member of the Supervisory Board (chosen by Bpifrance Participations (formerly FSI), has been Chief Executive Officer of BPI Group since January 2014. She previously spent 16 years at Johnson & Johnson Medical as, respectively, Director of Legal Affairs and then in various operational positions before becoming General Manager in charge of strategic and governmental affairs. An attorney, she spent four years at JC Dexaux as manager of legal affairs, after having spent 4 years at Jacobs Engineering as manager of legal affairs in charge of industrial and logistic activities. Educated in France, the US and South Africa, for four years she directed the French Association of Corporate Lawyers. She joined SSI in 2013 as an independent director.

Member in the last 12 months who resigned in 2014:

Bernard DAUGERAS, permanent representative of Auriga Partners, member of the Supervisory Board, resigned from his office on 16 December 2014. A co-founder and member of the Management Board of Auriga Partners, Bernard Daugeras specializes in the life sciences sector. He is a member of the Academy of Technology, and a researcher in particle physics at the Université d'Orsay, the University of California at Berkeley, Bernard Daugeras is a graduate of Ecole Polytechnique and holds a doctorate from the Université d'Orsay.

14.2. CONFLICTS OF INTEREST IN ADMINISTRATIVE BODIES AND SENIOR MANAGEMENT

The members of the Management Board and of the Supervisory Board are shareholders, directly or indirectly, of the Company and/or holders of securities giving access to the Company's capital (see details in Section 17.3).

Transactions with related parties are described in Note 36 to the consolidated financial statements in Chapter 20.1, "Consolidated financial statements established under IFRS for the year ended 31

December 2014" and the regulated agreements entered into by the Company are described in Chapter 19.3 "Reports by the Statutory Auditors on regulated agreements established for the year ended 31 December 2014".

The Company's Charter provides mechanisms for the prevention and management of conflicts of interest. Each member of the Supervisory Board commits to maintaining independence in analysis, judgment and action, and to participating actively in the Board's work. Members will inform the Board of conflicts of interest that they may face. In addition, the charter reminds members of the regulations pertaining to the dissemination and use of inside information that are in effect, and specifies that members must refrain from carrying out transactions involving the Company's shares when they have inside information. Each member of the Supervisory Board is required to declare to the Company and to the Autorité des Marchés Financiers any transactions involving the Company's shares that they carry out directly or indirectly.

To the best of the Group's knowledge, there are no current or potential conflicts of interest between the private interests of the members of the Company's Management Board and Supervisory Board, and the interests of the Company.

To the best of the Company's knowledge, there have been no pacts or agreements whatsoever entered into with any of the shareholders, customers, suppliers, or other persons under the terms of which one of the members of the Management Board or of the Supervisory Board has been appointed.

To the best of the Group's knowledge, as of the registration date of this Registration Document, the individuals mentioned in Section 14.1 "Senior managers and members of the Supervisory Board" of this document are not subject to any restrictions regarding the sale of their shareholding in the Company except for the lock-up agreements signed by the senior partners and managers in connection with the listing of shares, the last of which expired on 10 April 2015.

15. COMPENSATION AND BENEFITS

15.1. LIABILITY OF CORPORATE OFFICERS

Table No. 1: table summarizing the compensation, options and free shares granted to each Executive Director

Table summarizing the compensation and founders' warrants (BSPCE), warrants (BSA), free shares and/or stock options granted to each corporate officer		
In euros	FY 2014	FY 2013
Jacques Souquet - Chairman of the Management Board (5)		
Compensation payable for the year (see breakdown in Table 2)	290,500	233,000
Value of options granted during the year (1)		11,300
Value of performance shares granted during the year		
Total	**290,500**	**244,300**
Claude COHEN-BACRIE – Employee and member of the Management Board (3)		
Compensation payable for the year for employee activity (see breakdown in Table 2)	253,472	204,772
Value of options granted during the year (1)		3,000
Value of performance shares granted during the year		
Total	**253,472**	**207,772**
Gordon WALDRON – Employee and member of the Management Board (3) (6)		
Compensation payable for the year for employee activity (see breakdown in Table 2)	269,700	231,000
Value of options granted during the year (1)		18,650
Value of performance shares granted during the year		
Total	**269,700**	**249,650**
Bradley GARRETT – Employee and member of the Management Board (3)		
Compensation payable for the year for employee activity (see breakdown in Table 2)	226,000	191,655
Value of warrants and employee stock-options granted during the year (1)		2,000
Value of performance shares granted during the year		
Total	**226,000**	**193,655**
Kurt KELLN – Employee and member of the Management Board (3)		
Compensation payable for the year for employee activity (see breakdown in Table 2)	339,777	277,616
Value of options granted during the year (1)		18,650
Value of performance shares granted during the year		
Total	**339,777**	**296,266**
Tom EGELUND – Employee and member of the Management Board (2) (3) (5)		
Compensation payable for the year for employee activity (see breakdown in Table 2)	136,433	
Value of options granted during the year (1)	379,000	
Value of performance shares granted during the year		
Total	**515,433**	
Total	**1,894,882**	**1,191,643**

(1) The valuation method is described in note 16 to the consolidated financial statements which appear in Chapter 20.1 of this document;
(2) Tom Egelund joined the Group in September 2014 and his term as a member of the Management Board started on 11 July 2014.
(3) Executive Board members are not compensated for their term of office, but for their employment contract, which is separate from their corporate office.
(4) This amount corresponds to the share recognized as an expense for 2014, and the total value of the plan, which will be spread over several years, is €1,637,516.
(5) As discussed in Chapter 12.1, since 1 April 2015, as Tom Egelund was appointed Chairman of the Company's Management Board, he is no longer compensated under an employment contract, as his contract was terminated. As of that date, Jacques Souquet became a member of the Management Board and now holds the position of Director of Strategy and Innovation, under the employment contract signed 1st April 2015, so that he can devote himself entirely to strategy issues and innovation policy and focus on innovative concepts for medical ultrasound imaging and their clinical applications.
(6) As discussed in Chapter 12.1, Gordon Waldron ended his duties as of 15 April 2015

Table No. 2: Compensation of executive directors: the following table presents the compensation payable to executive directors for the financial years ended 31 December 2014 and 2013 and the compensation received by these same individuals during these same periods.

Summary of compensation granted to each executive director				
	FY 2014		FY 2013	
In euros	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Jacques Souquet - Chairman of the Management Board				
Fixed annual compensation (12)	195,000	195,000	190,000	190,000
Variable compensation (1)	74,000	43,000	43,000	67,500
Extraordinary compensation (2)	21,500	21,500		
Directors' attendance fees				
Benefits in kind				
Total	**290,500**	**259,500**	**233,000**	**257,500**
Claude Cohen-Bacrie - Member of the Management Board				
Fixed annual employee compensation (3)	167,500	167,500	160,000	160,000
Variable employee compensation (1)	62,200	43,000	42,500	41,000
Extraordinary compensation (2)	21,500	21,500		
Directors' attendance fees				
Benefits in kind (9)	2,272	2,272	2,272	2,272
Total	**253,472**	**234,272**	**204,772**	**203,272**
Gordon Waldron - Member of the Management Board				
Fixed annual employee compensation (4)	185,000	185,000	185,000	185,000
Variable employee compensation (1)	62,200	45,000	46,000	64,000
Extraordinary compensation (2)	22,500	22,500		
Directors' attendance fees				
Benefits in kind				
Total	**269,700**	**252,500**	**231,000**	**249,000**
Bradley Garrett - Member of the Management Board				
Fixed annual employee compensation (5)	150,000	150,000	148,655	148,655
Variable employee compensation (1)	55,400	41,240	43,000	60,000
Extraordinary compensation (2)	20,600	20,600		
Directors' attendance fees				
Benefits in kind				
Total	**226,000**	**211,840**	**191,655**	**208,655**
Kurt Kelln - Member of the Management Board				
Fixed annual employee compensation (6)	228,077	228,077	215,518	215,518
Variable employee compensation (1)	74,000	48,500	48,500	60,000
Extraordinary compensation (2)	24,000	24,000		
Directors' attendance fees				
Benefits in kind (10)	13,700	13,700	13,598	13,598
Total	**339,777**	**314,277**	**277,616**	**289,116**
Tom EGELUND - Member of the Management Board				
Fixed annual employee compensation (7)	73,333	73,333		
Variable employee compensation (1)	27,100			
Extraordinary compensation (8)	32,000	18,286		
Directors' attendance fees				
Benefits in kind (11)	4,000	4,000		
Total	**136,433**	**95,619**		
Total	**1,515,882**	**1,368,008**	**1,138,043**	**1,207,543**

(1) *The variable compensation of members of the Management Board is provided for under the employment contracts for each of the members except the President. For each of the members, the president included, this compensation is capped at 50% of the gross annual salary, if 100% of objectives are met. These objectives are determined by the Company's Board of Directors, at the proposal of the compensation committee. They concern achievement of a combination of collective and individual objectives, which are first set and adapted to the areas of expertise covered by each of them.*
For example, the objectives could concern the launch of new versions of Aixplorer, a minimum growth of income over certain priority geographical zones, the securing of financing or the signing of new distribution agreements. The payment terms are as follows: the variable compensation due for the financial year is determined at the start of the next year, and likewise paid during the next year. The amounts due for financial year 2014 were determined by the Supervisory Board on 28 January 2015, based on a proposal from the compensation committee, according to the level of objectives previously set for the 2014 financial year that was attained, and will be paid in 2015. At 31 December 2014, all variable compensation was paid with the exception of that due for financial year 2014.

(2) *The amounts of these bonuses were determined by the Supervisory Board on 4 June 2014 and paid to the members of the Management Board as well as to a certain category of personnel for having successfully completed the Company's IPO. The allocations were made by the Management Board as a function of the involvement of the various people concerned in the Company's IPO process.*

(3) *Compensated pursuant to an employment contract signed with Supersonic Imagine SA as Director of Research and Development entered into on 1 July 2005.*

(4) *Compensated pursuant to an employment contract as Chief Financial Officer and Executive Vice President entered into with Supersonic Imagine SA on 1 September 2010. As indicated in Section 12.1, Gordon Waldron ended his duties on 15 April 2015.*

(5) *Compensated pursuant to an employment agreement under American law entered into with SuperSonic Imagine Inc., which relates to his duties as Senior Vice President and Chief Customer Fulfillment Officer, in charge of production, quality and regulatory affairs, in addition to after-sales service, which was signed on 27 February 2007.*

(6) *Compensated pursuant to a US employment contract with SuperSonic Imagine Inc. relating to his office as Executive Vice President and Chief Business Officer effective 15 April 2012.*

(7) *Compensated pursuant to an employment contract as Director of Operations signed on 7 July 2014 with Supersonic Imagine SA.*
This contract was terminated on 1st April 2015, following his appointment Chairman of the Management Board (see Section 12.1). As of this date,, Tom Egelund has been compensated solely for his mandate. His compensation now consists of an annual fixed portion of €275,000 gross, and a variable compensation limited to 50% of his annual gross salary, if 100% of objectives are met (identical principle to the one described in Note 1 of this table). The terms and conditions of his compensation likewise provide for a non-compete commitment, as well as a termination indemnity going up to one year's salary.

(8) *A "golden hello" contractually provided for at the time of his hire.*

(9) *Company vehicle*

(10) *Company vehicle and health insurance*

(11) *Contribution to housing costs.*

(12) *As indicated in Section 12.1, as of 1st April 2015, Jacques Souquet has been a member of the Management Board and held the position of Director of Strategy and Innovation under an employment contract, so that he can devote himself entirely to strategy issues and innovation policy, and focus on innovative concepts for medical ultrasound imaging and their clinical applications.*
He is now compensated under his employment agreement, including fixed annual compensation of €220,000 gross, and variable compensation capped at 50% of his annual gross salary, if 100% of objectives are met (identical principle to the one described in Note 1 of this table). The terms and conditions of his compensation likewise provide for a non-compete commitment.

The individual distribution of 2014 bonuses was approved by the Supervisory Board meeting held on 28 January 2015.

Table No. 3: table of attendance fees and other compensation received by non-executive directors

Attendance fees and other compensation received by non-executive directors		
In euros	FY 2014 Amounts paid	FY 2013 Amounts paid
Johannes Barella		
Directors' attendance fees		40,000
Other compensation (1)	40,000	1,500
Total	**40,000**	**41,500**
Michael Brock		
Directors' attendance fees		
Other compensation		
Total		
AURIGA PARTNERS		
Directors' attendance fees		
Other compensation		
Total		
OMNES CAPITAL		
Directors' attendance fees		
Other compensation		
Total		
NBGI PRIVATE EQUITY Ltd		
Directors' attendance fees		
Other compensation		
Total		
EDMND DE ROTHSCHILD INVESTMENT PARTNERS		
Directors' attendance fees		
Other compensation		
Total		
MERIEUX PARTICIPATIONS		
Directors' attendance fees		
Other compensation		
Total		
Bpifrance investissement (ex CDC Entreprises)		
Directors' attendance fees (1) (2)		
Other compensation		
Total		
Sabine Lochmann Beaujour		
Directors' attendance fees		8,000
Other compensation	14,000	
Total	**14,000**	**8,000**
Total	**54,000**	**49,500**

(1) €1,500 corresponds to the value of the share purchase warrants granted over the course of the year including the calculation method stated in Note 16 to the consolidated financial statements in Chapter 20.1 of this document. In 2014, €40,000 was paid for his term as Chairman of the Management Board.

Table No. 4: Stock options granted to each Executive Director by the Company or any company of the Group during the financial years ended 31 December 2014 and 2013

Stock options granted during the financial year to each Executive Director by the issuer and by any company in the group						
Directors	**No. and date of allocation of plan**	**Nature of options**	**Valuation of options according to the method used for the consolidated financial statements**	**Number of options granted during the financial year**	**Exercise price**	**Exercise period**
Allocations in 2014						
Jacques SOUQUET	None					
Claude COHEN-BACRIE	None					
Tom EGELUND	Options 09-2014 19 September 2014	Share subscription option	€3.98	411,850	€8.40	from 19 September 2014 to 18 September 2024
Bradley GARRETT	None					
Kurt KELLN	None					
Gordon WALDRON	None					
Allocation in 2013						
Jacques SOUQUET	Ordinary options – 2013 4 October 2013	Share subscription option	€0.03	35,000	€0.10	from 10 April 2014 to 4 October 2023
	Options, General Meeting of Shareholders – trade 2013 4 October 2013	Share subscription option	€0.03	78,000	€0.10	from 10 April 2014 to 4 October 2023
Claude COHEN-BACRIE	Ordinary options – 2013 4 October 2013	Share subscription option	€0.03	30,000	€0.10	from 10 April 2014 to 4 October 2023
Tom EGELUND	None					
Bradley GARRETT	Ordinary options – 2013 4 October 2013	Share subscription option	€0.03	20,000	€0.10	from 10 April 2014 to 4 October 2023
Kurt KELLN	Ordinary options – 2013 4 October 2013	Share subscription option	€0.03	186,500	€0.10	from 10 April 2014 to 4 October 2023
Gordon WALDRON	Ordinary options – 2013 4 October 2013	Share subscription option	€0.03	21,000	€0.10	from 10 April 2014 to 4 October 2023
	Options – General Shareholders' Meeting – trade – 2013 4 October 2013	Share subscription option	€0.03	165,500	€0.10	from 10 April 2014 to 4 October 2023

Table No. 5: Stock options exercised by each Executive Director during the financial years ended 31 December 2014 and 2013

None.

Table No. 6: Free shares granted to each Executive Director during the financial years ended 31 December 2014 and 2013.

No new free allocation of shares was made during the 2014 and 2013 financial years.

Table No. 7: Free shares that became available for each Executive Director during the financial years ended 31 December 2014 and 2013

During 2013, 33,750 of the 54,000 free shares granted to Claude Cohen-Bacrie on 30 September 2011, fully vested in 2013, and the balance of 20,250 shares vested in 2014.

Table No. 8: History of instruments providing access to capital that were granted to corporate officers (directors or non-directors)

This information is presented in Sections 21.1.4.1, 21.1.4.2, 21.1.4.3 and 21.1.4.4 of this document.

Table No. 9: Stock options granted to the 10 most highly compensated employees who are not directors and stock options exercised by them

- **Options and other financial instruments providing access to capital, which were granted to 10 employees, for whom the number of options thus granted was highest.**

Total number of options granted	Average weighted price	Plan
In 2014:		
411,850 stock options granted	€8.40	Stock options – 09-2014
In 2013:		
37,000 stock options granted	€0.10	2013 ordinary stock options
11,000 stock options granted	€0.10	Stock options – General Shareholder's Meeting – 2013 trade

- **by the 10 employees with the highest number of options thus purchased**

Total number of shares subscribed or purchased	Average weighted price	Plan
In 2014:		
400 warrants entitling their bearers to subscribe for 4,000 shares	€0.10	Warrants – 09-2010
500 founders' warrants entitling their bearers to subscribe for 5,000 shares	€8.85	Founders' warrants – 10-2008
5,000 share subscription options	€0.10	2013 ordinary stock options and General Shareholders' Meeting options – 2013 – trade
In 2013:		
425 entitling their bearers to subscribe for 4,250 shares	€0.10	Warrants – 09-2010
500 entitling their bearers to subscribe for 5,000 shares	5,84 €	Founders' warrants – 03-2006'

Table No. 10: Conditions of compensation and other benefits granted to the Executive Directors

Member of the Management board	Employment contract		Supplementary retirement plan		Indemnity or benefit due or likely to be due as a result of a termination or change of position		Indemnity relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jacques Souquet		X (5)		X		X	X (1)	
Claude Cohen-Bacrie	X			X		X (4)	X (2)	
Tom Egelund	(5)X			X		X (4)	X (3)	
Bradley Garrett	X			X		X (4)		X
Kurt Kelln	X			X		X (4)		X
Gordon Waldron	(6)X			X		X (4)	X (3)	

(1) The Company's shareholders' agreement has been null and void since the date of the initial listing of the Company's shares on the regulated market of Euronext in Paris (10 April 2014), except for a non-compete clause regarding Mr. Souquet of a term of 12 months, effective as from his departure date from the Company, which specifies as compensation a payment to him, for the same duration, of a monthly indemnity equal to 50% of his most recent monthly gross remuneration excluding any bonuses. However, the Company may relieve Mr. Souquet of this obligation, in which case no indemnity will be owed to him; as of 1 April since Jacques Souquet is no longer Chairman of the Management Board (see Section 12.1) and since he is a salaried employee, it has a non-compete clause pursuant to his employment contract.

(2) Article 9 of Mr. Cohen-Bacrie's employment contract conversely provides for a non-compete obligation for a period of 12 months, with payment of an indemnity equal to 70% of his fixed annual compensation over such period.

(3) Article 15.4 of the employment contract states that, in exchange for his non-compete obligation and commitment not to solicit clients, which is applicable for a period of 12 months from the expiration of the employee's notice period and covers the European Union, the United States and China, he will receive a gross monthly indemnity equal to 5/10ths of the monthly average remuneration as well as the contractual benefits and bonuses received by the employee during the 12 months preceding the termination of the contract. In the event of dismissal not due to gross negligence, this monthly indemnity will be increased to 6/10ths of the above-mentioned average, so long as the employee has not found new employment within the non-compete and customer non-solicitation obligations period. This indemnity will be payable monthly during the period for which it is due in order to compensate the employee given the restrictions imposed on his activities starting from his real departure from the Company."

(4) See Section1.3.2.1 of the report of the Chairman of the Supervisory Board presented in Chapter 16.4 below.

(5) As discussed in Chapter 12.1, on 1 April 2015, Tom Egelund was appointed Chairman of the Company's Management Board. As of that date, Jacques Souquet became Director of Strategy and Innovation and a member of the Management Board. In this context, as of that date, Tom Egelund's employment contract was terminated, and Jacques Souquet became an employee of the Company with an employment contract.

(6) As discussed in Chapter 12.1, Gordon Waldron ended his duties on 15 April 2015.

15.2. PROVISIONS BOOKED BY THE COMPANY TO PAY PENSIONS, RETIREMENT BENEFITS AND OTHER BENEFITS PROVIDED TO THE CORPORATE OFFICERS

The Company has not booked provisions for the payment of pensions and other benefits for the corporate officers other than standard retirement plans and entitlements acquired under their work contract.

The Company has not granted any signing bonus or severance to these persons except for:

- Tom Egelund, who received a signing bonus of €32,000, of which €18,000 was paid in 2014. The balance will be paid to him in 2015.

The Company has not granted any exceptional bonuses to corporate officers other than those described in Table 2 in Chapter 15.1.

16. FUNCTIONING OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

16.1. MANAGEMENT OF THE COMPANY

The composition and information regarding the members of the Management Board are described in Chapter 14, “Administrative, Management, and Supervisory Bodies,” and Chapter 21.2, “Articles of Incorporation and Bylaws” of this registration document.

In April 2015, the following changes were made within the Management Board:
- Tom Egelund joined the Group in September 2014. At that time, the Supervisory Board was already considering appointing him Chairman of the Management Board, to replace Jacques Souquet, which then became official on 1 April 2015.
- Jacques Souquet stopped being Chairman of the Management Board as of 1 April 2015, and has instead performed the duties of Director of Strategy and Innovation and has been a Member of the Management Board as of that date.
- Gordon Waldron, member of the Management Board, concluded his duties on 15 April 2015.

Functioning of the Management Board:

The management board is responsible for the management and administration of the Company. It has the broadest powers to act under all circumstances on behalf of the Company, within the limit of the corporate purpose and subject to the powers allotted by law to the supervisory board and the Shareholders' General Meetings. In relationships with a third party, the Company is bound even by acts of the management board that are outside the corporate purpose, unless it is proven that the third party knew that the act was outside the corporate purpose or that such third party could not have been ignorant thereof given the circumstances, it being excluded that the mere publication of the bylaws suffices to represent this proof.

The members of the management board meet each time the corporate interest so requires, upon a call to meeting of the Chairman or of half of the board's members, at the place indicated by the person who has issued the call to meeting. Meetings may be called by any means, even verbally.

The decisions of the management board are made by a majority of the members present or represented. Any member of the Management Board may be represented by another member of the management board, with the exception of the cases in which the management board consists of two members. In all circumstances, a member of the management board may not receive more than one proxy.

16.2. INFORMATION REGARDING THE CONTRACTS LINKING THE SENIOR MANAGERS TO THE COMPANY

Mr. Claude Cohen-Bacrie signed a permanent employment contract with the Company relating to his duties as Director of the Research and Development Program dated 1 July 2005.

Mr. Bradley Garrett signed an at-will agreement with the Group's US subsidiary relating to his duties as Senior Vice President, Chief Customer Fulfillment Officer in charge of production, quality and regulatory affairs, as well as after-sales services, which was dated 27 February 2007.

Mr. Gordon Waldron signed a permanent employment contract with the Company relating to his duties as Administrative and Financial Director and Executive Vice President dated 1 September 2010. He ended his service on 15 April 2015.

Mr. Kurt Kelln signed an employment contract under US law with SuperSonic Imagine Inc. relating to his duties as Executive Vice President and Chief Business Officer which was dated 22 May 2012.

Mr. Tom Egelund signed a permanent employment contract with the Company relating to his duties as Director of Operations, which was dated 7 July 2014. As he was appointed Chairman of the Management Board on 1 April 2015, his employment contract was terminated.

Mr. Jacques Souquet, chairman of the management board until 1 April 2015, had no employment contract until that point. Since that time, he has held the position of Director of Innovation, and signed a permanent employment contract with the Company relating to this role, which was dated 1 April 2015.

There is no other contract binding a director with the Group.

16.3. SUPERVISORY BOARD AND SPECIALIZED COMMITTEES - CORPORATE GOVERNANCE

16.3.1. SUPERVISORY BOARD

The composition and information relating to members of the Supervisory Board are discussed in Chapters 14, "Administrative, Management and Supervisory Bodies" and 2.1.2, "Articles of Incorporation and Bylaws" of this document.

The Supervisory Board continually monitors the Company's management through the management board. To that end, it conducts checks and controls as it sees fit and may ask to receive any documents it judges to be useful in the performance of its engagement at any time during the year.

- Information of the supervisory board

At least once each quarter, the management board presents a report on the state of the Company's activities to the supervisory board at a supervisory board meeting.

- Supervisory Board Charter:

The Supervisory Board Charter was issued on 2 July 2009, and updated 22 October 2009, 25 November 2010 and 4 June 2014 (the "Charter"). It may be consulted on the Company's website. It notably combines the rules of conduct and the obligations of the members of the Company's supervisory board. Each member of the supervisory board commits to maintaining independence in analysis, judgment and action, and to participating actively in the board's work. Members will inform the board of conflicts of interest that they may face. In addition, the Supervisory Board Charter reminds members of the regulations pertaining to the dissemination and use of inside information that are in effect, and specifies that members must refrain from carrying out transactions involving the Company's shares when they have inside information. Each member of the supervisory board is

required to declare to the Company and to the Autorité des marchés financiers any transactions involving the Company's shares that they carry out directly or indirectly.

- Evaluation of the supervisory board:

The supervisory board conducts regular self-assessments of its operations and work. This self-assessment process is formally conducted in conformity with the provisions of the Charter every two years, with the assistance of independent third parties, as needed.
The Company complies with the recommendations of the Corporate Governance Code for small-caps and mid-caps published in December 2009 by MiddleNext.

An independent evaluation was completed before the supervisory board on 19 September 2014.

To do so, a questionnaire was sent to the members of the supervisory board, to allow them to thus express their evaluations and suggestions, and a summary of these independent evaluations was discussed at the supervisory board's meeting on 19 September 2014.

The table below shows the Company's position in relation to all of these recommendations.

Recommendations of the MiddleNext Code	Adopted	Will not be adopted	Discussion pending
I. Executive power			
R1: Combination of an employment contract with a director position	X		
R2: Definition and transparency of compensation to Executive Directors	X		
R3: Departure benefits	X		
R4: Additional retirement plans	NA		
R5: Stock-options and allocation of bonus shares			**X**
I. "Supervisory" power	**X**		
R6: Establishment of a Board Charter	X		
R7: Ethics of Board members	X		
R8: Composition of the Board - Presence of independent members on the Supervisory Board	X		
R9: Choice of Board members	X		
R10: Terms of Board members	X		
R11: Information of Board members	X		
R12: Establishment of Committees	X		
R13: Board and Committee meetings	X		
R14: Compensation of Board members	X		
R15: Establishment of an assessment of the Supervisory Board's work	X		

At the registration date of this registration document, the Group notably intends to abide by:

- Recommendation R1 regarding the combination of employment contracts and social mandate: in accordance with the recommendation, the chairman of the Management Board enjoys the benefits of his or her position as a corporate officer only. The other five members combine their corporate office with an employment contract, with the understanding that from an operational standpoint, all of them are subordinate to the Chairman of the Management Board and the Code does not recommend that they be subject to an employment contract in addition to their corporate office.

- Recommendation R8 relating to the presence of independent members on the Supervisory Board: Mr. Johannes Barella (Chairman), Mr. Michael Brock (Vice Chairman), and Ms. Sabine Lochmann Beaujour are independent members of the Supervisory Board pursuant to the provisions of the Corporate Governance Code for small-caps and mid-caps that was published in December 2009 by MiddleNext to the extent that Mr. Johannes Barella and Mr. Michael Brock and Ms. Sabine Lochmann Beaujour:

- are neither employees nor directors of the Company or of a company in its Group, and have not had such status during the last three years;
- are not significant clients, suppliers, or bankers for the Company, or for whom the Company or its Group would represent a significant share of its business;
- are not major shareholders of the Company;
- do not have any close family ties with a director or a major shareholder; and
- have not been an auditor of the Company in the last three years.

The Company accordingly believes that it complies with all recommendations except for those relating to:

- additional retirement pensions, insofar as none have been granted to date;
- stock options and bonus shares, as the plans awarded to date do not provide performance conditions related to their exercise.

16.3.2. SPECIALIZED COMMITTEES

16.3.2.1 AUDIT COMMITTEE

- **Composition**

The Audit Committee is composed of a minimum of two members designated by the Supervisory Board. The members of the Audit Committee are members of the Supervisory Board and, to the extent possible, two-thirds of them are independent members, of whom at least one has special skills in financial or accounting matters, although all current members of the Audit Committee have proven skills in financial and accounting matters.

To date, the members of the Audit Committee are:

- Bpifrance Investissement (formerly CDC Entreprises) represented by Philippe Boucheron,
- NBGI Private Equity Limited represented by Aris Constantinides;
- Mérieux Participations represented by François Valencony;
- Sabine Lochmann Beaujour.

To date, Ms. Sabine Lochmann Beaujour is the only independent member of this committee.

- **Responsibilities**

Without prejudice to the matters within the remit of the Supervisory Board, the Audit Committee is in particular responsible for:

- supervising the process used to prepare financial information;
- assuring the effectiveness of the internal control and risk management systems;
- supervising the legal audit of the annual, semi-annual and, as necessary, quarterly standalone and consolidated financial statements performed by the statutory auditors;
- issuing a recommendation on the statutory auditors, proposed for appointment at the Shareholders' General Meeting and reviewing the terms of their compensation;
- ensuring that the independence of the statutory auditors is respected;

- examining the conditions for use of derivative products;
- regularly informing themselves of significant legal disputes;
- examining the Company's procedures for receiving, retaining and handling claims relating to accounting matters and accounting controls carried out internally; considering questions arising from the audit of the financial statements, as well as documents transmitted by employees on an anonymous and confidential basis that may call into question practices in accounting matters or in the audit of the financial statements; and
- more generally to provide advice and formulate any appropriate recommendations in the areas mentioned above.

- **Functioning**

The Audit Committee meets at least twice a year, with the Statutory Auditors if its Chairman deems it useful, following a schedule set by its Chairman, to examine the annual parent company and consolidated financial statements, and as necessary, the interim financial statements, on the basis of an agenda established by its Chairman and sent to the members of the Audit Committee. Under all circumstances, it meets prior to the presentation of the annual financial statements by the Supervisory Board to examine them. It also meets at the request of its Chairman, the Chairman or Vice Chairman of the Supervisory Board, or at the request of the Chairman of the Management Board.

During the financial year ended 31 December 2014, the Audit Committee met seven times and the average attendance rate of the Audit Committee members was 85.7%.

The Audit Committee may hear from any member of the Company's Management Board and proceed with any internal or external audit on any subject that it believes falls within its mission. The Chairman of the Audit Committee will give prior notice of such action to the Management Board and the Chairman of the Supervisory Board. In particular, the Audit Committee is empowered to interview individuals who participate in the preparation of the financial statements or in their audit (Chief Financial Officer and other persons in charge of the finance department).

The Audit Committee interviews the statutory auditors. This interview may take place without the presence of any representative of the Company.

- **Reports**

The Chairman of the Audit Committee will ensure that the minutes of the committee's activities are provided to the Supervisory Board, allowing it to be fully informed, thus facilitating its discussions.

The report of the Supervisory Board Chairman on corporate governance and internal control contains a presentation of the committee's activity during the financial year ended.

If, in the course of its work, the Audit Committee becomes aware of significant risks that do not appear to have been handled properly, the Chairman will immediately alert the Chairman of the Supervisory Board.

16.3.2.2. COMPENSATION COMMITTEE

- **Composition**

The Compensation Committee consists of at least three members of the Supervisory Board that have been designated by the latter, including the Chairman of the Supervisory Board. Independent members will represent, insofar as possible, the majority of its members.

It should be noted that no member of the Supervisory Board exercising executive functions within the Company may be a member of the Compensation Committee.

At the date of this document, the members of the Compensation Committee are:

- Johannes Barella, Chairman of the Supervisory Board,
- Omnes Capital (formerly Crédit Agricole Private Equity) represented by Alexia Perouse,
- Edmond de Rothschild Investment Partners represented by Olivier Litzka and
- Jacques Souquet.
-

- **Responsibilities**

The Compensation Committee is responsible for:

- making recommendations and proposals to the Supervisory Board regarding:
  a. compensation, retirement or savings plans, benefits in kind, other monetary rights, including those in the event of cessation of activities, of the members of the Management Board. The committee proposes the amounts and structure of compensation, particularly rules for establishing the variable portion, taking into account the strategy, objectives and results of the Company, and
  b. plans for free shares, stock options and any other similar incentive mechanisms, particularly any individual grants to members of the Management Board,
- examining the total amount of directors' fees and the system for dividing them between the members of the Supervisory Board;
- preparing and presenting the reports, as needed, required by the Supervisory Board's charter;
- preparing all other recommendations that may be requested by the Supervisory Board or the Management Board with respect to compensation.

Generally, the Compensation Committee provides all advice and makes all appropriate recommendations in the above subject areas.

- **Functioning**

The Compensation Committee meets at least three times a year, in accordance with a schedule set by its Chairman, on the basis of an agenda established by its Chairman and sent to the members of the Compensation Committee. It also meets at the request of the Chairman and Vice Chairman of the Supervisory Board, as well as at the request of the Chairman of the Management Board.

During the year ended 31 December 2014, the Compensation Committee met five times and the average attendance rate of the members of the Compensation Committee was 100%.

The Compensation Committee may request from the Chairman of the Management Board the assistance of any senior manager of the Company whose skills could facilitate the handling of a topic on the agenda. The Chairman of the Compensation Committee or the Chairman of the Meeting shall remind any participant of such participants' confidentiality obligations.

- **Reports**

The Chairman of the Compensation Committee will ensure that the minutes of the Committee's activities are provided to the Supervisory Board, allowing it to be fully informed, thus facilitating its discussions.

The report of the Supervisory Board Chairman on corporate governance and internal control contains a presentation on the committee's activity during the year ended.

16.3.2.3. SCIENTIFIC COMMITTEE

- **Composition**

The Management Board established a Scientific Committee composed of nine active members designated by the Management Board from among its members or outside of them for a three-year renewable term. The composition and the biographies of the members of the Scientific Committee are presented in Section 11.1.3 of this registration document.

- **Responsibilities**

The Scientific Committee meets when convened by the Company's Director of Research and Development. Its mission is to define the broad scientific goals of the Company and to assist the Company's engineers and scientists on all scientific, technical or clinical issues that may arise in connection with their activities. It proposes methods and strategies to achieve the Company's technological goals. It evaluates the work carried out by the Company and the results achieved.

16.4. REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE TERMS OF ORGANIZING AND PREPARING SUPERVISORY BOARD WORK AND ON THE INTERNAL CONTROL PROCEDURES

Within the context of Article L. 225-68 of the French Commercial Code, the report of the Chairman of the Supervisory Board of SuperSonic Imagine SA ("the Company") includes information concerning the composition of the Board for financial year 2014, and applies the principle of equal gender representation on it, the terms for preparing and organizing the Supervisory Board's work, as well as the internal control and risk management procedures established by the Company, notably those relating to the preparation and treatment of accounting and financial information.

This report likewise specifies that the Company voluntarily refer to a corporate governance code, indicate the specific terms relating to shareholder participation at the Shareholders' General Meeting, and present the principles and rules established by the Supervisory Board to determine all kinds of compensation and benefits granted to corporate officers. Lastly, it mentions the publication of the information provided for by Article L. 225-100-3 of the French Commercial Code.

This report was established by the Chairman of the Supervisory Board in cooperation with the Company's Management Board, based on the work coordinated by the Financial Management in 2014 regarding internal control and risk management. This report was examined by the Audit Committee, which met 9 March 2014 in the presence of representatives of the Company's Statutory Auditors, and was later approved by the Supervisory Board, which met 10 March 2015, in the presence of the representatives of the Company's Statutory Auditors.

This report is presented under the framework of the Ordinary Shareholders' General Meeting of the Company called for 29 May 2015.

1. CORPORATE GOVERNANCE

1.1 MANAGEMENT AND SUPERVISORY BODIES

1.1.2 THE MANAGEMENT BOARD

1.1.1.1 Composition of the Management Board

The Management Board is comprised as described in Chapter 14.1.1 of this document.
The professional experience of members of the Management Board is described in Chapter 14.1.5.
The lists of offices held or that have been held within the Group or in other companies are reviewed in Chapter 14.1.3.

1.1.1.2 Functioning of the Management Board

The functioning of the Management Board is described in Chapter 16.1 of this document.

1.1.1.3 2014 Work of the Management Board

The frequency of meetings of the Management Board reflects the various developments in the Company's business. Thus, the Management Board meets as frequently as the Company's situation justifies.
During the financial year ended 31 December 2014, the Company's Management Board met nine times.
The main points addressed by the Management Board during the financial year ended 31 December 2014 are detailed in the Management Board's report to the Shareholders' General Meeting.

1.1.3 SUPERVISORY BOARD

1.1.3.1 Composition of the Supervisory Board

The composition of the Supervisory Board is as described in Chapter 14.1.2 of this document.
The professional experience of members of the Supervisory Board is described in Chapter 14.1.5.
The lists of offices held or that have been held within the Group or in other companies are reviewed in Chapters 14.1.2 and 14.1.3.

1.1.3.2 Functioning of the Supervisory Board

The functioning of the Supervisory Board is as described in Chapter 16.3.1 of this document.

1.1.3.3 2014 Work of the Supervisory Board

The frequency of meetings of the Company's Supervisory Board reflects the various developments in the Company's business. Thus, the Supervisory Board meets as frequently as the Company's situation justifies.

During the financial year ended 31 December 2014, the Company's Supervisory Board met 10 times and the average attendance rate for the members of the Supervisory Board was 82.5%. During the financial year ended 31 December 2014, the Company's Supervisory Board met eight times and the average attendance rate for the members of the Supervisory Board was 86.9%.

The Supervisory Board met on the following dates: 24 January 2014, 14 February 2014, 19 March 2014, 24 March 2014, 9 April 2014, 4 June 2014, 11 July 2014, 19 September 2014, 29 October 2014 and 16 December 2014.

During the financial year ended 31 December 2014, the Supervisory Board notably addressed the following points:

- Review of the reports of the various committees and related decisions;
- Examination of the annual financial statements for the year ended 31 December 2013;
- Presentation of the consolidated financial statements for the last three years ended;
- Review of related party agreements;
- Approval of the 2014 and 2015 budgets;
- Review of the financial, commercial, production and quality information of the Company;
- Monitoring and completion of the Company's IPO;
- Establishment of the Code of Ethics and of a rider to the Supervisory Board Charter.

• Evaluation of the Supervisory Board:

The Supervisory Board conducts regular self-assessments of its operations and work. This self-assessment is formally conducted in conformity with the provisions of the Charter every two years, with the assistance of independent third parties, as needed.

A self-assessment was conducted before the Supervisory Board meeting of 19 September 2014.

To do so, a questionnaire was sent to the members of the Supervisory Board allowing them to thus express their assessments and suggestions, and a summary of these self-assessments was discussed during the Supervisory Board meeting of 19 September 2014.

1.1.4 THE SUPERVISORY BOARD COMMITTEES

1.1.4.1 Audit Committee

The composition, powers and functioning of the Audit Committee are described in Chapter 16.3.2.1.

• 2014 Work:

The Audit Committee meets at least twice a year, with the Statutory Auditors if its Chairman deems it useful, following a schedule set by its Chairman, to examine the annual parent company and consolidated financial statements, and as necessary, the interim financial statements, on the basis of an agenda established by its Chairman and sent to the members of the Audit Committee. Under all circumstances, it meets prior to the Management Board's presentation of the annual financial statements to the Supervisory Board, to examine those statements. It also meets at the request of its Chairman, the Chairman or Vice Chairman of the Supervisory Board, or at the request of the Chairman of the Management Board.

During the financial year ended 31 December 2014, the Audit Committee met seven times and the average attendance rate of the Audit Committee members was 85.7%.

During the financial year ended 31 December 2014, the Audit Committee notably addressed the following points:

- Examination of the annual financial statements for the year ended 31 December 2013 (parent company and IFRS consolidated financial statements);
- Monitoring of working capital and stock levels;
- Preparation and follow-up of financial communications;
- Follow-up on *roadshows* after the Company's IPO;
- Monitoring of the roll-out of ERP and CRM;
- Monitoring of quality and production issues;
- Corporate risk analysis;
- Examination of interim financial statements.

1.1.4.2 Compensation Committee

The composition, powers and functioning of the Compensation Committee are described in Chapter 16.3.2.2 of this document.

- 2014 Work:

During the financial year ended 31 December 2014, the Compensation Committee met five times and the average attendance rate of the members of the Compensation Committee was 100%.

During the financial year ended 31 December 2014, the Compensation Committee notably addressed the following points:

- Evaluation of the performance of members of the Management Board and the main management members;
- Recruitment of Tom Egelund as a member of the Management Board, and as COO of the Company, and determination of his compensation.

1.1.5 SCIENTIFIC COMMITTEE

- Composition

The Management Board established a Scientific Committee composed of nine active members designated by the Management Board from among its members, or outside of them, for a three-year renewable term.

The Scientific Committee consists of:

- Jacques Souquet;
- Mathias Fink;
- Claude Cohen-Bacrie;
- Nicolas Grenier;
- Gail R. Ter Haar;
- Pr. David Cosgrove;
- Pr. James F. Greenleaf;
- Pr. Jeffrey Colin Bamber;
- Peter Burns.

There is a description of each person's experience in Chapter 11.1.3.

The members of the Scientific Committee are paid in the form of fees, with the exception of Jacques Souquet and Claude Cohen-Bacrie (who are also members of the Management Board), as well as Mathias Fink (who also benefits from a consulting agreement with the Company).

- Engagements

The engagements and powers of the Scientific Committee are described in Chapter 16.3.2.3.

1.1.6 DECLARATIONS CONCERNING THE MANAGEMENT BOARD AND SUPERVISORY BOARD

To the Company's knowledge, there is no familial link between the members of the Management Board or Supervisory Board.

To the Company's knowledge, none of the members of the Management Board or Supervisory Board have, within the last five years:

- been convicted of fraud;
- been associated as a senior executive or director with bankruptcy, sequestration or liquidation;
- has been subject to a prohibition on having a management role; or
- has been subject to convictions or official public sanctions pronounced by legal or regulatory authorities.

1.1.6 CONFLICTS OF INTEREST

- **Terms for preventing and managing conflicts of interest**

As indicated in Chapter 14.2, the Charter provides for mechanisms to prevent and manage conflicts of interest. Each member of the Supervisory Board commits to maintaining independence in analysis, judgment and action, and to participating actively in the Board's work. Members will inform the Board of conflicts of interest that they may face. In addition, the charter reminds members of the regulations pertaining to the dissemination and use of inside information that are in effect, and specifies that members must refrain from carrying out transactions involving the Company's shares when they have inside information. Each member of the Supervisory Board is required to declare to the Company and to the Autorité des marchés financiers any transactions involving the Company's shares that they carry out directly or indirectly.

- **List of potential conflicts of interest and the opinion of the Supervisory Board**

To the Company's knowledge, there are no current or potential conflicts of interest between the private interests of the members of the Company's Management Board and Supervisory Board, and the interests of the Company.

1.1.7 SERVICE CONTRACTS BETWEEN THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THE COMPANY

There is no contract for the provision of service between the members of the Management Board and Supervisory Board, and the Company. We nevertheless recall that exceptional compensation was allotted to Ms. Sabine Lochmann-Beaujour and paid in 2014 for her participation on the Supervisory Board as an independent member in the amount of €14,000.

1.2 APPLICATION OF THE MIDDLENEXT CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

The Company complies with the recommendations of the Corporate Governance Code for small-caps and mid-caps published in December 2009 by MiddleNext. A presentation of the recommendations adopted appears in Chapter 16.3.1 of this document.

1.3 COMPENSATION OF DIRECTORS

1.3.1 COMPENSATION OF EXECUTIVE DIRECTORS

1.3.1.1 Compensation of Members of the Management Board

- **Compensation Policy (fixed portion, variable portion and criteria for allotment)**

The compensation of the Chairman of the Management Board is set by the Supervisory Board following the recommendations of the Compensation Committee, which also sets the criteria for allotting the variable compensation (in a maximum amount of 50% of the fixed compensation).

The other members of the Management Board are not paid for their offices, but as part of their employment contract, which is distinct from their corporate office.

The Chairman of the Management Board considered - as he does each year - the recommendations of the Compensation Committee that were made at the meeting held on 4 June 2014 to change fixed and variable compensation for the employment duties of each of the Management Board members.

Mr. Tom Egelund joined the Company's Management Board in 2014. Prior to being appointed as a member of the Company's Management Board, Mr. Tom Egelund was hired as Director of Operations. His employment contract provides for a €32,000 bonus in 2014, which is not subject to any conditions. As of 2015, his contract provides for an additional bonus of €137,500, which will be collected if he achieves the objectives set by the Supervisory Board, and upon proposal of the Compensation Committee.

- **Breakdown of compensation and benefits in kind of each Management Board member**

Table No. 1, which summarizes the compensation, options and bonus shares allotted to each executive director, is presented in Chapter 15.1 of this document.

- **Table summarizing the compensation and benefits in kind of each Management Board member**

Table No. 2, which summarizes the compensation of each executive officer **is presented in Chapter 15.1 of this document.**

- **Summary table on employment contracts, specific retirement plans, departure benefits and non-compete clauses for members of the Management Board.**

This table is also presented in Chapter 15.1.

1.3.1.2 Compensation of members of the Supervisory Board

The Company has no standard policy on distributing directors' fees to members of the Supervisory Board.

The principle is that no directors' fees are distributed, with the exception of the Chairman of the Supervisory Board.

Ms. Sabine Lochmann Beaujour benefits from exceptional compensation for her participation on the Supervisory Board as an independent member.

A compensation policy on directors' fees shall be established in the upcoming years.

1.3.2 RETIREMENT AND OTHER BENEFITS

1.3.2.1 Elements of Compensation, Indemnities or Benefits Due or Likely to be Due in Light of the Assumption, Termination or Change of Functions of a Corporate Officer

The only components of compensation, indemnities or benefits that are due or likely to be due in light of the assumption, termination or change in functions of corporate officers are described below; the Company has not provided for them elsewhere.

Mr. Cohen Bacrie	There are no indemnities or benefits due or likely to be due as a result of a Management Board member's termination or change of function. Only the payment of wages relating to the three months' notice as provided in the employment contracts of Mr. Cohen-Bacrie in accordance with the applicable collective agreement (Metallurgy) would be due if these contracts are severed. The Collective Agreement that applies to the Company provides for an indemnity for breaking the contract in an amount that would vary according to length of service and the most recent compensation. In application of the Collective Agreement, in the event of termination (excluding a case of gross negligence or a serious offense), Mr. Cohen-Bacrie would receive €56,600 on that date.
Mr. Waldron	There are no indemnities or benefits due or likely to be due as a result of a Management Board member's termination or change in function. Only the payment of wages relating to the three months' notice as provided in the employment contracts of Mr. Waldron in accordance with the applicable collective agreement (Metallurgy) would be due if these contracts are severed. The Collective Agreement that applies to the Company provides for an indemnity for breaking the contract with an amount that would vary according to length of service and the most recent compensation. In application of the Collective Agreement, in the event of termination (excluding a case of gross negligence or a serious offense), Mr. Waldron would receive €18,200 on that date.
Mr. Kelln	There are no indemnities or benefits due or likely to be due as a result of a Management Board member's termination or change in function. Only the payment of wages relating to the six months' notice as provided in the employment contract entered into under US law of Mr. Kelln would be due if this contract is severed. No severance pay is envisioned at this point.
Mr. Egelund	There are no indemnities or benefits due or likely to be due as a result of a Management Board member's termination or change in function. Mr. Egelund's employment contract provides, in the event the contract is severed for any reason other than gross negligence or a serious offense, for compensation in an amount that is at most equal to his annual salary.

1.3.2.2 Other Benefits

The Company has not granted any loans, advances or guarantees to its corporate officers.

1.3.2.3 Additional Retirement Plan

No additional retirement plan was established within the Company, other than those corresponding to the standards in countries where the Group is established (United States, United Kingdom).

1.4 Stock Market Ethics Charter

An ethics charter was established within the Company in 2014, the year of its IPO.

2. Internal Control and Risk Management Procedures

2.1 Procedures Inherent in Preparing the Description of Internal Control and Risk Management Procedures

The description of internal control and risk management procedures was prepared based on the contributions (interviews and document review) of the main operational managers of the Group, which were coordinated by the financial administration.

2.2 Internal Control Guidelines Used by the Group

The description of the internal control and risk management procedures is based on the reference framework published by the Autorité des marchés financiers on 22 July 2010 regarding the risk management and internal control mechanisms for small-caps and mid-caps.
This model constitutes the guidelines for Group control.
In conformity with the AMF's definition, internal control is a Group mechanism, which is defined and implemented under its responsibility. It aims to ensure compliance with the laws and regulations, the application of the instructions and guidelines set by the Management Board, the proper functioning of the Group's internal processes, in particular those contributing to the safeguarding of its assets, the reliability of the financial information, and generally contributes to the control of the Group's activities, the effectiveness of its operations and the efficient use of its resources.
The internal control mechanism must provide for:

- A structure that contains a clear definition of the responsibilities, disposing of adequate resources and skills and relying on information systems, procedures or appropriate operating procedures, tools and practices;
- A risk management device aimed at identifying, analyzing and treating the main risks identified with regard to the Group's objectives;
- Control activities that are proportionate to the specific challenges of each process, which are designed to reduce the risks likely to impact achievement of the Group's objectives;
- The internal dissemination of pertinent, reliable information that would allow each person to perform his/her responsibilities;
- Ongoing monitoring of the internal control device as well as a regular examination of its functioning.

As with any control system, internal control provides reasonable and not absolute assurance that the entity's objectives will be met. Among the limits inherent to it, internal control cannot prevent

erroneous or poor decisions from being made, nor can it prevent external events that could create obstacles to the achievement of operational objectives.

2.3 Scope of the Group's Internal Control

The Group's internal control mechanism covers the parent company and all subsidiaries of the Group.

2.4 General Organization of Internal Control and Risk Management

2.4.1 Control Environment

The Group's control environment is based on a set of mechanisms which rely on both management's commitment and on a culture of internal control at all levels of responsibility. The Group's internal control environment also relies on the Group's key documents and mechanisms, which structure the functioning of critical processes and which are imposed on all employees:

- The Group's ethics rules, which include commitments towards customers, employees and shareholders, and clarify Management's philosophy and the principles on which its actions are based;
- Rules which are common to all of the Group's companies, which have been enacted by the Supervisory Board and the Management Board, knowing that in the majority of cases, the Group chooses to centralize powers and contractual relationships within the parent company. These rules specify the provisions that apply to the parent company and its subsidiaries, notably in the following subject areas:
    - Terms and conditions of management compensation;
    - Delegations of power in the purchasing process;
    - Investments;
    - More generally, the high level of monitoring of the Supervisory Board in the Group's daily operations.

HR Policy/Management of jobs and skills

The organization, distribution of roles and responsibilities, and the assessment of abilities rely on a function sheet for each position which is periodically updated, annual assessments including the determination of objectives for the upcoming year, and a definition of training needs and demands.
Given its size and the geographic location of the activities, the Group has no mobility policy as such, but privileges internal mobility by systematically proposing all new positions to the Group's employees as a priority.
Staff management is included in the budgetary process and any increase in staff must be approved in December of the year preceding the year of hiring, when the budget is validated.
In the event of an urgent need, new hires must also be approved and undergo a specific process, including operational and budgetary plans, as well as the use of a dedicated form covering all data related to the recruited person (including his/her analytical assignment and position in the organizational chart, etc.).

Ethics and rules of professional conduct
The Group's employees must conduct their professional activities in accordance with the following business values:

- Technological innovation
- Respect of individuals, guarding against any form of discrimination or harassment
- Teamwork

These values are documented in the Group's Charter, which includes a Code of Conduct and a Code on Interactions with Health Professionals as well as an IT charter.
These regulations establish the general principles and other rules which apply to employees of a company, and to any person intervening in and/or within the context of the company (i) in terms of discipline and ethics and (ii) in terms of hygiene and safety. These regulations are communicated to all of the employees in the Group, and are read and approved by them.

Lastly, in order to reaffirm the Group's commitment in the fight against corruption (a subject which has been covered in the recent regulatory provisions for companies in the medical sector, under the Sunshine Act, anti-Bribery Act), the Audit Committee has likewise approved an Anti-Corruption Charter which is applied in addition to the Code of Conduct. From this perspective, the Group has also inserted a dedicated clause and a questionnaire in all of its contracts with distributors.

2.4.2 Risk Management Mechanism

A description of the main areas of risks that could be faced by the Group appears in the chapter on risk factors of the Registration Document.
The Group has established a risk management mechanism aimed at identifying, evaluating, ranking and handling the major risks to which the Group is exposed. This mechanism incorporates the establishment of coverage plans, control points or follow-up measures, in line with the Group's strategy and objectives.
Implemented by operational staff, led by the Management Board Chairman and monitored by the Supervisory Board and its Audit Committee, the risk management mechanism is a key element of the Group's internal control mechanism.
In this context, the risk management process is based on the establishment of a risk mapping and the monitoring of the corresponding action plans at the Group level.
The Group's risk mapping was completed in 2014 by the Financial Management, and involved the main operational managers. Financial Management conducted a series of individual interviews with members of the Management Board and the managers with critical duties at the Group level, in order to identify the risks to which they are exposed under their scope of responsibility. Financial Management then conducted a summary of the main risks, specifying their definition, probability of occurrence, impacts (financial, human, legal or reputational) and their degree of control. The managers concerned will be tasked with establishing adapted action plans according to the main risks that have been identified. The risk mapping was reviewed and validated by the Management Board, and will be presented to the Audit Committee in the second quarter of 2015 so that the action plans can be reviewed and monitored.
The risk mapping will be updated periodically and monitored regularly by the Audit Committee in order to make sure that the control actions initiated by the Management Board are tracked, ensuring that the Group's risks are effectively managed.

2.4.3 Control Activities

The control activities established by the Group have the following objectives:

- To ensure that the activity of the parent company and its subsidiaries fall within the framework defined by the applicable laws and regulations, the guidelines provided by the Management Board, and the internal rules and commitments of the Company;

- To prevent and control the risks incurred by the Group, not only in the areas of accounting and finance, but also in operational domains, to protect and preserve its activities, and more generally the Group's assets;

- To produce as quickly as possible accounting, financial and management information that is reliable and conforms to the applicable standards and regulations.

The structure of the internal control mechanism, for which the Management Board Chairman is responsible, is marked by a set of rules, procedures and tools that cover the Group's major processes and allow it to control operational risks.

Quality system

The Group is subject to a great number of standards and regulations worldwide, and primarily the two that are described below:

- ISO 13485 (applicable in Europe and Canada in particular) and Quality System Regulations 21CFR820 (applicable in the United States) regarding the quality management relating to medical devices overall. The major principles of these standards are the establishment of procedures that ensure the ongoing improvement of processes and customer satisfaction

- ISO 14971 applicable to activities involving medical devices and concerning the management of design risks.

Within this context, the Quality/Regulatory Department is in charge of regulatory oversight specific to the Group's sector of activity, and of compliance of the processes and products with European requirements, the requirements of the FDA and those of all other countries in which the Group is authorized to sell the ultrasound system. The Quality/Regulatory Department identifies and evaluates the risks of noncompliance according to a level of criticality defined by the Regulatory Affairs Department, based on the model for tracking frequency, severity and detectability. The scope concerns all stages of a product's lifecycle: development, design, production (efficiency of product processes, supplier audit, etc.) and service (updating, repair and maintenance).

Security of information systems

In order to ensure good resiliency for computer system failures, the Group is equipped with a high-availability infrastructure (in case one server breaks down, another takes over instantaneously). Moreover, all server infrastructure is saved each night, and then periodically outsourced to a recognized player in data storage and archiving.
The Group also has next-generation firewalls allowing it to secure data and monitor access to it.

Purchase process

Starting in 2015, the Group established a workflow to approve supplier invoices through a dedicated software program. Each person involved in the purchase process is assigned a role and limited amounts for validating invoices.
In order to be paid, every invoice must follow the procedure defined by the Group, this control having been automatized through this software. In order to better monitor purchases, all of the invoices under the responsibility of a single person are dematerialized, including the associated EDM (Electronic Data Management), and may be consulted by this person following the expanded search criteria.

Monthly Reporting

A report is drafted monthly, focusing on both finance and on the Group's operational data. It presents a very fine level of analytical detail that allows the financial indicators to be followed by geographical

segment, operational department and sub-department. Once this report is complete, the expenses incurred are monitored in comparison to the expenses budgeted and sent to each budgetary manager.
All of this information allows proper control of costs and expenses to be guaranteed, according to all of the cornerstones that Management has deemed to be pertinent.

Regulatory oversight relating to the sale of equipment
The Group is subject to a set of local regulations, relating to the authorization to market the equipment sold. In an effort to prevent any regulatory violations that could notably affect the revenue and competitive position of the Group, the Regulatory Affairs Department has established a database, that is regularly updated and that centralizes all of the regulations which are applicable to the various markets used by the Group's subsidiaries.

2.4.4 INFORMATION AND COMMUNICATION

In order to collect and disseminate pertinent information that allows each person to assume his/her responsibilities, the Group relies on the following primary mechanisms:

- A quarterly general meeting where the Chairman of the Management Board presents significant events in the period. Department managers regularly present their activity and short and medium-term challenges, so that each person's technical and human concerns may be shared, along with emerging risks, presentations on compliance and other best practices. Staff representatives also take the floor in order to bring up any issues relating to human resources management or working conditions.

- Multi-year training programs that are regularly enhanced and updated, and are open to all employees, on all operating subjects, such as the major innovations of the Aixplorer® (Elastography, ShareWave, etc.) and the key research and development elements underpinning the development of new products, so that each employee understands the production and logistical constraints, as well as the safety and professional risk prevention rules.

- Document database that can be consulted by all employees, allowing them to share key information relating to the quality system and product design. This database includes, for example, supplier sheets which should be filled out when selecting a new provider, existing written procedures or even the price list.

- Group Intranet, established in early 2015, allowing all employees quick access to a large amount of practical information, such as professional tools and documents, a presentation of the company and organizational charts. The goal of this Intranet is notably to promote information among the various departments and facilitate the integration of new people within the Group.

2.4.5 MANAGEMENT OF INTERNAL CONTROL

Internal control is managed all levels of the Group. The role of the main players is presented below.

The Supervisory Board and Audit Committee
The Supervisory Board and Audit Committee ensure that the Group's internal control policy is implemented.
In particular, the tasks of the Group's Audit Committee include monitoring the effectiveness of internal control and risk management systems.

To that end, the Group's Audit Committee regularly examines the risk portfolio. Furthermore, the Audit Committee provides its opinion about the organization of the internal control mechanism, takes note of the recommendations for improving internal accounting and financial control, which may be made by the Statutory Auditors, and may consult with any operational manager of the Group to assess the points of control in place within the various processes of the Group.

The Management Board

The Management Board ensures that the Group's internal control policy is effectively implemented, through:

- Management and follow-up of internal control work performed in the Group as a whole, and in particular the monitoring of the action plans identified. Presentations on internal control may be submitted to the Management Board upon request from operational staff or at the initiative of Financial Management.

- Review of the updating of the risk portfolio.

In accordance with the internal control procedures, the Management Board examines and authorizes major projects concerning:

- Strategic decisions related to the production process (outsourcing of production, transfer of production from Scotland to Malaysia, etc.)

- Creation of a partnership with any new strategic supplier,

- Negotiation of contracts related to the company's intellectual property,

- Creation of a subsidiary,

Functional and operational departments of the Group

In conformity with the Group's internal control policy, internal control falls under the direct responsibility of each functional and operational department of the Group. Given its current size, control of the various actions for improving internal control, notably performed using a risk portfolio, is led by the Finance Department and supervised by the Management Board.

2.5 Internal Control Procedures Relating to the Preparation and Processing of Financial and Accounting Information

2.5.1 Key Processes Impacting the Reliability of the Group's Financial Information

The main points of internal control established in the processes that have a direct impact on the production of financial information are as follows:

Production of monthly reports

Communicated to all members of the Audit Committee and Supervisory Committee, the monthly reports may be reviewed and questions asked. These reports primarily include:

- A sales breakdown for the period elapsed, by geographic segment;

- The balance sheet, income statement and cash flow statement of the consolidated financial statements, as well as the income statements presented by geographic segment and by department, which are presented in comparison to the budget for the current year;

- Detailed comments on:

    - Significant events during the period;
    - All items presenting discrepancies deemed significant;
    - Changes in staff;
    - Changes in trade receivables, stock, working capital requirements

Every month, the income statement from each department or sub-department is communicated to the supervisor concerned, presenting the income and expenses for the year, in comparison with the budget that was established for the same period.

Management of disbursements

The Group has established a paperless invoice management system, with four levels of people authorized to have invoices paid. Each level of approval has a maximum amount, beyond which it will be necessary to get the approval of a person from a higher level.

Management of cash inflows and customer risk

The entire process of cash inflow and customer risk is covered through close and ongoing interactions between the sales administration and the finance team. The export customer risk is primarily handled through COFACE hedges or letters of credit.
When new customers or distributors are incorporated, the company may be forced to conduct a credit analysis in order to grant payment conditions that are in line with the financial positions of these customers or distributors.
Lastly, the Finance Department conducts a weekly review of trade receivables in order to track down third parties in arrears by phone or by e-mail.

2.5.2 Key Points of the Internal Control System for Production of the Financial Information Published

Internal control related to the production of financial information is organized around five cornerstones:

- Budgetary process
- Production of financial information of each of the Group's companies
- Production of consolidated information
- Production of monthly reports
- Statutory Auditors

Budgetary process

The Group's budget is established for one year and is determined by department, sub-department, and geographic segment, for each month of the year.
The budget consists of an income statement, balance sheet, cash flow statement, payroll, forecasts of supplier orders, as well as an investment plan.
The budgetary process is assigned to the Chief Financial Officer and consists of the following stages:

- In September, the schedule for the budgetary process is presented to the Supervisory Board, and then communicated to all of the Group's budgetary managers;
- In October, each budgetary manager sends his/her proposal to the Chief Financial Officer to be reviewed and consolidated;
- In November, the consolidated budget is reviewed by the Management Board, which entails preparing several drafts with the budgetary managers, until the final version is approved;

- The Administrative and Financial Director presents his/her draft budget to the Budgetary Committee, which is comprised of all members of the Management Board and two members of the Supervisory Board;
- In December, the budget is presented to the Supervisory Board for approval.

Production of financial information of each of the Group's companies

All of the accounting and financial information of the Group is produced by a team of seven people, including a Chief Financial Officer, and under the responsibility of the Administrative and Financial Director.

The Group has a centralized and internalized shared services center based in Aix-en-Provence, which handles all of the Group's accounting and administrative operations (for the French parent company and the five subsidiaries, as well as the Chinese representative office). Only the German subsidiary produces its accounting information with the assistance of a local public accountant.

For payroll, taxes and other issues specific to the countries in which the Group is established, the central accounting team works in close connection with as many local offices as there are subsidiaries outside of France (in the United States, England, Italy, and China - Hong Kong for the subsidiary and Shanghai for the representative office).

Lastly, the payroll of the French parent company is outsourced to a specialized firm.

The statutory financial statements of the French parent company are reviewed and presented by a public accountant.

The accounting for all of the Group's subsidiaries is completed using a single accounting software program.

Year-end operations follow a list of instructions that is determined and updated monthly according to the activity for the period that has elapsed. This list assigns each task to a member of the accounting team, while planning a back-up solution ("cross-training") for the critical phases of this process.

Production of consolidated information

Consolidation is likewise carried out internally, under the authority of the consolidation manager, applying IFRS and using dedicated accounting software.

In an effort to optimize the time frames for producing financial information, as well as the reliability of the chain of production of this information, the accounting data for the Group's companies is directly imported into the consolidation software. The latter also integrates the budgetary data and automatic data extraction tools.

Each month, an analysis of the events of the period is performed in view of presenting a proper interpretation in the consolidated financial statements, in conformity with IFRS. In case of a complex problem, these interpretations are discussed and approved upstream with the Group's Statutory Auditors.

Production of monthly reports

The monthly reports are produced in cooperation with the company's various supervisors (such as the Human Resources Manager, the Supply Chain Manager, and any other person depending on the situation during the period) and are centralized by the Consolidation Manager.

Before being disseminated to the Audit Committee and Supervisory Board, the monthly report is reviewed by all members of the Management Board.

This monthly report is sent to the Audit Committee and the Supervisory Committee within 10 business days.

Statutory Auditors

In conformity with the regulations, the financial statements are certified by the Board of Auditors.

Moreover, the duties of the Statutory Auditors include conducting a review of internal accounting and financial controls and making any useful recommendations for improving effectiveness.

16.5 STATUTORY AUDITORS' REPORT ON THE CHAIRMAN'S REPORT

Statutory Auditors' Report, issued in application of Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Supervisory Board

Dear Shareholders,

As Statutory Auditors of SuperSonic Imagine, and in application of the provisions of Article L. 225-235 of the French Commercial Code, we present you with our report on the report issued by the Chairman of your company, in conformity with the provisions of Article L. 225-68 of the French Commercial Code for the financial year ended 31 December 2014.

It is the Chairman's responsibility to draft and submit for the approval of the Supervisory Board a report that accounts for the internal control and risk management procedures that have been established within the company, and that provides the other information required by Article L. 225-68 of the French Commercial Code, which notably relates to corporate governance measures.

We are responsible for:
- commenting on the information contained in the Chairman's report, as concerns the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information, and
- certifying that this report contains the other information required by Article L. 225-68 of the French Commercial Code, although we note that we are not responsible for verifying the truthfulness of this other information.

We have completed our work in accordance with the professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information

Professional standards require implementing procedures that are designed to assess the truthfulness of the information concerning internal control and risk management procedures that relate to the preparation and treatment of the accounting and financial information contained in the Chairman's report.

These procedures notably consist of:
- considering internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information underpinning the information presented in the Chairman's Report as well as the existing documentation;
- considering the work that has allowed this information and the existing documentation to be prepared;
- determining if major deficiencies in internal control relating to the preparation and treatment of accounting financial information that we may have detected during our engagement are covered by any appropriate information in the Chairman's report.

Based on this work, we have no comments to make about the information concerning the company's internal control and risk management procedures, or the treatment of the accounting and financial information contained in the report of the Supervisory Board Chairman, which is drafted in application of the provisions of Article L. 225-68 of the French Commercial Code.

Other information

We certify that the Supervisory Board Chairman's report contains the other information required by Article L. 225-68 of the French Commercial Code.

Avignon and Paris-La Défense, 23 March 2015
French original signed by the Statutory Auditors

ARESXPERT AUDIT
Laurent Peyre

ERNST & YOUNG et Autres.
Franck Sebag

17. EMPLOYEES

17.1. HUMAN RESOURCES

17.1.1. OPERATIONAL ORGANIZATIONAL CHART AT THE DATE OF REGISTRATION OF THIS DOCUMENT

The Group's Organizational chart is presented in Section 6.8 of this Registration Document.

17.1.2. NUMBER AND BREAKDOWN OF EMPLOYEES

Staff at Closing	31 Dec 2014	31 Dec 2013
Research/Development	38	35
Engineering/Production/Quality assurance/After-Sales Service	31	27
Marketing/Commercial duties	65	52
Management, administration	15	12
Total	**149**	**126**
Of which, per country:		
France (including Greece)	95	86
USA	18	15
Germany	5	5
England	1	0
Italy	0	0
Hong Kong	2	2
China	28	18
Total	**149**	**126**

These employees do not include those working under contracts to acquire professional certification, and correspond to the number of employees in the Group at the closing date (as opposed to the full-time equivalent number, which would be 148 as at 31 December 2014, and 126 as at 31 December 2013).

17.1.3. EMPLOYEE REPRESENTATION

A Single Staff Delegation was elected on 30 January 2009, which was then renewed on 14 February 2013 for 4 years. It is now composed of four permanent members and four substitute members.

The Company believes that it has a good relationship with the staff representatives and its employees.

17.2. FINANCIAL INSTRUMENTS GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL GRANTED TO THE TEN MOST HIGHLY COMPENSATED EMPLOYEES WHO ARE NOT EXECUTIVE DIRECTORS AND OPTIONS EXERCISED BY THESE INDIVIDUALS

	Date of the general shareholders' meeting	Management Board meeting date	Number of rights granted to the ten employees of the Group who are not Executive Directors, for which the number of rights thus granted is highest (total number)	Number of rights exercised/acquired/raised by the Group's ten non-Executive Director employees, for whom the number of rights is highest (total number)
2014				
Weighted average price			N/A	€2.06
Free shares	None	None	None	7,875
BSA	None	None	None	400 09-2010 warrants (BSA) giving bearers the right to subscribe to 4,000 shares
Founders warrants (BSPCE)	None	None	None	500 founders' warrants (BSPCE) 10-2008 entitling bearers to subscribe to 5,000 shares
Stock options	03-March-14	19-Sept-14	None	2000 Ordinary 2013 Options and 3000 2013 Free Share (AGA) exchange options
2013				
Weighted average price			€0.10	€1.33
Free shares	None	None	None	0
BSA	22-Mar-13	04-Oct-13	None	412.5 09-2010 warrants (BSA) entitling bearers to subscribe to 4,125 shares
Founders warrants (BSPCE)	None	None	None	500 founders' warrants 03-2006 entitling bearers to subscribe to 5,000 shares
Stock options	22-Mar-13	04-Oct-13	46,000	None

17.3. INVESTMENTS, WARRANTS, FOUNDERS' WARRANTS, OPTIONS AND FREE SHARES ALLOCATED TO CORPORATE OFFICERS

At the date of this registration document, the direct and indirect interest of corporate officers, as well as the number of rights or securities providing access to the Company's capital held by them was as follows:

	Number of shares held as at 31 December 2014	Securities giving access to the share capital		Total (1)	% capital and voting rights	
		Number and type of securities allocated (2)	Number of shares likely to result from their exercise (2)		Total held to date	Total fully diluted (3)
Members of the Management board						
Jacques Souquet	116,470	7,700 BSPCE 03-2006 7,000 BSPCE 10-2008	77,000 70,000	376,470	0.72%	2.14%
		35,000 ordinary stock options	35,000			
		78,000 free share exchange stock options	78,000			
Claude Cohen-Bacrie	92,320	856 BSPCE 05-08-2005 7,500 BSPCE 03-2006	8,560 75,000	265,880	0.57%	1.51%
		6,000 BSPCE 10-2008	60,000			
		54,000 free shares (4)	0			
		30,000 ordinary stock options	30,000			
Tom Egelund	0	411,850 ordinary stock options	51,480	51,480	0.00%	0.29%
Bradley Garrett	0	500 BSA 10-2008 (2) 4,000 BSA 09-2010	5,000 40,000	65,000	0.00%	0.37%
		20,000 ordinary stock options	20,000			
Kurt Kelln	0	186,500 ordinary stock options	186,500	186,500	0.00%	1.06%
Gordon Waldron (a)		21,000 stock options	21,000	186,500	0.00%	1.06%
	0	165,500 free share exchange stock options	165,500			

(a) as indicated in Chapter 12.1, Gordon Waldron ended his service on 15 April 2015, and has not been a corporate officer since that date.

	Number of shares held as at 31 December 2014	Securities giving access to the share capital		Total (1)	% capital and voting rights	
		Number and type of securities allocated (2)	Number of shares likely to result from their exercise (2)		Total held to date	Total fully diluted (3)
Members of the Supervisory Board						
Johannes Barella	10	3,000 warrants (BSA) 10-2008	30,000			
		2,700 BSA 09-2010	27,000	72,010	0.00%	0.41%
		15,000 BSA 2013	15,000			
Michael Brock (5)	0		0	0	0.00%	0%
Bpifrance Investissement (former CDC Entreprises)	1,505,139		0	1,505,139	9.37%	8.55%
Edmond de Rothschild Partners	1,869,024		0	1,869,024	11.63%	10.62%
Mérieux Participations	766,788		0	766,788	4.77%	4.36%
NBGI Private Equity Ltd	1,280,235		0	1,280,235	7.97%	7.28%
OMNES Capital	1,716,015		0	1,716,015	10.68%	9.75%
AURIGA Partners (5)	1,633,195		0	1,633,195	10.16%	9.28%
Sabine Lochmann Beaujour	0		0	0	0.00%	

(1) These figures take into account the 10-1 stock split decided upon by the Combined General Meeting of Shareholders held on 16 May 2012.
(2) A detailed breakdown of these securities and rights appears in Section 21.1.4 "Securities entitling their holders to a share in the capital" of this document.
(3) The D-2013-T2 warrants, which became null by law on the date the Company's shares were listed on the Euronext regulated market in Paris in April 2014, were not taken into account.
(4) Following the Company's IPO in April 2014, all free shares were acquired.
(5) Auriga Partners SA, represented by Mr. Bernard Daugeras, resigned from his position on the Supervisory Board on 16 December 2014. Following this, Mr. Michael Brock was coopted.

17.4. PARTICIPATION OF EMPLOYEES IN THE COMPANY'S SHARE CAPITAL

As of the registration date of this registration document, the Company's employees (excluding corporate officers who have an employment contract) currently held 0.85% of the Company's share capital.

17.5. INCENTIVE AND PARTICIPATION AGREEMENTS

In 2014, SuperSonic Imagine established a profit-sharing incentive agreement for employees to benefit from the Group's results, for a period of three years, covering 2015, 2016 and 2017.

The chosen calculation methods were based on a desire to have all employees share in the Company's key objectives. The chosen objectives based on (i) improving operating income and (ii) increasing the Company sales were selected because each employee can have an influence on these parameters through his actions, decisions and involvement in the performance of the company.

18. MAJOR SHAREHOLDERS

18.1. BREAKDOWN OF CAPITAL AND VOTING RIGHTS

The shareholding table below presents a breakdown of the Company's share capital and voting rights

	As at 31 December 2014				At 31 December 2013			
	Number of shares	% of the capital	Number of voting rights	% voting rights	Number of shares	% of the capital	Number of voting rights	% voting rights
Management and employees	**437,810**	**2.7%**	**437,810**	**2.7%**	**286,350**	**2.5%**	**286,350**	**2.5%**
EDRIP	1,869,024	11.6%	1,869,024	11.7%	1,717,260	15.1%	1,717,260	15.1%
Omnes Capital	1,716,015	10.7%	1,716,015	10.7%	1,602,419	14.1%	1,602,419	14.1%
Auriga Partners	1,633,195	10.2%	1,633,195	10.2%	1,590,460	14%	1,590,460	14%
Bpifrance Investissements [(a)]	1,602,679	10%	1,602,679	10%	702,751	6.2%	702,751	6.2%
Bpifrance Participations [(b)]	1,505,139	9.4%	1,505,139	9.4%	1,375,089	12.1%	1,375,089	12.1%
NBGI Private Equity	1,280,235	8%	1,280,235	8%	1,244,620	11%	1,244,620	11%
Mérieux participations	766,788	4.8%	766,788	4.8%	721,006	6.4%	721,006	6.4%
Major French investors	**10,373,075**	**64.6%**	**10,373,075**	**64.7%**	**8,953,605**	**79%**	**8,953,605**	**79%**
Others	**5,216,356**	**32.5%**	**5,216,356**	**32.5%**	**2,097,421**	**18.5%**	**2,097,421**	**18.5%**
Treasury shares	**40,987**	**0.3%**	**-**	**0%**	**-**	**0%**	**-**	**0%**
Total	**16,068,228**	**100%**	**16,027,241**	**100%**	**11,337,376**	**100%**	**11,337,376**	**100%**

(b) Bpifrance Participations, formerly known as Fonds Stratégiques d'Investissements
(c) Bpifrance Investissement, formerly known as CDC Entreprises, fully owned by Bpifrance Participations, the management company for the BioAm and Innobio funds.
A declaration that the limit of the Bpifrance/CDC group was exceeded was made on 4 July 2015 and recorded with the AMF under No. 214C1311.

At the date of this document, there was no significant changes in the distribution of shareholders.

18.2. VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

At the date of registering this document, the voting rights of each shareholder were the same as the number of shares held by each of them. No double voting right was established and the Company has no intention of granting one.

18.3. CONTROL OF THE COMPANY

At the date of registration of this document, there is no shareholder that controls the Company pursuant to Article L.233-3 of the French Commercial Code. Consequently, the Company has not established measures to guard against abusive use of its control.

To the best of the Company's knowledge, there is no concerted shareholder action or agreement that could lead to a change of control, it being noted that the agreement signed by the Company's principal shareholders on 10 March 2006 as amended became automatically null and void following the introduction of the Company to the stock market in April 2014.

18.4. PLEDGES OF SHARES BY THE COMPANY

To the best of the Company's knowledge, none of its shares were pledged by any of its shareholders.

18.5. STOCK INFORMATION

Since 10 April 2014, the company has been listed on the Euronext regulated market in Paris. Shares are admitted for trading on Compartment C under the code ISIN FR0010526814 and the member code SSI.

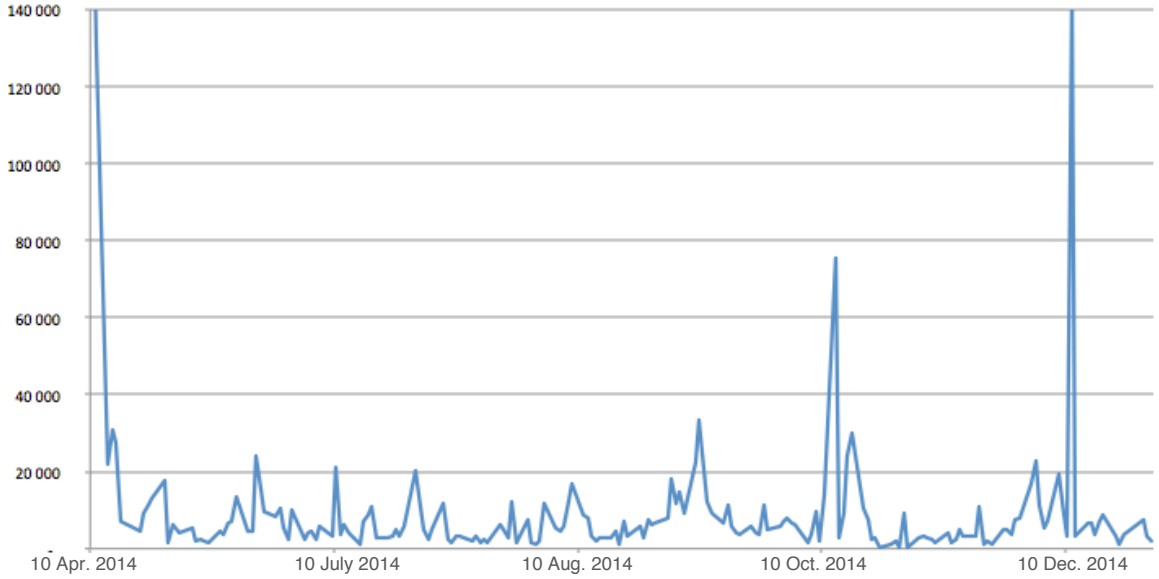
On 31 December 2014, the stock price was €7.85, i.e. a €126.1 million capitalization. The highest price during the period from 10 April to 31 December 2014 was €11.50 and the lowest price was €7.00.

The information concerning the stock values and trades is broken down as follows:

	Average price	Average number of shares traded per day
April 2014 (as of 10)	€10.53	36,764
May 2014	€10.65	7,056
June 2014	€11.08	6,108
July 2014	€10.57	4,189
August 2014	€7.99	6,053
September 2014	€9.24	10,601
October 2014	€8.28	9,959
November 2014	€8.70	3,866
December 2014	€8.27	13,997
from 10 April to 31 December 2014	**€9.43**	**9,791**

During the period, the stock price varied as follows

The number of shares traded changed, as follows:



19. RELATED PARTY TRANSACTIONS

19.1. INTRA-GROUP AGREEMENTS

Intra-group agreements are described in Section 7.3 of this document.

19.2. RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 36 to the consolidated financial statements, which appear in Section 20.1, "Consolidated Financial Statements Prepared under IFRS for the Financial Year Ended 31 December 2014" of this document.

19.3. STATUTORY AUDITORS' REPORTS ON THE REGULATED AGREEMENTS ESTABLISHED DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

SuperSonic Imagine
General Shareholders' Meeting to approve the financial statements for the financial year ended 31 December 2014.

Statutory Auditors' special report on the regulated agreements and commitments

Dear Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report on certain regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the essential terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-58 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments already approved by the General Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These due diligence procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Shareholders' Meeting

Agreements and commitments authorized during the financial year ended

We hereby inform you that we received no notice of any authorized agreement or commitment during the financial year ended to be submitted for the approval of the General Shareholders' Meeting in application of the provisions of Article L. 225-86 of the French Commercial Code.

Agreements and commitments not previously authorized

In application of Articles L. 225-90 and L. 823-12 of the French Commercial Code, we inform you that the following agreements and commitments were not previously authorized by your Supervisory Board.

It is our responsibility to inform you of the circumstances due to which the authorization procedure was not followed.

With Ms. Sabine Lochmann-Beaujour, member of the Supervisory Board

Ms. Sabine Lochmann Beaujour benefits from exceptional compensation for her participation on the Supervisory Board as an independent member.

For the financial year ended 31 December 2014, Ms. Sabine Lochmann-Beaujour's total gross compensation was €12,000; €2,000 were paid on 2 January 2015.

Due to an omission of your Supervisory Board, the agreement above was not previously authorized in Article L. 225-86 of the French Commercial Code.
We note that, during its meeting on 10 March 2015, your Supervisory Board decided to subsequently authorize this agreement.

Agreements and commitments approved during prior financial years

In accordance with Article R. 225-57 of the French Commercial Code, we have been advised that the implementation of the following agreements and commitments, which were approved by the Shareholders' General Meeting in prior years, continued during the last financial year.

1. With Kurt Kelln, Member of the Management Board

Nature and purpose
Mr. Kurt Kelln entered into an employment contract under U.S. law with the Company's U.S. subsidiary SuperSonic Imagine Inc. relating to his managerial functions for global and U.S. sales activity signed on 22 May 2012. Mr. Kelln has been a member of the Company's Management Board since 19 April 2012.

Conditions
Under his employment contract entered into with your company's US subsidiary SuperSonic Imagine Inc., his compensation includes a gross annual fixed salary of USD 304,106 combined with a variable portion approved by the Supervisory Board on 19 March 2014 totaling a maximum of 50% of this gross annual salary, paid according to pre-set objectives that must be attained. Mr. Kurt Kelln is not paid for his duties as a member of the Management Board.
During the financial year ended 31 December 2014, Mr. Kurt Kelln's total gross compensation was €300,576.14. This compensation was paid to him by the subsidiary SuperSonic Imagine Inc., and was recharged to your company. This includes an exceptional bonus paid for the IPO.

2. With Gordon Waldron, Member of the Management Board

Nature and purpose
Mr. Gordon Waldron has benefited since 1 September 2010 from a permanent employment contract as Executive Vice President and CFO. Mr. Gordon Waldron has been a member of your company's Management Board since 27 September 2010. Mr. Gordon Waldron is not paid for his duties as a member of the Management Board.

Conditions
Under his employment contract, his compensation includes a gross annual fixed salary of €185,000 combined with a variable portion approved by the Supervisory Board on 19 March 2014 totaling a maximum of 50% of this gross salary, paid according to pre-set objectives that must be attained.

During the financial year ended 31 December 2014, the total gross compensation paid to Mr. Gordon Waldron was set at €252,499.98. This includes an exceptional bonus paid for the IPO.
This employment contract includes a non-compete clause, which applies for a term of 12 months upon expiration of the term for advance employee notice, and covers the European Union, the United States and China. In consideration for his non-compete obligation, Gordon Waldron would collect for 12 months a monthly gross payment equal to 5/10ths the monthly average compensation collected during the last 12 months, which would be raised to 6/10th in the event of a termination that was not due to gross negligence.

3. With Mr. Bradley Garrett, Member of the Management Board

Nature and purpose
Mr. Bradley Garrett has had an at-will agreement as Senior Vice President and Chief Customer Fulfillment Officer in charge of production, quality and regulatory affairs, and after-sales services since 27 February 2007. Mr. Bradley Garrett has been a member of your company's Management Board since 27 September 2010. Mr. Bradley Garrett is not paid for his duties as a member of the Management Board.

Conditions
Under his employment contract entered into with your company's US subsidiary SuperSonic Imagine Inc., his compensation includes a gross annual fixed salary of USD 200,000 combined with a variable portion approved by the Supervisory Board on 19 March 2014 totaling a maximum of 50% of this gross salary, paid according to pre-set objectives that must be attained.
During the financial year ended 31 December 2014, Mr. Kurt Kelln's total gross compensation was €211,839.69. This compensation was paid to him by the subsidiary SuperSonic Imagine Inc., and was recharged to your company. This includes an exceptional bonus paid for the IPO.

4. With Mr. Claude Cohen-Bacrie, Member of the Management Board

Nature and purpose
Mr. Claude Cohen-Bacrie has had a permanent employment contract as Director of Research and Development since 1 July 2005. Mr. Claude Cohen-Bacrie has been a member of your company's Management Board since 1 December 2008.

Conditions
Under his employment contract, his compensation includes a gross annual fixed salary of €167,500 combined with a variable portion approved by the Supervisory Board on 19 March 2014 totaling a maximum of 50% of this gross annual salary, paid according to pre-set objectives that must be attained.
During the financial year ended 31 December 2014, the total gross compensation paid to Mr. Claude Cohen-Bacrie was set at €231,999.96. This includes an exceptional bonus paid for the IPO.
This employment contract includes a non-compete clause, which applies for a term of 12 months upon expiration of the term for advance employee notice. In consideration for his non-compete obligation, Claude Cohen-Bacrie would collect a monthly gross indemnity equal to 70% of his annual fixed compensation for 12 months.

Avignon and Paris-La Défense, 23 March 2015
French original signed by The Statutory Auditors

ARESXPERT AUDIT
Laurent Peyre

ERNST & YOUNG et Autres.
Franck Sebag

20. FINANCIAL INFORMATION

20.1. CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Consolidated income statement

In thousands of euros	Important Notice	31 Dec 2014	31 Dec 2013
Revenue	6	19,761	16,961
Other income	7	1,819	
Income		**21,580**	**16,961**
Cost of sales	23	(12,364)	(10,723)
Gross margin		**9,216**	**6,238**
Gross margin on revenue (1)		***7,397***	***6,238***
Rate of gross margin as a % of revenue (2)		***37.4%***	***36.8%***
Research and development expenses	24	(2,629)	(3,311)
Selling and marketing expenses	25	(11,248)	(9,146)
General and administrative expenses	26	(5,073)	(4,083)
Other operating income/(expenses)	27	254	(986)
Current operating income (loss)		**(9,480)**	**(11,289)**
Other non-current operating income/(expense)	28	(1,305)	(435)
Operating income (loss)		**(10,784)**	**(11,723)**
Financial income		373	64
Financial expenses		(592)	(232)
Financial income (loss)	**31**	**(219)**	**(168)**
Income (loss) before tax		**(11,003)**	**(11,891)**
Income tax expense	32	(105)	(76)
Net income (loss)		**(11,108)**	**(11,967)**
Attributable to:			
Equity holders of the parent company		(11,108)	(11,967)
Non-controlling interests		-	-
Earnings per share:			
Basic (in Euros)	33	(0.76)	(1.09)
Diluted (in Euros)	33	(0.76)	(1.09)

(1) Gross margin on revenue = Revenue - Costs of sales
(2) Rate of gross margin on revenue = Gross margin on revenue/Revenue

Consolidated statement of comprehensive income

In thousands of euros	31 Dec 2014	31 Dec 2013
Net income (loss)	(11,108)	(11,967)
Other comprehensive income (loss):		
Actuarial gains/(losses) on retirement benefit obligations	58	(30)
Tax effect on actuarial gains and losses	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**58**	**(30)**
Currency translation differences	83	(47)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**83**	**(47)**
Other comprehensive income (loss)	**141**	**(77)**
Total comprehensive income (loss)	**(10,967)**	**(12,044)**
Total comprehensive income (loss) attributable to		
Equity holders of the parent company	(10,967)	(12,044)
Non-controlling interests	-	-

Statement of financial position

Assets

In thousands of euros	Important Notice	31 Dec 2014	31 Dec 2013
Intangible assets	8	7,464	5,385
Tangible assets	9	1,279	1,210
Other non-current assets	10	2,509	284
Total non-current assets		**11,251**	**6,879**
Inventories	11	4,234	3,296
Trade receivables	12	8,417	6,704
Other current assets	13	5,809	3,109
Cash and cash equivalents	14	**42,204**	**6,437**
Total current assets		**60,664**	**19,545**
Total assets		**71,915**	**26,424**

Statement of financial position

Liabilities

In thousands of euros	Important Notice	31 Dec 2014	31 Dec 2013
Share capital	15.1	1,607	1,134
Share premiums	15.1	58,924	31,623
Consolidated reserves	15.4	1,640	(9,002)
Non-controlling interests		-	-
Net income (loss) for the year		(11,108)	(11,967)
Total equity	**15**	**51,062**	**11,788**
Financial debt - Long-term portion	17	5,562	5,488
Retirement obligations	18	364	347
Provisions and other non-current liabilities	19	716	744
Total non-current liabilities		**6,643**	**6,580**
Financial debt - Short-term portion	17	3,021	1,189
Trade payables and related accounts	20	4,525	2,924
Provisions and other current liabilities	21	6,664	3,944
Total current liabilities		**14,210**	**8,056**
Total liabilities		**20,853**	**14,636**
Total liabilities and shareholders' equity		**71,915**	**26,424**

Change in consolidated shareholders' equity

In thousands of euros	Important Notice	Group share					Non-controlling interests	Total equity
		Share capital	Share premiums	Currency translation reserves	Consolidated reserves and income, Group share	Total		
Balance at January 1, 2013		**984**	**17,578**	**287**	**(9,205)**	**9,644**	**-**	**9,644**
Actuarial profits (losses) *		-	-	-	(30)	(30)	-	(30)
Change in currency translation differences		-	-	(47)	-	(47)	-	(47)
Total, other comprehensive income (loss)		**-**	**-**	***(47)***	***(30)***	***(77)***	**-**	***(77)***
Profit (loss) for the year		-			(11,967)	(11,967)	-	(11,967)
Comprehensive income (loss)		**-**	**-**	**(47)**	**(11,997)**	**(12,044)**	**-**	**(12,044)**
Capital operations	15	149	14,246	-	(5)	14,390	-	14,390
Transactional costs for capital	15	-	(200)	-	-	(200)	-	(200)
Share-based payments	15	-	-	-	(2)	(2)	-	(2)
As at 31 December 2013		**1,134**	**31,623**	**240**	**(21,209)**	**11,788**	**-**	**11,788**

In thousands of euros	Important Notice	Group share					Non-controlling interests	Total equity
		Share capital	Sahre premiums	Currency translation reserves	Consolidated reserves and income, Group share	Total		
As at 1 January 2014		**1,134**	**31,623**	**240**	**(21,209)**	**11,788**	**0**	**11,788**
Actuarial profits (losses) *		-	-	-	58	58	-	58
Change in currency translation differences		-	-	83	-	83	-	83
Total, other comprehensive income (loss)		**-**	**-**	***83***	***58***	***141***	**-**	***141***
Profit (loss) for the year		-			(11,108)	(11,108)	-	(11,108)
Comprehensive income (loss)		**-**	**-**	**83**	**(11,050)**	**(10,967)**	**-**	**(10,967)**
Capital operations	15	473	54,347	-	(3)	54,817	-	54,817
Transactional costs involving capital	15	-	(4,495)	-	-	(4,495)	-	(4,495)
Cancellation of treasury shares		-	-	-	(388)	(388)	-	(388)
Share-based payments	15	-	-	-	310	310	-	310
Allocation of losses to the share premium		-	(22,550)	-	22,550	-	-	-
As at 31 December 2014		**1,607**	**58,924**	**323**	**(9,792)**	**51,062**	**-**	**51,062**

* for retirement commitments

Consolidated cash flow statement

In thousands of euros	31-Dec-14	31-Dec-13
Net income (loss)	(11,108)	(11,967)
Elimination of items with no impact on cash:		
Amortization and depreciations of assets	1,533	1,854
Changes in the provisions for contingencies	73	(51)
Changes in the provision for retirement commitments	75	59
Income (loss) from disposal of assets	-	-
(Income)/Expenses linked to share-based payments	309	(2)
(Income)/Interest expenses, net	589	97
Capital gains from the disposal of cash equivalents	(147)	
Changes in contingent advances	(338)	-
Income tax expense	105	76
Cash flow linked to operating activity, before changes in WCR	**(8,910)**	**(9,934)**
Change in working capital requirements:		
Inventories	(842)	358
Trade receivables	(1,712)	(1,738)
Other receivables	(831)	367
Tax credit for research and operating grants	(557)	(1,009)
Suppliers and other liabilities	4,158	(2,198)
Taxes on paid income	(23)	-
Net cash flow linked to operating activities	**(8,717)**	**(14,154)**
Investment operations:		
Acquisitions of property, plant and equipment	(758)	(1,060)
Acquisitions and production of intangible assets	(4,421)	(2,463)
Receipt of research tax credit allocated to development expenses	-	806
Proceeds related to disposals of property, plant and equipment and intangible assets	-	-
Receipt/Disbursement of financial assets	(112)	33
Income from interest received and capital gain on disposals of cash instruments	147	-
Net cash flows related to investment operations	**(5,145)**	**(2,684)**
Financing operations:		
Profit from transactions on share capital	54,816	13,890
Expenses related to capital increases	(4,495)	(200)
Incurment of financial debt	3,000	11,102
Repayment of financial debt	(829)	(5,687)
Interest disbursed	(515)	(35)
Acquisitions of treasury shares	(388)	-
Net cash flows related to financing operations	**51,589**	**19,070**
Changes in net cash flow	**37,727**	**2,232**
Cash and cash equivalents opening balance	6,437	4,251
Reclassification of cash in Non-current assets	(2,000)	
Impact of the change in exchange rate on cash	41	(46)
Cash and cash equivalents closing balance	**42,205**	**6,437**

Table of Contents - Notes

Notes to the consolidated financial statements

1. General Information

1.1. Presentation of the Group

The SuperSonic Imagine Group is specialized in research and development, as well as in the sale of ultrasound medical imaging systems.

It has developed innovative technology as well as the related software (which forms an integral part of its Aixplorer ultrasound system), allowing breast, thyroid, prostate, liver and abdominal lesions to be diagnosed in real time by measuring tissue elasticity (elastography).

As at 31 December 2014, the Group either owns or co-owns 22 families of patents which were developed by itself or acquired, and has 6 other families of patents within the framework of licensing agreements.

SuperSonic Imagine and its subsidiaries (which together constitute "the Group") have sold products from the Aixplorer range since 2009.

The Group subcontracts production of the ultrasound systems it sells.

SuperSonic Imagine SA, the Group's parent company, is a French corporation with a Management Board and Supervisory Board, incorporated in France. Its headquarters are registered at Jardins de la Duranne, 510 rue René Descartes, 13290 Aix-en-Provence, France. It is registered in the Registre du Commerce et des Sociétés of Aix-en-Provence under the number 481 581 890.

Within the framework of its international development, 5 distribution subsidiaries were formed in the following countries (see Note 38):

- SuperSonic Imagine Inc., USA in March 2007;
- SuperSonic Imagine GmbH, Germany in March 2008;
- SuperSonic Imagine Ltd., United Kingdom in March 2008;
- SuperSonic Imagine Srl, Italy in October 2009;
- SuperSonic Imagine (H.K) Limited, Hong Kong in June 2011;

1.2. Key Events of the Year

IPO

The Company filed a base document with the Autorité des Marchés Financiers (AMF) which obtained authorization number I.14-006 on 6 March 2014.

On 9 April 2014, SuperSonic Imagine announced the success of its introduction on the Euronext regulated market in Paris. The shares have since admitted to trading on the regulated market of Euronext Paris under ISIN code FR0010526814, member code SSI.

Within the context of its IPO, the Company issued 4,273,504 new ordinary shares at €11.70, i.e. a capital increase of €50 million.

On 9 May 2014, following the over-allotment period, the Company created 407,783 additional shares at €11.70, i.e. an additional capital increase of €4.8 million.

The total amount of capital increases for the period was €54.8 million, including share premiums. The costs attributed to share premiums totaled €4.5 million, and the net total for the capital increase was €50.3 million.

This capital operation is broken down in the consolidated financial statements of this document (Note 15 on Capital).

New Revenue Source

In 2014, the Group decided for the first time to enter into contracts allowing access to its technology. The revenue from these contracts is presented in Other Revenue, to the extent that it is not recurring by nature and does not fall within the framework of current activity.

According to the terms and conditions of the contracts, the corresponding revenue may be fully recognized at the date of signing the latter, or spaced out over the term of the contract.

Transfer of Production from Scotland to Malaysia

The ultrasound systems sold by the Group are produced by an external supplier which is a world leader in its sector.

Since late 2013, the Group has actively assisted its subcontractor in transferring production from its factory in Scotland to Malaysia. The costs of this transfer are classified in the income statement under Other non-current income and operating expenses. They totaled €0.5 million for 2014.

Ultrasound systems are now being assembled in Malaysia; the specific configuration for each client is then completed in Aix by the Internal Production Team. At the close of the year, the transfer was complete, with just a few tests still pending.

Current Tax Audit

On 17 March 2014, the Company was informed of a tax audit for 2011 and 2012.
The Ministry of Research, which is conducting the review of the CIR, concluded in its 29 January 2015 report, determined a total amount due for the audited Research Tax Credits.

As a result, the 2013 research tax credit, the payment of which was blocked pending the findings, should be paid in 2015.

At the year-end closing of the accounts, no finding had been received as to the other aspects of the tax audit, and there is thus no impact on the financial statements as at 31 December 2014.

2. Basis for Preparing the Company's Consolidated Financial Statements under IFRS

On 9 March 2015, the Management Board issued the consolidated financial statements, which were presented to the Supervisory Board on the same date. These Financial Statements shall only be final after they are approved by the General Shareholders' Meeting, called for 29 May 2015.

The consolidated financial statements for the financial years ended 31 December 2013, 2012 and 2011, as well as the corresponding audit reports, are included by reference in this reference document, and appear in pages 219 to 292 of the base document filed with the AMF under Authorization No. I.14-006, obtained 6 March 2014.

2.1. Basis for Preparing the Financial Statements

The Group's consolidated financial statements were prepared in conformity with IFRS (International Financial Reporting Standards) and IFRIC and SIC interpretations, as adopted by the European Union and their application was mandatory at 31 December 2014. The IFRS are available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias_en.htm.
The accounting principles used are identical to the ones used for the preparation of the annual consolidated financial statements for the year ended 31 December 2013, with the exception of the adoption of the new mandatory standards described below.

On 31 December 2011, the Company prepared consolidated financial statements under IFRS for the first time. These first financial statements had been prepared in accordance with IFRS 1, "First-time adoption of International Financial Reporting Standards". The date of transition adopted by the Company was 1 January 2009. The Group has not used any of the exemptions set out in IFRS 1.

2.2. Going concern

The financial statements have been prepared on a going concern basis, bearing in mind the following elements:

- The Group's historical loss-making situation may be explained by the innovative nature of the products developed, which involve several years of research and development, and by the development of its sales force. Since 2009, the Group has been actively marketing its products;

- The success of the Company's IPO in April 2014 and the associated fundraising of €54.8 million will allow the Company to finance upcoming years.

3. Summary of Significant Accounting Policies

The new standards, amendments and interpretations adopted by the European Union, which must be applied by the Group at 1 January 2014 are as follows:

Standards having an impact on the presentation of the Group financial statements:

None

Standards with no impact on the Group financial statements

- IFRS 10: consolidated financial statements,
- IFRS 11: joint arrangements,
- IFRS 12: disclosure of interests in other entities,
- IAS 28: investments in associates and joint ventures (amended in 2011),
- Amendments of IFRS 10, 11 and 12: transitional provisions,
- Amendment of IAS 32: offsetting financial assets and financial liabilities,
- Amendment of IAS 36: recoverable amounts,
- Amendment of IAS 39: novation of derivatives and continuation of hedge accounting,
- Amendment of IFRS 10, IFRS 12 and IAS 27r, investment companies.

For companies in which the Group did not have any considerable influence, the control criteria as defined by IFRS 10 have not been met.

Furthermore, the Group has not identified partnerships which could be qualified as joint activities under IFRS 11.

As the parent company holds 100% of each of its subsidiaries, no information needs to be provided in terms of minority interests.

The application of these standards had no consequence on the scope of consolidation or the consolidation methods applied.

Standards for which application is not mandatory in 2014:

Furthermore, the following standards, interpretations and amendments or revisions have not yet been applied to the consolidated financial statements for the year, to the extent that they have not yet been adopted by the European Union, or because their application is not mandatory in 2014, or because their application was not anticipated in the Group's 2014 financial statements:

Standards & Interpretations	Applicable to the financial years beginning as of:	Adoption by the European Commission
Amendments to IAS 19 - Employee Benefits	1 July 2014	Yes
Improvements of IFRS (2010– 2012 Cycle)	1 July 2014	Yes
Improvements of IFRS (2011– 2013 Cycle)	1 January 2015	Yes
Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities, Application of Exception for Consolidation	1 January 2016	No
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	1 January 2016	No
Amendments to IFRS 11 - Recording of Interests Acquired in Joint Ventures	1 January 2016	No
IFRS 14 – Regulatory Deferral Accounts	1 January 2016	No
Amendments to IAS 1 – Disclosure Initiative	1 January 2016	No
Amendments to IAS 16 and IAS 41 – Agriculture: Productive Biological Assets	1 January 2016	No
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016	No
Amendments to IAS 27 Equity Accounting Method for Individual Financial Statements	1 January 2016	No
Improvement of IFRS (2012– 2014 Cycle)	1 January 2016	No
IFRS 15 – Revenue from Contracts with Customers	1 January 2017	No
IFRS 9 - Financial Instruments	1 January 2018	No
IFRIC 21 - Taxes	17 June 2014	Yes

The process of determining the potential impacts of these standards and interpretations on the consolidated financial statements of the Group is currently pending. The Group is not anticipating, at this stage in the analysis, a significant impact on its consolidated financial statements.

The consolidated financial statements were prepared under the historical cost convention, with the exception of financial assets and liabilities which are recorded at fair value.

The presentation currency of the Group is the euro. The consolidated financial statements are presented in thousands of euros with all values rounded to the nearest thousand (€ 000) unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3.1. Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Since all subsidiaries were created by the Group, no goodwill has been recorded since the creation of the Company.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated for the assets transferred and are considered as an indicator of impairment loss. Accounting policies of subsidiaries have been changed to ensure consistency with the Group's policies.

The Group has no minority interests or holdings in an entity requiring equity accounting.

3.2. Segment Reporting

The Group, which markets products from the Aixplorer range, primarily operates in France, the USA, Asia, Europe and the Middle East.

Research and development expenses, production expenses, regulatory expenses and most marketing and administrative expenses are incurred in France. At this stage, these expenses are not subject to a strict allocation by geographic region where the products concerned are marketed. As a result, the performance of the Group is currently analyzed at the consolidated level.

Non-current assets and revenue by geographic region are detailed in Note 6.

3.3. Conversion of Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Company functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement in the line item "Financial income" or "Financial expenses".

(c) Group Companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency that differs from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet line item presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement line item are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- exchange differences resulting from the two points above are recorded as a separate components of equity in Currency Translation Reserves under Consolidated Reserves

(d) Net investment

Receivables held against consolidated foreign subsidiaries the payment of which is not foreseeable are considered as net investments in foreign currencies. As such, in accordance with IAS 21, unrealized exchange gains and losses on these receivables denominated in functional currencies converted into euros for the purposes of consolidation have been recorded in Other Comprehensive Income (Loss) and in Currency Translation Reserves.

3.4. Intangible assets

(a) Patents and licenses

Acquired technologies are recorded at acquisition cost less accumulated depreciation charges determined based on the duration of the legal protection of each technology.

In the case of payments taking the form of future royalties, a debt corresponding to the discounted future minimum payments is recorded in Other Current and Non-Current Liabilities against the cost of the acquisition if the future royalties can be reliably estimated. Variable royalties are expensed under the item “Cost of sales” for the year they are incurred.

Acquired technologies are depreciated in the income statement in the line “Research and development expenses” as they are used for research projects.

When an acquired technology is no longer used, the gross value corresponding to the cumulative depreciation is removed from the balance sheet.

(a) Research and development

Research charges are expensed as incurred.

In accordance with IAS 38, expenses corresponding to project developments – design and test of new or improved solutions – are recognized as an intangible asset when the following criteria are met:

- The Group has the intention, the financial capacity and the technical capability to see the development project through.
- The Group has the resources necessary to finish the development and to use or market the product developed.
- There is a high probability that the future economic benefits attributable to the products developed will flow to the Group.

- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development expenses which do not meet the criteria are recognized as an expense for the period.

Capitalized development, which is principally composed of employee expenses, is depreciated in the income statement in the line “Research and Development expenses” on a straight-line basis over the duration of the estimated residual life of the product Aixplorer. This estimated remaining life is reviewed at each year-end.

(a) Other intangible assets

Other intangible assets correspond to acquired software which is depreciated over 12 months, with the exception of the ERP which is depreciated over 5 years. Costs linked to the acquisition of software licenses are recorded as assets based on the costs incurred to acquire and put into service the software concerned.

3.5. Tangible assets

The Group’s business premises principally comprise the head office located in Aix-en-Provence (France) and the US subsidiary based in Bothell (WA, USA). None of these premises is fully owned.

Equipment consists primarily of equipment dedicated to research and development as well as production equipment made available to the subcontractor.

Furniture and other office equipment relate to office and computing equipment.

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis over their estimated useful lives as follows:

- Installations and fittings 3 to 10 years
- Research equipment and materials 18 months to 5 years
- Production equipment and materials 5 years
- Furniture, office and IT equipment 3 to 5 years

Residual values and useful lives are reviewed and adjusted if necessary at each balance sheet date.

Gains and losses on the transfer of assets are determined by comparing the proceeds from the transfer to the book value of the asset transferred and are recorded in the income statement in the line “Other operating income/(expenses)”.

3.6. Impairment of Non-Financial Assets and Cash-Generating Units

The Group does not hold any goodwill or any non-depreciable or indefinite lived tangible or intangible asset.

Non-financial assets including intangible and tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

3.7. Financial Assets

The Group classifies its financial assets in the following categories: assets held to maturity, assets at fair value through profit or loss, as loans and receivables, or as available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The valuation and recognition of financial assets and liabilities are defined in IAS 39 "Financial instruments: Recognition and measurement".

(a) Assets available-for-sale

Assets available for sale principally are valued at fair value and the changes in their fair value are recorded within the equity.

The fair value corresponds to market price for listed securities or to an estimate of the value in use for non-listed securities, determined according to financial criteria appropriate to the specific situation of each security. When there exists an objective indication for the impairment of these securities, the cumulative loss which has been shown in equity is recorded in the income statement.

No assets available for sale are held by the Company.

(b) Assets held to maturity

These assets are exclusively securities with fixed or determinable incomes according to a set schedule, other than loans and receivables, and which the Company has the intention and capacity to hold until maturity. They are initially recorded at fair value and then remeasured at amortized cost using the effective economic interest method.

Assets held to maturity are monitored for objective indications of impairment. A financial asset is impaired if its book value is higher than its recoverable value estimated during impairment tests. The impairment of value is recorded in the income statement.

(c) Loans and receivables

This category includes other loans and receivables, and commercial receivables.

These instruments are initially recorded at fair value and then measured at amortized costs using the effective economic interest method. Short-term non-interest bearing receivables are valued at the amount of the original invoice unless the application of an implicit interest rate would have a significant effect.

Loans and receivables are monitored for objective indications of impairment. A financial asset is impaired if its book value is higher than its recoverable value estimated during impairment tests. The impairment of value is recorded in the income statement.

Loans and receivables also include deposits and guarantees classified as “other non-current assets” in the balance sheet.

(d) Assets at fair value through profit and loss

Assets held for sale include financial assets that the Group intends to sell in the short-term in order to realize a capital gain, which belong to a portfolio of financial instruments managed as a whole and for which there exists a practice of short-term disposal.

Assets at fair value through profit and loss principally include investments which do not meet the definition of the other categories of financial asset. They are measured at fair value and variations in their fair value are recorded in the financial result of the period.

The fair value corresponds to market price for listed securities or to an estimate of the value in use for non-listed securities, determined according to financial criteria appropriate to the specific situation of each security. When there is an objective indication of a loss in value, the loss is recorded in the income statement.

3.8. Inventories

Since the production of ultrasound devices is outsourced, the Group mainly holds inventories of finished goods and spare parts as well as demonstration equipment to be sold.

Inventories are evaluated at their purchase price, and recorded according to the FIFO method. Impairment is recognized for references whose net realizable value is lower than the carrying value.

Inventories are reduced to their net realizable value if this is lower than their cost. Net realizable value represents the estimated sale price in normal conditions of activity, less cost of sales.

3.9. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Transfers of receivables with conservation of credit risk, such as Dailly-type assignments transfers or factoring, are recorded as a secured borrowing and do not involve the derecognition of the receivables transferred.

3.10. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid securities with original maturities of three months or less and which are not subject to a risk of significant variation in value.

3.11. Share Capital

Share capital is composed of ordinary shares, which are all classified as equity. Marginal costs directly attributable to the issuance of new shares or options are shown, as needed, in equity as a deduction, net of tax, from the proceeds.

The Group issued dilutive instruments which have been taken into account in the determination of the diluted result per share (see Note 33).

3.12. Compound Instruments

The Company separately recognizes the components of a financial instrument that (a) creates a financial liability and (b) gives the holder of the instrument an option of conversion into Company equity instruments. Accordingly, bonds with share warrants (OBSA) are compound financial instruments.

When it issues an OBSA, the Company first determines the carrying amount of the liability component by measuring the fair value of a similar liability not accompanied by a BSA. The carrying value of the equity instrument represented by the BSA is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole.

3.13. Measurement and Accounting of Financial Liabilities

Financial liabilities include:

- repayable advances from ANR or BPI (formerly Oséo), for which the Group does not have reasonable assurance that the advances will be repaid;
- bonds with share warrants (OBSA);
- use of a short-term line of credit.

(a) Financial liabilities at amortized cost

Borrowings and other financial liabilities are initially recorded at fair value and then remeasured at amortized cost, calculated using the effective economic interest method.

Transaction costs which are directly attributable to the acquisition or issue of a financial liability are recorded as a decrease of this financial liability. These expenses are then amortized actuarially over the life of the liability, based on the effective economic interest. The effective economic interest is the rate which equalizes the expected cash flows from future cash expenditure to the current net book value of the financial liability so as to deduct its amortized cost.

(b) Liabilities at fair value through profit and loss

When the Company issues stock warrants (BSA) that do not result in the subscription of a fixed number of shares against a fixed amount of cash or another financial asset, these instruments cannot be characterized as equity instruments and are therefore presented on a separate line in the balance sheet as Derivative Liabilities and recorded at fair value in accordance with IAS 39. Subsequent changes in value are recorded under financial income or expenses.

3.14. Employee Benefits

(a) Retirement obligations

The Group has both defined benefit (mainly for French employees) and defined contribution plans. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The retirement plans that are not defined contribution plans are defined benefit plans. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Actuarial profits/losses on retirement benefit obligations in Other comprehensive income in the period in which they arise.

In France, the Group's commitments to employees concerning retirement are limited to a lump-sum payment based on the amount of time an employee has worked and paid when the employee reaches the age of retirement. This retirement benefit is determined for each employee based on the time they have worked for the Company and their final projected salary.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group provides no other retirement benefits or rights to its employees.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.15. Provisions

(a) Provisions for contingency

Provisions for contingency correspond to commitments resulting from litigation and other risks, the maturity and amount of which are uncertain, which the Company may be faced with as part of its activities.

Provisions are recognized when the Company has a legal or implicit obligation to a third party as a result of past events, for which it is probable or certain that an outflow of resources to the third party will be required to settle the obligation, without at least an equivalent value expected to be received in exchange, and when future outflows of liquidity may be reliably estimated.

The amount recorded as a provision is the best estimate of the expense necessary to extinguish an obligation, discounted at the date of the financial statements if necessary.

(b) Provision for guarantee

Product sales made by the Group are covered by a one-year guarantee. The measurement of the cost of the guarantee as well as the probability that these costs will be incurred is based on an analysis of historic data. The provision corresponds to the number of months remaining on existing guarantees at the balance sheet date for all equipment sold. Additions and reversals on the provision for guarantees given to clients are recorded in the income statement within direct cost of sales.

Future operating losses are not provided for.

3.16. Trade Payables and Related Accounts

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.17. Recognition of Income

Revenue comprises the fair value of the consideration received or receivable for the sale of product and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

For both sales by the distributors or through Group sales representatives, the accounting treatment of revenue remains the same, and in compliance with standards on revenue recognition: (a) Revenue from the sale of Aixplorer systems

(a) Revenue from the sales of Aixplorer systems

The Group's products are generally sold through contracts or via purchase orders placed by customers which include fixed, determinable prices that do not contain a right of return or any significant post-delivery obligation, nor any other clause inducing deferred revenue. Revenue is

recognized for products when title and risk are transferred, in accordance with Incoterms as defined in the contracts, when the price is fixed and determined, and collectability of the receivable is reasonably assured.

Distributors of Aixplorer products do not benefit from any contractual right of return on acquired products beyond the legal guarantee of 12 months granted on products.

(b) Revenue from services

Revenue for services (principally maintenance, after-sale service, guarantee extensions) is recognized over the period when services are rendered and when collectability is reasonably assured.

A warranty is included in each sale of an Aixplorer system. Only revenue relating to the warranty period exceeding one year is deferred and recorded as revenue during the period concerned. Warranties of one year or less are not sold separately. Revenue from multiple element arrangements, such as those including services is recognized as each element is earned based on the relative fair value of each element.

(c) Income linked to the Group's technology

Income linked to the Group's technology corresponds to a third source of revenue, which relates to rights to access technology developed by the Group or access partnerships for this technology. Non-recurring by nature, they are thus presented on a separate line of the income statement under Other Income.

This income corresponds to a limited number of contracts for which the proceeds are recognized according to the terms and conditions negotiated, and in application of the IAS 18 criteria.

Each contract is the subject of a technical analysis which makes recognition contingent on the income to be applied. Based on this analysis, the associated profit will be recognized in full upon the signing of the contract or spread over the relevant periods.

3.18. Cost of sales

The item Cost of sales includes expenses directly attributable to the production of Aixplorer systems, as well as services related to sales. This includes mainly:

- product cost (purchase of components and assembly);
- cost of the Group’s Production department, which oversees the supply chain;
- provision for warranties on systems sold;
- royalties due for the technological elements that the Company exploits under licenses;
- the provision for write down of inventory due to obsolescence and scrapping.

3.19. Research Tax Credit and Other Government Grants

Research tax credits are provided by the government to give incentives for companies to perform technical and scientific research. These research tax credits are presented as a reduction of “Research and development expenses” in the income statement when (i) the Group can receive them irrespective of taxes paid or owed in the future, (ii) the costs corresponding to the eligible programs have been incurred, and (iii) supporting documentation is available.

The portion of the research tax credit relating to capitalized development expenses is considered an investment grant and recorded as a reduction of the intangible asset.

These tax credits are included in “Other receivables – current” or “non-current” based on the timing of expected cash inflows.

In addition, grants may be available to companies that perform technical and scientific research. Such grants are typically subject to performance conditions over an extended period of time. The Group recognizes these grants in the income statement as a reduction of “Research and development expenses” (i) over the cost of the corresponding research and development program and (ii) when confirmation of the grant has been received.

Assistance in activities of research and development can take the form of repayable advances. A non-repayable loan with conditions is treated like a public grant (recorded on a pro rata basis in the income statement as a reduction of research and development expenses) if there is reasonable assurance that the company will meet the conditions relating to the exemption from repaying the loan. In the opposite case, it is classified in Financial debt and measured at amortized cost. The difference between the amortized cost value of the loan and its nominal value is recorded as grant revenue and spread over the period of the project financed.

3.20. Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

Leases for which the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

During the periods presented, the Group has not entered into any finance leases in accordance with IAS 17.

3.21. Share-based payments

Plans paid out in equity instruments:

The Group operates a number of share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the instrument is recognized as an expense in accordance with IFRS 2. The total amount to be expensed corresponds to the fair value of the instrument granted.

When the instruments are exercised, the Company issues new shares. The amounts received when the options are exercised are credited to Share Capital (nominal value) and Share premiums, net of any directly attributable transaction costs.

Plans paid out in cash:

The Group established two compensation plans, under which it receives services from its employees. These plans shall be paid out in cash, but the amount payable is indexed according to the share price. The fair value of the employee services rendered in exchange for the granting of options is recognized as an expense, with the corresponding debt being recorded under Other Current Liabilities, in accordance with IFRS 2. The total amount to be recorded corresponds to the fair value of the instruments granted.

When the instruments are exercised, the Company does not create any shares but rather pays the amounts due in cash. Where appropriate, it reduces the corresponding debt.

Plans paid out in equity instruments or cash:

Service and non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of instruments that are expected to vest based on these vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity (“Share-based payments”).

3.22. Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except for the portion related to items recognized in Other comprehensive income or directly in equity. In this case, tax is also recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company’s subsidiaries operate and generate taxable income. The Group’s management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that a future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax arising from temporary differences arising on investments in subsidiaries is recorded, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.23. Earnings per Share:

Earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares. Diluted earnings per share are computed by dividing net income attributable to equity holders of the Company by the weighted average number of shares issued, adjusted for the effects of all dilutive potential shares.

Dilutive instruments are taken into account when, and only when, their dilutive effect decreases earnings per share or increases loss per share.

3.24. Non-Current Operating Income (Loss)

There is an entry for the item Other non-current operating income/(expenses) only if a major event that occurred during the accounting period is likely to distort the reading of the Company's performance. As a result, it includes a very limited number of incomes or expenses that are unusual, abnormal and infrequent that the Company discloses separately its income statement to facilitate understanding of current operating performance and allow the reader of the financial statements to have useful information to forecast future results.

It may include, for example:

- significant and unusual capital gains or losses on disposals - or impairment - of tangible or intangible non-current assets;
- certain restructuring or reorganization expenses that would disturb the readability of current operating income;
- other operating income and expenses, such as a provision for litigation for a considerable amount.
-

Items identical in nature to those mentioned above that do not meet the characteristics specified are classified as current operating income.

4. Financial Risk Management

4.1. Financial Risk Factors

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group operates internationally and is thus exposed to foreign exchange risk arising from transactions denominated in currencies other than the euro, the functional and presentation currency of the Company.

The operating result, the assets of the US, Chinese and UK entities, and the cash flows of the Group are affected by foreign exchange rate fluctuations, principally by fluctuations between the Euro and the US Dollar.

In the event of a 5% increase in the US dollar, the Group believes that, for the year ended 31 December 2014, the impact in absolute terms on its operating income would have been a charge of approximately €295,000.

Exposure to exchange rate fluctuations is often alleviated naturally by cash inflows and outflows in the same currency. This will also be true in the future, with increased purchases in foreign currencies (following the relocation of production to Malaysia, the Group will purchase Aixplorer products in US dollars).
During the periods presented, the Group has not engaged in any hedging operations.

(b) Credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk linked to cash, cash equivalents and current financial instruments is not significant given the quality of the co-contracting financial institutions.

Customer credit risk is monitored by management on an individual basis and gives rise, for a portion of export receivables, to the purchase of suitable insurance coverage.

(c) Liquidity risk

Cash flow forecasting is performed by the Finance department. On the basis of regularly updated projections, Group management monitors the Group's liquidity requirements to ensure it has sufficient cash available to meet operational needs.

Such forecasting occurs on a weekly basis and takes into consideration the Group's financing plans. The Group's surplus cash is invested in interest-bearing current accounts, time deposits and money market deposits through the choice of instruments with appropriate maturities or sufficient liquidity to provide sufficient flexibility as determined by the above-mentioned forecasts.

4.2. Capital Risk Management

The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, provide advantages for other partners and maintain an optimal capital structure to reduce capital costs.

5. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

See Note 2.2.

(b) Depreciation and impairment of intangible assets

Intangible assets mainly relate to the acquisition of technologies and development works on the different versions of Aixplorer. These assets are depreciated on a straight-line basis over their useful life, which is reviewed at every balance sheet date.

The need to write down intangible assets is confirmed when there are signs of impairment. The recoverable value is then estimated.

At the closing date on 31 December 2014, Management considered there to be no signs of impairment, and felt that the value of the intangible assets remained justified.

During the periods presented, the Group has not recorded any impairment of intangible assets.

(c) Share-based payments

The Group grants share options (such as BSA, BSPCE, stock options, etc.) to acquire the Company's shares and other equity instruments, as well as free shares to Group executives and employees and to persons associated with the Company by consulting agreements. The determination of the fair value of share-based payments is based on a binomial option-pricing model and/or the Black & Scholes model, which take into account assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, the fair value of the Company's stock, expected share price volatility over the term of the instrument and current and future behavior of holders of these instruments. There is an inherent high degree of subjectivity involved when using such option-pricing models to determine share-based compensation under IFRS 2.

The valuation assumptions are presented in Note 16.1.3.

(d) Accounting for income taxes

The Group is subject to the income tax laws of France and those of the foreign jurisdictions in which it has business operations. These tax laws are often complex and subject to different interpretations by the taxpayer and the relevant taxation authorities. The Group must make judgments and interpretations about the application of these tax laws when determining the provision for income taxes.

Deferred tax assets, which correspond primarily to loss carry-forwards, are only recorded when it is probable that the Group will record a taxable profit in the future. The Group must exercise its judgment when determining the probability of the existence of a future taxable profit. This analysis is performed on a tax jurisdiction by tax jurisdiction basis.

(e) ICARE repayable advance

As part of its development programs, the Group received a repayable advance as part of the ICARE project. The amount of the advance appears as financial debt on the balance sheet.

The initial contract stipulates that the advance will be repaid based on future sales of products resulting from the project, amounting to 3.3% of revenues, with a discount rate of 3.74% upon reaching €12 million, until the financial year ending in 2022. Repayments may therefore exceed the nominal amount received. As some of the initial goals were not achieved, and the Company does not expect to receive all of the eligible advance because part of the project will not be completed, no additional amount was recognized in the financial statements (see Note 35.4).

(f) TUCE repayable advance

As part of its development programs, the Group received a repayable advance as part of the TUCE project. The amount of the advance appears as financial debt on the balance sheet.

Repayments will be based on future sales of products resulting from the project, i.e., 2.5% of revenue, upon reaching €1.5 million. Repayments may therefore exceed the nominal amount received, but in the absence of a reliable estimate of the amount to be paid until 2023, this amount is not recorded in the balance sheet.

6. Information by Geographic Region

Revenue by product type breaks down as follows:

In thousands of euros	31 December 2014	%	31 December 2013	%
Sale of goods	18,132	92%	15,594	92%
Sale of services	1,630	8%	1,366	8%
Total	**19,761**	100%	**16,961**	100%

Revenue by geographic region breaks down as follows:

In thousands of euros	31 December 2014	%	31 December 2013	%
EMEA	8,590	43%	7,861	46%
The Americas	4,962	25%	4,232	25%
Asia	6,209	32%	4,869	29%
Total	**19,761**	100%	**16,961**	100%

During financial year 2014, the countries in which the Group earns more than 10% of its revenues are the United States (€4.625 million), France (€4.014 million) and China (€3.163 million).

In 2013, the countries in which the Group earned more than 10% of its revenue were the United States (€3.878 million), France (€3.577 million) and China (€3.062 million).

For 2014 and 2013 the five largest customers of the Group represented respectively 41% and 42% of consolidated revenue.

Considered individually, two customers in the Americas and Asia regions represented over 10% of Group's consolidated revenue during 2014, with an invoiced amount of €5.363 million.
In 2013, these same two clients represented more than 10% of the Group's consolidated revenue, with an invoiced amount of €4.628 million.

Revenue by distribution channel breaks down as follows:

In thousands of euros	31 December 2014	%	31 December 2013	%
Direct	6,868	35%	5,997	35%
Indirect	12,893	65%	10,963	65%
Total	**19,761**	100%	**16,961**	100%

The breakdown of tangible and intangible assets by geographic region for the two financial years ended 31 December 2014 and 2013 is as follows:

In thousands of euros	31 December 2014	31 December 2013
EMEA	8,694	6,538
Americas	30	57
Asia	18	-
Total	**8,742**	**6,595**

For purposes of geographical analysis, Group management has allocated revenue based on the location where the goods are delivered or the services are rendered (destination of sales). Tangible and intangible assets are allocated according to their geographic location.

7. Other Income

Other income essentially consists of income linked to Group technology which is not recurring in nature, as it does not fall within the framework of current activity.

In thousands of euros	31 December 2014	31 December 2013
Other Income	1,819	0

8. Intangible Assets

Changes in intangible assets break down as follows over the last two years:

In thousands of euros	Patents/licenses	Development Costs	Others	Total
Period ended 31 December 2013				
Opening net book amount	1,300	3,591	123	5,014
Acquisitions	-	1,074	168	1,242
Depreciation and amortization	(130)	(496)	(245)	(871)
Closing net book amount	**1,170**	**4,169**	**46**	**5,385**
At 31 December 2013				
Gross value	1,864	5,781	961	8,606
Cumulative depreciation	(694)	(1,612)	(915)	(3,222)
Net book value	**1,170**	**4,169**	**46**	**5,385**

In thousands of euros	Patents/licenses	Development Costs	Others	Total
Year ended 31 December 2014				
Opening net book amount	1,170	4,169	46	5,385
Acquisitions	-	2,938	46	2,984
Depreciation and amortization	(130)	(712)	(63)	(905)
Closing net book amount	**1,040**	**6,395**	**29**	**7,464**
As at 31 December 2014				
Gross value	1,864	8,719	1,007	11,590
Cumulative depreciation	(825)	(2,324)	(978)	(4,127)
Net book value	**1,040**	**6,395**	**29**	**7,464**

In 2008, the Company acquired an exclusive license for €0.7 million to use Patents No. US 5 606 971 and US 5 810 731 relating to all areas of medical imaging by any method. During the same year, the Company acquired for €1.1 million a portfolio of six patents from the CNRS, which do not expire until between 2020 and 2025.

As at 31 December 2014, total gross development costs amounting to €8.719 million primarily related to developments in Versions V3 to V10 of Aixplorer, but also included initial capital spending on work

for the next generation of the Group's ultrasound system. Even though the Group incurred expenses on this project during past financial years, said expenses have not been capitalized insofar as the IAS 38 criteria had not been fully met.

The amount capitalized for the current financial year totals €2.540 million, €1.766 million of which corresponds to new versions of the Aixplorer, and €463,000 of which corresponds to the next generation of the ultrasound system. Furthermore, €398,000 in intangible assets were acquired during the period as part of R&D projects, eligible for capitalization, and directly added to capital assets. The total amount capitalized over the period as R&D expenses thus totaled €2.938 million.

The capitalized development costs break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Personnel	2,924	1,641
Fees, External Services	539	177
Travel expenses and entertainment	117	64
Depreciation, amortisation & provisions	177	220
Purchases and consumables	60	128
Others	166	65
Subtotal, expenses	**3,983**	**2,295**
Operating grants	(6)	-
Research Tax Credit	(1,437)	(1,221)
Subtotal, income	**(1,443)**	**(1,221)**
Capitalized R&D costs	**2,540**	**1,074**

There was no impairment as defined under IAS 36 noted during the periods presented.

9. Tangible assets

During financial year 2014, the Group made investments in R&D equipment (use of new versions of Aixplorer for research) and equipment production (the Group owns certain production tools, such as the molds for the production of ultrasound systems, which are made available to the subcontractor responsible for their manufacture).
Changes in tangible fixed assets break down as follows for the last two years:

In thousands of euros	Tools, plant and technical equipment	Office and IT equipment	Others	Total
Period ended 31 December 2013				
Opening net book amount	825	149	253	1,227
Acquisitions	815	232	13	1,060
Disposals	-	-	-	-
Transfers	(126)	-	-	(126)
Depreciation and amortization	(721)	(111)	(119)	(951)
Closing net book amount	**793**	**270**	**147**	**1,210**
At 31 December 2013				
Gross value	4,289	664	702	5,656
Cumulative depreciation	(3,496)	(394)	(556)	(4,446)
Net book value	**793**	**270**	**147**	**1,210**

In thousands of euros	Tools, plant and technical equipment	Office and IT equipment	Others	Total
Year ended 31 December 2014				
Opening net book amount	793	270	147	1,210
Acquisitions	580	167	11	758
Transfers	(104)	-	-	(104)
Depreciation and amortization	(368)	(156)	(104)	(628)
Currency translation gains or losses	14	5	24	43
Closing net book amount	**915**	**286**	**78**	**1,279**
As 31 December 2014				
Gross value	4,521	836	738	6,095
Cumulative depreciation	(3,606)	(550)	(660)	(4,816)
Net book value	**915**	**286**	**78**	**1,279**

Transfers correspond to ultrasound devices previously capitalized as they were used for research and development that are then returned to inventory when they become available for sale, or vice versa.
The Group has not entered into any finance leases over the periods presented.

10. Other non-current assets

Other non-current assets break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Cash and Securities pledged	2,158	158
Deposits paid	134	126
Assets provided for the liquidity agreement	112	-
Income receivable - Operating grants (> 1 year term)	105	-
Total Other non-current assets	**2,509**	**284**

Other non-current assets consist of cash and shares pledged:

- within the context of the bond issue dated 16 December 2013, the Company pledged its bank accounts in June 2014 and committed to maintaining a minimum of €2 million in cash (see Note 35.3). Consequently, this amount was reclassified in "Other non-current assets".

-€158,000 in investment securities that were pledged to BNP Paribas Real Estate as security for rent on the Company's business premises in Aix-en-Provence. This guarantee was given for a period of nine years and will end on 18 July 2017.

Operating grants, which are recorded as receivables, correspond to the balance to be received for more than one year by the Company for the various research projects it conducts.

Assets provided under the liquidity agreement totaled €112,000. The liquidity agreement is described in Note 15.3.

11. Inventories

Inventories break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Raw materials & spare parts	2,613	1,953
WIP and finished goods	1,843	1,005
Demonstration materials	1,171	1,186
Total gross inventories	**5,627**	**4,143**
Provisions for loss on inventories	(1,393)	(847)
Total Net Inventories	**4,234**	**3,296**

Loss on inventories during the period primarily corresponds to write-downs of items that were defective or returned by clients expecting an eventual repair, as well as the straight-line depreciation of demonstration materials.

Movements concerning the provisions for loss on inventories are recorded in the income statement in the Costs of sales and break down as follows:

In thousands of euros	31 December 2014	31 December 2013
At 1 January	847	991
Provisions for losses on inventories	685	492
Reversals of provisions used	(139)	(636)
As at 31 December 2014	**1,393**	**847**

Reversals of provisions used correspond to fully provisioned inventories that were obsolete or irreparable, and scrapped during the year.

12. Trade and Other Receivables

Trade and other receivables break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Trade receivables	9,331	7,802
Provisions for bad debt	(915)	(1,098)
Trade receivables, net	**8,417**	**6,704**

Provision for doubtful trade receivables primarily concerned 2 clients:

- **Chinese distributor:**

In China, the Group had chosen to terminate the exclusive distribution agreement between it and its distributor in April 2013. The latter had disputed and blocked payment of the amounts due, a total amount of €474,000.

On 22 October 2009, the company signed an exclusive distribution contract with its distributor for some of its products in China (excluding Taiwan, Hong Kong and Macao) for a four-year term to start once the authorizations for marketing said products were obtained from the competent authorities, which occurred on 14 July 2010. The contract was subject to French law and contained an arbitration clause, which process would be carried out before an arbitral tribunal formed in application of the Rules of Arbitration of the International Chamber of Commerce.

In April 2013, the Company terminated this contract, in particular noting that its distributor had not achieved its contractual objectives, and offering to sign a new distribution agreement. After discussion between the parties, the distributor summoned the Company before the Beijing Chaoyang district court, and the intermediate district court of Beijing, in particular asking to continue the contract and to extend it, given its interruption during the discussions between the parties, and that the Company comply with its exclusivity arrangement, disputing to that end the Company's statements and the applicability of the contractual arbitration clause. In September 2013, the Company had commenced an arbitration proceeding before the International Chamber of Commerce for payment of amounts owed under the contract as well as for damages.

At the date of this report, the Company had prevailed, per a decision rendered on 30 October 2014 by an arbitral tribunal that was formed in application of the Rules of Arbitration of the International Chamber of Commerce. In October 2014 as well, the Intermediate District Court of Beijing rendered its decision, affirming that the Arbitral Tribunal formed under the auspices of the International Chamber of Commerce was the sole party competent to hear all of the disputes relating to the agreement between the Company and its distributor, and dismissed its claims against the Company before the Chaoyang Beijing District Court.

The arbitral award thus ordered the Chinese distributor to repay its debt (€474,000, fully provisioned), and that it pay €1 million in principal for other damage suffered by the Group. In 2014, the income expected for damage suffered was recorded on the assets side of the balance sheet under other current assets for €1 million, and then fully provisioned to the extent that it was uncertain that the distributor would have the capacity to honor the judgment.

- **Brazilian distributor:**

The receivables against the Brazilian distributor in the amount of €520,000 were fully provisioned in 2013. The Group's Brazilian distributor thus faced significant financial difficulties, which prevented it from honoring its debts. In late 2013, the Company signed an exclusive agreement with a new distributor for the Brazilian market, which included a repayment schedule for the debt of the former distributor comprising an initial payment, followed by 16 equal monthly installments. This schedule was respected until August 2014, and the corresponding provisions returned for a total of €181,000. In the fall, a new schedule was agreed upon, to begin in March 2015, with an initial payment, followed by 15 monthly payments.

The part of the receivable to be received after 1 year, i.e. €94,000 fully provisioned, was reclassified as a non-current asset.

At 31 December 2014, €1.713 million in receivables were overdue, including €915,000 provisioned, i.e. a total of €798,000 of receivables that were past due but not provisioned. They relate to customers for which the Company has found that there is no risk of non-collection for these receivables. Out of the €798,000 of receivables due and not provisioned, the Group received €319,000 in January 2015.

At 31 December 2013, €2.055 million in receivables were overdue, including €1.098 million provisioned, i.e. a total of €957,000 of receivables that were past due but not provisioned.

The breakdown of these receivables by age is as follows:

In thousands of euros	Total	Not due	1 to 30 days	30 to 60 days	60 to 90 days	90 + days
2013	7,802	5,747	297	158	29	1,571
2014	**9,331**	**7,618**	**289**	**79**	**182**	**1,163**

The gross carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

In thousands of euros	31 December 2014	31 December 2013
Euro	5,113	4,770
Dollar US	4,176	3,032
Other	42	-
Total	**9,331**	**7,802**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The amount of trade receivables at the balance sheet date is covered under a reservation of property clause in the general conditions of sale, to the benefit of the Company.

Changes in the provision for doubtful trade receivables, both current and non-current, were as follows:

In thousands of euros	2014	2013
At 1 January	(1,283)	(284)
Increase in provision for doubtful receivables	129	(1,164)
Reversals of provisions used	(15)	-
Reversals of provisions not used	(388)	165
At 31 December	**(1,009)**	**(1,283)**

The total amount of the provisions for doubtful trade receivables is €1.009 million, of which €94,000 was reclassified as non-current (see above for the agreements signed with the Brazilian distributor).

13. Other current assets

Other current assets break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Research tax credit receivable	3,691	1,699
VAT receivable	1,023	331
Prepaid expenses	331	264
Prepayments	248	192
Operating grants receivable – current portion	466	572
Other receivables	50	50
Total other current assets	**5,809**	**3,109**

Given its status as an SME in EU terms, receivables relating to the research tax credit (CIR) are repaid in the year following their recognition.

As an exception, the CIR for 2013 was not repaid in 2014, due to the tax audit currently underway. As indicated in the Key Events for the period, the Company underwent a tax audit, which notably concerned the CIR. To that end, it is standard practice for any current payments due to the Company to be suspended, which was the case for the CIR.

In January 2015, the company obtained confirmation that no amount of CIR was disputed and that to that end, the CIR due for 2013 but not paid in 2014 would be paid in 2015.

The tax receivable has changed as follows over the last two years:

In thousands of euros	31 December 2014	31 December 2013
Tax credit receivables	1,699	1,090
CIR received	-	(1,045)
CIR for the year	1,846	1,739
Adjustments to prior RTC	-	(5)
Others	146	(79)
Tax credit receivables at close	**3,691**	**1,699**

The other tax credits primarily corresponded to the Job Competitiveness Tax Credit and the Export Tax Credit.

14. Cash and cash equivalents

Cash and cash equivalents break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Cash on hand	5,575	1,933
Marketable securities	36,630	4,504
Cash and cash equivalents	**42,204**	**6,437**

Cash held at banks is principally held in euros. The Group invests its excess cash primarily in money market funds (SICAV). See Notes 35.3 and 35.4 for details of the bank account and marketable securities' pledges.

The change between the two periods is primarily explained by the funds raised during the IPO.

At 31 December 2014, the Group has a short-term overdraft facility of €3 million, which was fully used at that date.

15. Equity

Since 10 April 2014, the Company's shares have since been admitted for trading on the regulated market of Euronext Paris under ISIN code FR0010526814, member code SSI.

Following this operation, the number of shares went from 11.337 million to 16.019 million. For financial year 2014, 50,000 shares were created following the exercise of instruments that were previously granted to employees, bringing the number of shares in circulation up to 16.068 million shares.

The details of this operation are reiterated in Note 1.2.

Until its listing on the stock exchange, the Company's capital was divided into ordinary and preferred shares, the latter being divided into 7 categories (A, B1, B2, C1, C1a, C2 and D). The features of these preferred shares are described in Pages 257 to 261 of the Base Document, approved via Authorization I. 14-006, and is available on the Group's website, under the section entitled "Investors". As provided for in the features of these preferred shares, they were all converted into ordinary shares immediately after the Company's shares were listed on a regulated market in April 2014.

Since that time, the Company's capital has no longer included preferred shares.

15.1. Share Capital

Variations in share capital break down as follows:

		IPO						
	1 January 2014	Conversion of preferred shares to ordinary shares	Shares created during the IPO	Shares created after the overallotment	Creation of free shares	Subscription of dilutive instruments	Reclassification of reserves below issue premium	31 December 2014
In thousands of shares								
Ordinary shares	674,260	10,663,116	4,273,504	407,783	29,065	20,500	-	16,068,228
Preferred shares A	1,797,690	(1,797,690)	-	-	-	-	-	-
Preferred shares B1	542,270	(542,270)	-	-	-	-	-	-
Preferred shares B2	2,909,000	(2,909,000)	-	-	-	-	-	-
Preferred shares C1	2,701,670	(2,701,670)	-	-	-	-	-	-
Preferred shares C2	1,276,430	(1,276,430)	-	-	-	-	-	-
Preferred shares D	1,436,056	(1,436,056)	-	-	-	-	-	-
Total number of shares	11,337,376	-	4,273,504	407,783	29,065	20,500	-	16,068,228
In thousands of euros								
Share Capital	1,134	-	427	41	3	2	-	1,607
Share premium	31,623	-	45,131	4,676	-	44	(22,550)	58,924

Change in share capital over the last two financial years

Date	Transaction	Share capital	Share premium	Number of shares	Category of shares*
		(In thousands of euros)			
Balance at 1 January 2013		**984**	**17,578**	**9,843,760**	
27-Mar-13	Increase in share capital	126	12,429	1,255,502	PS D
15-Apr-13	Increase in share capital	15	1,485	150,000	PS D
13-May-13	Exercise of BSA D-2013-T2	3	302	30,554	PS D
	Transaction costs on capital increase	-	(200)	-	-
30-Sept-13	Delivery of free shares	4	-	42,625	AO
10-Dec-13	Exercise of BSPCE 03-2006	1	29	5,000	AO
12-Dec-13	Exercise of BSA 09-2010	0		4,125	AO
31-Dec-13	Delivery of free shares	1		5,810	AO
At 31 December 2013		**1,134**	**31,623**	**11,337,376**	
As at 1 January 2014		**1,134**	**31,623**	**11,337,376**	
3-Mar-14	Reclassification of reserves below share premium	-	(22,550)	-	AO
9-Apr-14	Capital increase in cash - IPO	427	49,573	4,273,504	AO
9-Apr-14	Costs of IPO	-	(4,441)	-	-
9-Apr-14	Creation of free shares	3	-	29,065	OS
9-May-14	Shares created after the over-allotment	41	4,730	407,783	OS
9-May-14	Expenses following the over-allotment	-	(54)	-	OS
30-Jun-14	Exercise of Stock options	1	-	6,500	OS
31-Dec-14	Exercise of founders' warrants [BSPCE]	1	44	5,000	OS
31-Dec-14	Exercise of Stock options	1	-	5,000	OS
31-Dec-14	Exercise of warrants [BSA]	-	-	4,000	OS
As at 31 December 2014		**1,606**	**58,925**	**16,068,228**	

* OS: Ordinary shares
PS D: Class D preferred shares

As indicated above, as soon as the Company's shares were listed on Euronext, all of the preferred shares were converted to ordinary shares.

15.2. Dividends

The Company has never distributed a dividend and does not intend to do so for financial year 2014.

15.3. Liquidity Agreement

A liquidity agreement was signed with Exane BNP Paribas on 11 April 2014 for a period to conclude on 31 December, subject to tacit renewal. The initial payment was €300,000, which was raised to €500,000 in August 2014.

At 31 December 2014, within the context of the liquidity agreement, the number of treasury shares held through this contract was 40,987, in addition to €112,000 in cash.

The shares held through this contract reduced the amount of consolidated equity by €388,000.

15.4. Consolidated Reserves

Consolidated reserves break down as follows:

In thousands of euros	2014	2013
At 1 January	(20,969)	(8,918)
Profit (loss) for the year	(11,108)	(11,967)
Currency translation differences	83	(47)
Share-based payments - Expenses for the year	310	(2)
Actuarial profits/(losses) on retirement commitments	58	(30)
Free share delivery	(3)	(5)
Cancellation of treasury shares	(388)	-
Allocation of negative retained earnings to the share premium	22,550	-
At 31 December	**(9,467)**	**(20,969)**
Retained earnings (losses)	398	(10,185)
Loss for the year	(11,108)	(11,967)
Statutory reserve	-	-
Unavailable reserve	-	-
Treasury shares	(388)	-
Other comprehensive income	270	131
Share-based payments	1,361	1,052
At 31 December	**(9,467)**	**(20,969)**

In France, companies must transfer 5% of their annual profit to a legal reserve until the reserve reaches 10% of the share capital. Since the Group has generated only losses in the past, no contribution has been made.

16. Share-based payments

The Group allots 2 types of instruments to certain senior managers, employees, and people related to the Company by a consulting agreement:

- share-based dilutive instruments, such as options for shares, free shares, warrants or founders' warrants. The latter are described below in Note 16.1;
- share-based non-dilutive instruments. The latter are described below in Note 16.2.

16.1. Share-Based Dilutive Instruments

16.1.1. Conditions of Plans Allocated

At 31 December 2014, the following share-based payments were granted by the Company:

Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE)):

Plan -- Date of Allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at source *. Which could be exercised at 31 December 2014*	Expiration date
Founders' warrants [BSPCE] 05-08-2005 10 October 2005	Exercisable in thirds at 31 December each year (2006, 2007, 2008) (1)	€1.22	25,680 (2) *25,680*	10-Oct-15
BSPCE 03-2006 10 July 2006	Exercisable up to 25% after 12 months starting from the allocation date; the remainder are exercisable up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	269,700 (2) *236,200*	10-Jul-16
BSPCE 03-2006 9 July 2007	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	47,500 (2) *32,500*	09-Jul-17
BSPCE 10-2008 5 November 2009	Exercisable up to 25% after 12 months starting from the allocation date; the remainder is exercisable up to 7.5% at the end of each quarter for 30 months. (1)	€8.85	296,000 (2) *233,500*	05-Nov-19

(1) Following the IPO on 9 April 2014, these instruments became immediately exercisable.

(2) After the 10-1 stock split dated 16 May 2012, each founders' warrant (BSPCE) entitled bearers to subscribe to 10 shares at the unit exercise price indicated above. To facilitate reading, the number of instruments at the source were multiplied by 10, thereby reflecting the number of shares of capital post-split.

Share warrants (BSA):

Plan -- Date of Allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at source *Which could be exercised as at 31 December 2014*	Expiration date
BSA 05-08-2005 10 October 2005	Exercisable in thirds at 31 December each year (2006, 2007, 2008) (1)	€1.22	42,840 (2) *36,420*	10-Oct-15
BSA 03-2006 10 July 2006	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	17,000 (2) *17,000*	10-Jul-16
BSA 03-2006 9 July 2007	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	8,800 (2) *8,800*	09-Jul-17
BSA 10-2008 (2) 16 April 2010	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€8.85	169,500 (2) *120,500*	16-Apr-20
BSA 09-2010 30 September 2011	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	126,000 (2) *112,500*	30-Sept-21
BSA 2013 4 October 2013	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	27,000 *27,000*	04-Oct-23

(1) Following the IPO on 9 April 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated 16 May 2012, each BSPCE entitled bearers to subscribe to 10 shares at the unit exercise price indicated above. To facilitate reading, the number of instruments at the source were multiplied by 10, thereby reflecting the number of shares of capital post-split.

Ordinary shares/Stock options and free shares:

Plan -- Date of Allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at source *Which could be exercised as at 31 December 2014*	Expiration date
Ordinary shares/Stock options:				
Ordinary Options 2013 4 October 2013	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	381,250 *(373,750)*	4-Oct-23
Free share [AGA] Options Exchange 2013 4 October 2013	Exercisable up to 55% starting from the allocation date, with the remainder exercisable up to 7.5% at the end of each quarter starting 1 October 2013. (1)	€0.10	254,580 *250,500*	4-Oct-23
Options 09-2014 19 September 2014	Up to 6.25% of options may be exercised at the expiry of each successive 3-month period that has elapsed as of the date of allocation, and at the latest within the 10 years following the date of allocation.	€8.40	411,850 *25,740*	18-Sept-24
Free shares:				
Free shares 30 September 2011	Up to 55% are vested at the end of the 24 months following 30 September 2011, with the remainder vested up to 7.5% between the end of each quarter elapsed following the initial period, for 18 months. (1)	-	306,500(2) *0*	NA
Free shares 21 October 2011	Up to 55% are vested at the end of the 24 months following 30 September 2011, with the remainder vested up to 7.5% between the end of each quarter elapsed following the initial period, for 18 months. (1)	-	30,000(2) *0*	NA

(1) Following the IPO on 9 April 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated 16 May 2012, each founders' warrant entitled bearers to subscribe to 10 shares at the unit exercise price indicated above. To facilitate reading, the number of instruments at the source were multiplied by 10, thereby reflecting the number of shares of capital post-split.

16.1.2. Changes in Outstanding Dilutive Instruments

Share Warrants (BSA):

The number of share warrants in circulation and their average exercise prices are detailed below:

BSA	2014		2013	
	Average exercise price in € per share	Number of instruments	Average exercise price in € per share	Number of instruments
At 1 January	3.91	326,220	4.55	347,720
Granted	-	-	0.1	27,000
Null and void	-	-	7.78	-44,375
Exercised	0.10	-4,000	0.1	-4,125
Expired	-	-	-	-
At 31 December	3.96	322,220	3.91	326,220
Exercisable	3.96	322,220	4.96	255,532

Following the IPO, all of the share warrants are exercisable.

Founders' warrants (Bons de Souscriptions de Parts de Créateurs d'Entreprise (BSPCE))

The number of founders' warrants outstanding and their average exercise price are detailed below:

Founders warrants (BSPCE)	2014		2013	
	Exercise price in € per share	Number of instruments	Exercise price in € per share	Number of instruments
At 1 January	6.97	534,380	6.86	553,880
Granted	-	-	-	-
Null and void	8.85	-1,500	8.43	-14,500
Exercised	8.85	-5,000	5.84	-5,000
Expired	-	-	-	-
At 31 December	6.94	527,880	6.97	534,380
Exercisable	6.94	527,880	6.97	534,380

Following the IPO, all of the founders' warrants are exercisable.

Share Subscription Options/Stock Options

The number of stock options in circulation is analyzed as follows:

Options (OSA)	2014		2013	
	Exercise price in € per share	Number of options	Exercise price in € per share	Number of options
At 1 January	0.10	635,750	-	-
Granted	8.40	411,850	0.1	635,750
Expired	-	-	-	-
Exercised	0.10	-11,500	-	-
At 31 December	3.40	1,036,100	0.1	635,750
Exercisable	0.43	649,990	0.1	159,062

The Extraordinary General Shareholders' Meeting of 3 March 2014 authorized the Management Board to grant for the benefit of the members of the salaried staff as well as for corporate officers, options entitling bearers to subscribe to ordinary shares, noting that the total number of options allotted for this authorization cannot entitle bearers to subscribe to more than 963,479 ordinary shares with a nominal value of €0.10 each.

On 19 September 2014, using this delegation, the Management Board allotted 411,850 shares at an exercise price of €8.40.

Free shares

The number of free shares outstanding is as follows:

Free shares	2014		2013	
	Exercise price in € per share	Number of free shares	Exercise price in € per share	Number of free shares
At 1 January	-	29,065	-	334,000
Granted	-	-	-	-
Expired	-	-	-	-2,000
Replaced by AGA Exchange options	-	-	-	-254,500
Issued	-	-29,065	-	-48,435
At 31 December	-	-	-	29,065
Exercisable	-	-	-	-

16.1.3. Plan Valuation

The valuation of share purchase warrants, founders' warrants, stock options and free shares is as follows:

Plan	Valuation model	Share price at the allocation date (in euros)	Annual risk -free interest rate	Expected volatility	Expected maturity (years)	Discount for non-transferability	Unit fair value at issuance (in euros)
Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE)):							
BSPCE 05-08-2005	B&S	1,216	3.43%	49.00%	10	30.48%	0.001
BSPCE 03-2006	B&S	5.838	4.10%	48.09%	10	30.48%	0.803
BSPCE 03-2006	B&S	5.838	4.74%	46.29%	10	30.48%	2.605
BSPCE 10-2008	B&S	8.847	3.64%	47.80%	10	30.48%	1.801
Share purchase warrants (BSA):							
BSA 05-08-2005	B&S	1.216	3.43%	49.00%	10	30.48%	0.001
BSA 03-2006	B&S	5.838	4.10%	48.09%	10	30.48%	0.000
BSA 03-2006	B&S	5.838	4.74%	46.29%	10	30.48%	2.605
BSA 10-2008 (2)	B&S	8.847	3.41%	45.52%	10	30.48%	1.801
BSA 09-2010	B&S	0.10	2.61%	40.24%	10	30.48%	0.006
BSA 2013	B&S and binomial	0.10	0.19%	22.00%	1	0.00%	0.010
Ordinary options/Stock options							
2013 ordinary options	B&S and binomial	0.10	2.42%	35.00%	10	30.48%	0.030
AGA Exchange 2013 options	B&S and binomial	0.10	2.42%	35.00%	10	30.48%	0.030
Options 09-2014	B&S	9.40	0.35%	37.51%	7	0%	3.980
Free shares:							
Free shares	N/A	0.10	N/A	N/A	N/A	-	0.100
Free shares	N/A	0.10	N/A	N/A	N/A	-	0.100

No assumption of turnover or dividend distribution was used for the valuation of these instruments.

16.2. Share-Based Dilutive Instruments

On 1 July 2014, the Group granted employees at the Chinese representation bureau Stock Appreciation Rights (SAR).

The principle is as follows:
Each of the 9 beneficiaries has received a fixed number of SARs, which vest over 2 years (with the exception of one person who has fully acquired them upon allocation), except in cases of a change in Company control, where all of them would immediately become exercisable. These SARs are exercisable through 23 October 2023 (subject to attendance conditions within the Group).

The Group shall pay the allottee upon written request, and for each year of the allotted SARs, the lower amount as between the following two amounts:
- the market price of the Company's share on the night before the request for exercise, less €0.10.
- €20.

At the closing date, the valuation of the SARs allotted was €113,000.

16.2.1. Conditions of Plans Allocated

Plan -- Date of Allocation	Vesting conditions	Number of instruments: allocated at source *Which could be exercised as at 31 December 2014*	Expiration date
Stock Appreciation Right			
SAR 07-2014 1 July 2014	Exercisable in thirds on 1 July of each year (2014, 2015, 2016), or immediately exercisable in the event of a change in control	10,000 *3,300*	23-Oct-23
SAR 07-2014 1 July 2014	Fully exercisable at 1 July 2014	5,000 *5,000*	23-Oct-23

16.2.2. Changes in Outstandings for Non-Dilutive Instruments

SAR	2014 Number of instruments	2013 Number of instruments
At 1 January	-	-
Granted	15,000	-
Null and void	-	-
Exercised	-	-
Expired	-	-
At 31 December	15,000	-
Exercisable	8,300	-

16.3. Plan Charges by Financial Year

Expenses recognized in the financial statements in prior years are as follows:

In thousands of euros	2012 and previous	2013	2014	2015 and later	Total
Founders warrants (BSPCE)	596	3	-	-	599
Free shares	30	(11)	1	-	20
BSA	428	(19)	(110)	-	299
Stock options	-	25	418	1,259	1,702
SAR	-	-	113	44	157
Total	1,054	(2)	422	1,303	2,777

17. Financial Debt

Financial debt breaks down as follows:

In thousands of euros	31 December 2014	31 December 2013
Non-current		
OSEO repayable advance – Tuce	77	77
OSEO repayable advance – Icare	682	657
Bond issue	4,803	4,754
Total non-current	**5,562**	**5,488**
Current		
OSEO repayable advance – Brain Therapy	-	338
Short-term debt	3,000	829
Interest accrued on loan	21	21
Associate current accounts	-	-
Total current	**3,021**	**1,189**

Financial debts are primarily comprised:

- of reimbursable advances (described below),
- a bond issue (described below),
- a short-term bond issue corresponding to a fully used line of credit.

At 31 December 2013, short-term loans also included the financing of receivables through factoring agreements and Dailly-type assignment transfers, as described in Note 35.4.

17.1. Repayable advances

Within the framework of its development programs, the Company received 3 reimbursable advances (granted by Oséo at the time, and now under the control of BPI), two of which significantly impacted the financial statements:

- **Brain Therapy reimbursable advance:**

An unpaid reimbursable advance was granted, with a nominal amount of €1 million for the Brain Therapy program, including €500,000 received in June 2007, and another €500,000 received in April 2009. Insofar as the Company does not pay any interest on this amount, the advance was initially recorded at its fair value, i.e. with a discount corresponding to the market rate, so as to reduce its effective interest rate to that of a normal debt. The difference between the fair value of the advance and its nominal value constitutes a subsidy recorded as a reduction of R&D expenses as the subsidized expenses are incurred. In 2014, the plan was closed and the Group benefited from a waiver of the balance due to Oséo, in the amount of €340,000.

- **Icare repayable advance:**

An unpaid repayable advance was granted, for a total amount of €3 million for the Icare program, including €516,000 which were received on 8 March 2010, and another €347,000 which were received on 13 June 2012. The same accounting treatment was applied as the one described above. The reimbursements will be made according to the future sales of products resulting from the project, through the close of financial year 2022. Reimbursement may thus exceed the nominal amount received, but as there is no reliable estimate of the amount payable until 2022, this amount has not been recorded in the balance sheet (see also Note 35.4).

- **TUCE repayable advance:**

An unpaid repayable advance was granted in the total amount of €0.4 million for the TUCE program, €77,000 of which were received on 26 June 2012. The reimbursements will be made according to the future sales of products resulting from the project, and could thus exceed the nominal amount received, although without a reliable estimate of the amount payable until 2023, as this amount has not been recorded in the balance sheet.

In thousands of euros	OSEO THERAPY	OSEO PROSTATE	OSEO ICARE	OSEO TUCE	Total
Debt as at 31 Dec 2012	620	18	634	77	1,349
+ payments received	-	-	-	-	0
- repayments	(300)	(18)	-	-	(318)
- discount		-	-	-	0
+ accretion	26	-	16	-	42
> +/- change in assumption	(8)	-	7	-	-1
Debt as at 31 December 2013	338	-	657	77	1072
+ payments received	-	-	-	-	-
- repayments	-	-	-	-	-
- discount	-	-	-	-	-
+ accretion	-	-	25	-	25
- Cancellation of the debt	(338)	-	-	-	(338)
> +/- change in assumption	-	-	-	-	-
Debt as at 31 December 2014	0	0	682	77	759

The repayment schedule for the advances above is as follows at the balance sheet date:

In thousands of euros	Total	<1 year	1 to 5 years	>5 years
TUCE advance	77	-	77	-
ICARE advance	681	-	-	670
Total	**758**	**-**	**77**	**670**

17.2. Bonds with Share Warrants (Obligations à bons de souscription d'actions)

In accordance with the resolutions of the Extraordinary Shareholders' Meeting of the Company on 16 December 2013, the Company issued 50,000 bonds with share warrants with a nominal value of €100 each (the "OBSA"). Each OBSA was issued at a price equal to its nominal value (€100 euros) for a total nominal amount of €5 million.

The Bonds with Share Warrants (OBSA) are redeemable monthly at maturity over five years, with a deferred capital amortization period of 24 months, which will be increased to 36 months in the event that a revenue target were to be reached between the 13th and the 24th month. Interest is paid monthly as of the month of issue, i.e. 16 December 2013. The Company's management believes it will probably attain the revenue target, which would allow it to benefit from the deferred 36-month repayment. Consequently, the estimates made in the preparation of the consolidated financial statements for 2013 and 2014, and the information provided in the notes to those financial statements reflect this modality. In this case, the OBSA outstanding will be repaid in regular installments of principal and interest over the last 24 months.

The Company has the right to proceed with the early redemption of all or part of the outstanding OBSA for a minimum amount of €500,000. It should proceed with the early redemption of all of the outstanding OBSA, unless otherwise agreed by holders, in the event of change of control or sale of a substantial part of all Group assets. The Company has agreed not to make any distribution of dividends, interim dividends or reserves, and not to make any payment to shareholders other than those due under their employment contract or term of corporate office as long as any amount is due to holders of OBSA.

OBSA bear interest at an annual rate of 10.13%.

Each of the OBSAs has a share warrant (the "**BSA**"), of a total of 50,000 BSA, which grants each bearer the right to subscribe to 50,000 ordinary new shares. Each warrant entitles its holder to subscribe to one ordinary share with a €10 subscription value.

Due to the Company's IPO in April 2014, these warrants became exercisable through 17 December 2023.

The value of the bond issue in the balance sheet is as follows:

In thousands of euros	31 December 2014	31 December 2013	Initial recording
Nominal value of the bond issue	5,000	5,000	5,000
Issuance costs charged to the loan	(197)	(246)	(246)
Equity component (Note 3.13)	-	-	-
Debt component	4,803	4,754	4,754

The maturity of the bond is as follows at the balance sheet date:

In thousands of euros	Total	<1 year	*Between 1 and 5 years*	*>5 years*
OBSA	4,803	-	4,803	-

18. Retirement Commitments and Similar Benefits

In France, the Group makes payments to the national retirement benefit scheme and its commitment to employees concerning retirement is limited to a lump-sum payment based on the amount of time an employee has worked and paid when the employee reaches the age of retirement. This retirement benefit is determined for each employee based on the time they have worked for the Company and their final projected salary. In the United Kingdom and the United States, the Group contributes to a defined contribution scheme which limits its commitments to the payments made. These contributions are recorded in fiscal year charges.

The amounts recognized in the balance sheet are determined as follows. They relate to the retirement pay plans for French employees.

In thousands of euros	31 December 2014	31 December 2013
Provision for retirement benefit obligations	364	347

Changes in the obligation under the defined-benefit plan during the year are presented below:

In thousands of euros	31 December 2014	31 December 2013
At 1 January	347	258
Cost of services rendered during the period	65	55
Financial cost	10	8
Services paid	-	-
Reductions/terminations	-	-
Changes in assumptions	-	4
Actuarial gains and losses	(58)	22
Currency translation differences	-	-
At 31 December	**364**	**347**

The amounts recognized in the income statement are determined as follows:

In thousands of euros	31 December 2014	31 December 2013
Cost of services rendered during the period	65	55
Financial cost	10	8
Change of plan	-	-
At 31 December	**75**	**63**

The main actuarial assumptions used are as follows:

In thousands of euros	31 December 2014	31 December 2013
Discount rate	2.0%	3.0%
Rate of increase in salaries	3.0%	3.5%
Inflation rate	2.0%	2.0%
Rate for social security expenses: Non-management	42.5%	42.0%
Rate for social security expenses Management	46.7%	47.0%

Obligations are calculated based on an assumption of voluntary retirement at 62 for employees and 64 for management.

Assumptions regarding future mortality expectations are set based on data from published statistics and historical data in France.

19. Other Non-Current Liabilities

Other non-current liabilities are detailed below

In thousands of euros	31 December 2014	31 December 2013
Trade payables - non-current portion	467	461
Deferred revenue - non-current portion	249	283
Total	**716**	**744**

The non-current portion of suppliers principally corresponds to future payments discounted for the minimum fixed royalties on acquired patents and licenses.

The non-current portion of deferred revenue corresponds to maintenance contracts.

20. Trade Payables and Related Accounts

Trade payables break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Trade payables	**4,992**	**3,385**
Of which current	4,525	2,924
Of which non-current	467	461

21. Other Current Liabilities

Other current liabilities break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Social security costs	3,190	2,074
Deferred revenue - current portion	1,713	366
Operating grant repayable	804	807
Provisions for contingencies (see chart)	456	383
Tax debt	376	242
Advances received on orders	110	50
Miscellaneous	14	21
Total other current liabilities	**6,664**	**3,944**

Deferred revenue concerns a portion of income linked to technology which was not entirely recognized when signing the contract, but instead spread out over the period in question, as well as income from operating grants that was spread out based on the rate of charges incurred, in addition to provision of services (primarily maintenance, after-sales service, extensions of warranty) for which income was recognized when the service was rendered.

The amount of the operating grant to be repaid corresponds to the share of the subsidy received in excess for the ICARE program. Since the costs of this project were significantly lower than initially expected, the Company expects to repay part of the grant received for expenses that were not ultimately incurred (and not recognized as income by the Company), i.e. €807,000 in 2015 out of a total of €1.774 million in grants received. To that end, €807,000 were reclassified in short-term debt as of 31 December 2014. See Note 35.4.

During the financial year 2014, the Group collected €340,000 in grants, compared to €133,000 in 2013.

Provisions for contingencies break down as follows:

In thousands of euros	Guarantees	Others	Total
Balance at 1 January 2013	434	-	434
- Increase in provision	559	-	559
- Used amounts reversed	(610)	-	(610)
- Unused amounts reversed	-	-	-
- Change impacting equity	-	-	-
- Currency translation gains or losses	-	-	-
At 31 December 2013	**383**	**-**	**383**
As at 1 January 2014	383	-	383
- Increase in provision	667	-	667
- Used amounts reversed	(594)	-	(594)
- Unused amounts reversed	-	-	-
- Change impacting equity	-	-	-
- Translation gains or losses	-	-	-
As at 31 December 2014	**456**	**-**	**456**

At the close of the financial year, the provisions for contingencies only included provisions for warranties that were current provisions. In fact, the sales made by the Group are subject to a one-year warranty period. The measurement of the cost of the guarantee as well as the probability that these costs will be incurred is based on an analysis of historic data. The provision corresponds to the number of months remaining on existing guarantees at the balance sheet date for all equipment sold. Additions and reversals on the provision for guarantees given to clients are recorded in the income statement within direct cost of sales.

The provision for retirement pay is fully presented in non-current liabilities (see Note 18).

22. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:
The fair value of financial instruments traded on an active market, such as short-term marketable securities, is based on the market price at the balance sheet date. Market prices used for the Company's financial assets are the buy prices on the market at the valuation date. The nominal value, less provisions for write-down of current receivables and payables is assumed to approximate the fair value of these elements, as it does for variable rate financial debts.

As at 31 December 2014:

In thousands of euros	Loans and receivables	Financial assets at fair value through profit and loss	Total
Securities and cash pledged	-	2,158	2,158
Deposits paid	134	-	134
Trade receivables	8,417	-	8,417
Assets provided for the liquidity agreement	-	112	112
Cash and cash equivalents	-	42,204	42,204
Total - 31 December 2014	**8,551**	**44,474**	**53,025**

	Liabilities at fair value through profit and loss	Financial liabilities valuated at amortized cost	Total
Trade payables and related	-	4,992	4,992
Bond issue	-	4,824	4,824
Short-term debt	-	3,000	3,000
Repayable advances	-	759	759
Total - 31 December 2014	**-**	**13,576**	**13,576**

At 31 December 2013:

In thousands of euros	Loans and receivables	Financial assets at fair value through profit and loss	Total
Securities pledged	-	158	158
Deposits paid	126	-	126
Trade receivables	6,704	-	6,704
Cash and cash equivalents	-	6,437	6,437
Total - 31 December 2013	**6,830**	**6,595**	**13,425**

	Liabilities at fair value through profit and loss	Financial liabilities valuated at amortized cost	Total
Trade payables and related	-	3,385	3,385
Bond issue	-	4,754	4,754
Short-term debt	-	500	500
Factoring	-	329	329
Repayable advances	-	1,073	1,073
Total - 31 December 2013	**-**	**10,041**	**10,041**

23. Cost of Sales

The gross margin for the previous two years breaks down as follows:

In thousands of euros	2014	2013
Gross margin on Revenue	7,397	6,238
Gross margin as a % of revenues	*37.4%*	*36.8%*
Gross margin on total income	9,216	6,238
Gross margin in % total income	*42.7%*	*36.8%*

The gross margin on total income corresponds to total income (€21.580 million) less sales costs (€12.364 million). In 2014, it fully benefited from other income (€1.819 million), not generating any sales cost.

The gross margin on revenue corresponds to revenue less sales costs, i.e. €7.397 million in 2014, and €6.238 million in 2013. The moderate progression over the period is reflected by a positive effect linked to the Group's efforts to improve long-term margins, in particular by changing the location of production to Malaysia, which was offset by a downward effect due to a new licensing agreement, described in Note 34.1, which resulted in the payment of royalties.

24. Research and development expenses

Research and development expenses break down as follows (excluding research and development expenses capitalized as intangible assets):

In thousands of euros	2014	2013
Personnel	1,153	2,444
Fees, External Services	785	771
Travel expenses and entertainment	112	122
Depreciation, amortization & provisions	961	725
Purchases and consumables	344	186
Others	420	522
Subtotal, expenses	**3,775**	**4,770**
Operating grants	(703)	(947)
Research Tax Credit	(444)	(513)
Subtotal, income	**(1,147)**	**(1,460)**
Total	**2,629**	**3,311**

Total research and development expenses break down as follows including research and development expenses capitalized as intangible assets:

In 2014:

In thousands of euros	Expenses of R&D	Capitalized expenses	Total Expenditures
Personnel	1,153	2,924	4,077
Fees, External Services	785	539	1,324
Travel expenses and entertainment	112	117	229
Depreciation, amortization & provisions	961	177	1,138
Purchases and consumables	344	60	404
Others	420	166	586
Subtotal, expenses	**3,775**	**3,983**	**7,758**
Operating grants	(703)	(6)	(709)
Research Tax Credit	(444)	(1,437)	(1,881)
Subtotal, income	**(1,147)**	**(1,443)**	**(2,590)**
Total	**2,629**	**2,540**	**5,168**

In 2013:

In thousands of euros	Expenses of R&D	Capitalized expenses	Total Expenditures
Personnel	2,444	1,641	4,085
Fees, External Services	771	177	948
Travel expenses and entertainment	122	64	186
Depreciation, amortization & provisions	725	220	945
Purchases and consumables	186	128	314
Others	522	65	587
Subtotal, expenses	**4,770**	**2,295**	**7,065**
Operating grants	(947)	-	(947)
Research Tax Credit	(513)	(1,221)	(1,733)
Subtotal, income	**(1,460)**	**(1,221)**	**(2,680)**
Total	**3,311**	**1,074**	**4,385**

25. Selling and marketing expenses

Selling and marketing expenses break down as follows:

In thousands of Euros	31 December 2014	31 December 2013
Personnel	5,648	4,367
Fees, External Services	1,941	1,821
Travel expenses and entertainment	2,515	2,065
Depreciation, amortization & provisions	367	454
Others	777	438
Total	**11,248**	**9,146**

26. General and administrative expenses

General and administrative expenses break down as follows:

In thousands of Euros	31 December 2014	31 December 2013
Personnel	2,738	1,815
Fees, External Services	1,696	1,449
Travel expenses and entertainment	196	243
Depreciation, amortization & provisions	246	338
Others	197	238
Total	**5,073**	**4,083**

27. Other Operating Income/(Expenses)

Other operating income (expenses) break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Customer provisions	(129)	(1,165)
Miscellaneous	(23)	
Other operating expenses	**(152)**	**(1,165)**
Unused amounts reversed	403	166
Miscellaneous	2	14
Other operating income	**405**	**180**
Other operating income and expenses	**254**	**(986)**

28. Other non-current operating income/(expense)

Other non-current operating income/(expenses) recognized using the methods described in Note 3.24 for the determination of non-current operating income primarily include:

- the costs of transferring production of ultrasound systems to Malaysia;
- exceptional payment within the framework of a licensing agreement;
- the income receivable within the framework of a dispute opposing the Group and its former Chinese distributor for a total of €1 million, fully provisioned.

In thousands of euros	31 December 2014	31 December 2013
Provision for income receivable	(1,002)	-
Personnel	(276)	(158)
Fees, commissions and royalties	(904)	(180)
Travel	(68)	(36)
Equipment	(12)	(22)
Others	(44)	(38)
Other non-recurring operating expenses	**(2,307)**	**(435)**
Income receivable	1,002	
Other non-recurring operating income	**1,002**	**-**
Other non-current operating income and expenses	**(1,305)**	**(435)**

29. Operating Expenses by Type

Operating expenses by type break down as follows (excluding research and development expenses capitalized as intangible assets; see details in Note 24):

In thousands of euros	31 December 2014	31 December 2013
Purchases including inventory variations	8,817	8,470
Depreciation and amortization	1,537	1,924
Salaries and other short-term employee benefits	8,492	7,416
Social security costs	2,628	2,626
Taxes	518	278
Subcontracting	200	137
External services	2,056	1,629
Travel expenses and entertainment	2,298	1,766
Buildings and office leases	670	725
Advertising, promotion and trade shows	851	899
Fees, commissions and royalties	2,848	2,778
Grants and research tax credit	(1,147)	(1,460)
Additions and reversals of provisions	1,297	568
Others	1,302	926
Total	**32,365**	**28,684**

30. Employee Benefit Expenses

Employee benefit expenses break down as follows (excluding research and development expenses capitalized as intangible assets, see details in Note 7):

In thousands of euros	31 December 2014	31 December 2013
Salaries and other short-term employee benefits	8,070	7,416
Social security costs	2,628	2,626
Share-based payments	422	(2)
Retirement obligations	75	59
Total	**11,195**	**10,098**

At 31 December 2014, the Group employed 149 people, compared to 126 at 31 December 2013.

31. Financial Income and Expenses

Financial income and expenses break down as follows:

In thousands of euros	31 December 2014	31 December 2013
Foreign currency exchange losses	-	(135)
Interest	(592)	(97)
Financial expenses	**(592)**	**(232)**
Foreign currency exchange gains	227	64
Interest	146	-
Financial income	**373**	**64**
Financial income (loss)	**(219)**	**(168)**

32. Income Tax Expense

The amount of tax on Group income is different from the theoretical amount which would result from the tax rate calculated based on the tax rates applicable in France because of the following elements:

In thousands of euros	31 December 2014	31 December 2013
Income (loss) before tax	(11,003)	(11,891)
Tax calculated based on the tax rate applicable at the parent company (34.43%)	(3,788)	(4,094)
Tax effect on:		
Loss carry-forwards for the period not capitalized and assets not recorded for temporary differences	6,080	4,413
Research tax credit not subject to income tax	(636)	(597)
Non tax deductible share based payment	145	(1)
Flat-rate taxation of the representation office in China	6	477
Capital increase expenses allotted to the share premium	(1,548)	
Other permanent differences	(54)	(47)
Differences in tax rates	(100)	(76)
Effective income tax	105	76

Deferred tax assets not recognized at 31 December 2014 amounted to €35.482 million (compared to €28.611 million at 31 December 2013). They include €27.050 million corresponding to the tax effect on the loss carry-forwards of the French entity, and €8.043 million on loss carry-forwards from foreign

subsidiaries, primarily corresponding to the US subsidiary. The deferred tax asset balances were not capitalized in accordance with the principles described in Note 3.1.

In France, the use of these tax losses is capped at 50% of the taxable profit of the period. This limit is applicable to the part of profit above €1 million. The unused balance of the tax losses is carried forward to the following periods and is usable under the same conditions with no time limit.

33. Earnings per Share

(a) Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year:

	31 December 2014	31 December 2013
Loss attributable to shareholders of the Company (in thousands of euros)	(11,108)	(11,967)
Weighted average number of shares outstanding	14,710,493	10,930,414
Net profit (loss) per share (in Euros)	**(0.76)**	**(1.09)**

(b) Diluted

Potentially dilutive instruments are described in Note 16.1 (breakdown of the remaining number outstanding, as well as the number exercisable at 31 December for the last two years), and in Note 17.2 for the issuance of bonds with share warrants (OBSA). During the periods presented, the equity instruments granting deferred access to capital (founders' warrants, share warrants, free shares, etc.) are considered anti-dilutive, as they lead to a reduction in the loss per share. As such, the diluted earnings per share are identical to the basic earnings per share.

34. Licensing Agreements

34.1. Licenses Acquired or Adopted

When it was incorporated, the Group entered into licensing agreements on basic patents.

During the second round of funding in 2008, the Group acquired licensed CNRS patents upon their creation, and the share of the CNRS patents taken in co-ownership arising from the collaborative framework contract with the CNRS (contract from 2006 to 2008). These agreements also provide for the payment of royalties.

The Group also renewed the exclusive licensing agreement with Verasonics in 2013, and an exclusive license for US patents from Armen Sarvazyan.

In 2014, the Company signed a new non-exclusive international licensing agreement for the entire portfolio of patents of a major industry player in the area of ultrasound medical imaging methods and equipment.

Within the framework of this contract, an initial exceptional payment was made and recorded under Other non-current expenses in 2014.

To date, the Group is committed to paying royalties, in an amount which is indexed on a portion of its sales, with the expense being recorded under the item Sales Costs.

34.2. Licenses Granted

On 3 March 2014, the Group signed a reciprocal agreement with an industrial player. Through this agreement, the Group granted access to its technology, along with limits to applications under specific conditions of use. In conformity with IFRS, all of these royalties were recognized in "Other income" in 2014. This player was also committed to not enforcing patents against the Company which it owns in the area of ultrasound medical imaging.

35. Commitments

35.1. Investments

Fixed asset orders contracted for but not yet incurred are not significant.

35.2. Commitments for operating leases

The Group leases offices under non-cancellable operating lease agreements. These operating leases are renewable at the end of the lease period at market rates.

The Group also leases certain equipment under cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In thousands of euros	31 December 2014	31 December 2013
Less than 1 year	355	213
Between 1 and 5 years	609	14
More than 5 years	-	-
Total	964	227

35.3. Pledge of bank accounts

As security for the bond issue, the Company has granted the holders of OBSA a pledge on the bank accounts of SuperSonic Imagine SA. This pledge was supplemented in June 2014 by a commitment to keep a positive balance of at least €2 million in its bank accounts at all times.

As part of this commitment, €2 million in cash was recognized in the financial statements as non-current assets.

35.4. Other commitments given

Pledge of marketable securities:

Marketable securities amounting to €155,000 have been pledged to BNP Paribas Real Estate as a deposit on the rent of the of Aix-en-Provence business premises. This pledge was given for a period of nine years and ends on 18 July 2017.

ICARE program repayable advance and grant:

The Company received a repayable Oséo advance for €863,000 for the Icare program and a grant for the amount of €1.775 million.

The initial contract stipulates that the advance will be repaid according to the future sales of products from the project, up to the financial year ending in 2022. The reimbursements may thus exceed the nominal amount received.

At the balance sheet date of the financial statements, the Company was in discussions with Oséo, which is funding this program, to redefine in particular the revenue base to be considered for future payments, insofar as some of the initial objectives may not be reached and the Company does not expect to release the entire amount since part of the project will not be completed.

In the absence of a reliable estimate of the amount payable until 2022, because talks are ongoing, an estimate of payments to be made in excess of the amount of the advance is not recognized in the balance sheet.

Since the costs were much lower than originally projected, the Company plans to repay, in 2015, €804,000 corresponding to the portion of the grant received for expenses that were not ultimately incurred (and not recognized as income by the company), out of a total of €1.775 million in grants received (completely independently of the repayment of the advance used). To that end, €804,000 were reclassified in Other current liabilities as at 31 December 2014.

Refundable TUCE program advance:

On 26 June 2012, the Company also received the first installment, for €77,000, of a repayable advance for the Tuce program. The reimbursements will be made according to the future sales of products from this project, and will be spread out over a period of at most 8 consecutive years. Because the project is scheduled to end in 2016, no repayment should be made before that date. Payments may exceed the nominal amount received, but in the absence of a reliable estimate of the amount to be repaid, no additional amount was recorded.

Financing by assignment of receivables:

A factoring agreement signed on 12 December 2013 gave the option of financing 85% of the trade receivables of the parent company, within the limits of the suitable credit assurances granted.

The contract was terminated effective 31 December 2014. The impact on the financial statements at the close of the year is a receivable of €64,000 which corresponds to the most recent client positions which have not yet been settled.

Severance pay

Mr. Egelund's employment contract provides, in the event the contract is severed for any reason other than gross negligence or a serious offense, for compensation in an amount that is at most equal to his annual salary.

Furthermore, his contract also provides, in the event of a break in the employment contract, for a potential acceleration in the vesting of the stock options allotted to him in 2014, following the terms for breaking the contract and in accordance with the market price.

35.5. Commitments Received

The amount of trade receivables at the balance sheet date is subject to a reservation of property clause established in the general conditions of sale, to the Group's benefit.

As the Company benefits from the assistance of OSEO in the financing of its Research and Development activities, it received commitments to finance a part of its future work in the form of operating grants and repayable advances:

- **Commitments and income received for grants break down as follows:**

In thousands of euros	Grants received				Amount of grant on contract	Balance receivable
	Before 2013	2013	2014	Cumulative Total		
ICARE – OSEO (1)	1,775			**1,775**	**2,838**	**1,063**
DARMUS - DGA	645			**645**	**645**	
CARDIO -ANR	172	43		**215**	**215**	
TUCCIRM -ANR	126			**126**	**126**	
Elastobus -OSEO	454			**454**	**454**	
TUCE -OSEO	1,014		13	**1,027**	**1,208**	**181**
Micro Elasto -ANR	56			**56**	**186**	**130**
PLIK -OSEO	40		14	**54**	**133**	**79**
PLIK –Pays d'Aix	24		1	**25**	**80**	**55**
PLIK - PACA					**80**	**80**
BITHUM -ANR	47	24	24	**94**	**118**	**24**
IDITOP -OSEO	100		167	**268**	**335**	**67**
IDITOP - PACA			59	**59**	**250**	**191**
Cartographics - INCA INSERM	40	67		**106**	**133**	**27**
Capacity - BPI			62	**62**	**206**	**144**
Total	**4,493**	**133**	**340**	**4,966**	**7,006**	**2,041**

(1) See Note 35.4: not only does the Group not intend to apply the balance receivable for this grant, it will pay the funder part of the money received.

- **The commitments received relating to the repayable advances break down as follows:**

In thousands of euros	Advances received	Repayments	Cancellation of the debt	Balance at 31 December 2014	Amount of grant on contract	Outstanding amounts to be received
ICARE - OSEO	863			**863**	**3,039**	**2,176**
HIFU - OSEO	1,000	(660)	(340)	-	**1,000**	-
PROSTATE - OSEO	35	(35)		-	**35**	-
TUCE -OSEO	77			**77**	**407**	**330**
TOTAL	**1,975**	**(695)**	**(340)**	**940**	**4,481**	**2,506**

35.6. Individual training (Droit Individuel à la Formation (DIF))

As at 31 December 2014, the total cumulative hours of individual training (DIF) available to French Company staff amounted to 7,634.

As of 1 January 2015, the Professional Training Account (Compte Professionnel de Formation (CPF)) will replace the DIF. The DIF hours acquired as at 31 December 2014 must be used prior to 31 December 2020 as if they were hours acquired under the CPF framework.

36. Related Party Transactions

Key management compensation

Key management includes members of the Management Board members and executive and non-executive Supervisory Board members.

The compensation paid or payable is as follows:

In thousands of euros	2014	2013
Salaries and other short-term employee benefits	1,525	1,208
Directors' attendance fees	40	48
Share-based payments	267	55
Total	**1,832**	**1,311**

Other related parties

The Group has no related parties other than the members of the Management and Supervisory Boards.

37. Events After the Reporting Date

Tax Audit
As indicated in Note 1.2, on 17 March 2014, the Company was informed of a tax audit for 2011 and 2012.

The Ministry of Research, tasked with reviewing the Research Tax Credit (RTC), concluded in its report of 29 January 2015 that the audited Research Tax Credits were fully eligible.

The 2013 Research Tax Credit, for which payment was blocked awaiting these findings, should thus be paid in 2015.

At the year-end closing of the accounts, no finding had been received as concerned the other aspects of the tax audit, and there is thus no impact on the financial statements as at 31 December 2014.

Incentive agreement
In 2014, SuperSonic Imagine established an incentive agreement for employees to benefit from the Group's results, for a period of three years, covering 2015, 2016 and 2017.

The choice of calculation methods is based on the desire to have all employees share the Company's key objectives of (i) improving operating income and (ii) increasing revenue.

38. Consolidated Entities

The consolidated financial statements as at 31 December 2014 include the accounts of SuperSonic Imagine, the parent company, and the following entities:

Country	Company	31 December 2014	31 December 2013
France	SuperSonic Imagine	Parent company	Parent company
USA	SuperSonic Imagine Inc.	100%	100%
United Kingdom:	SuperSonic Imagine Ltd	100%	100%
Germany	SuperSonic Imagine Gmbh	100%	100%
Italy	SuperSonic Imagine Srl	100%	100%
China	SuperSonic Imagine (H.K.) Limited	100%	100%

During the last 2 financial years, the Group did not acquire any companies, and did not make any changes to its consolidation scope.

There is no restriction on the auditing of subsidiaries which are fully owned and entirely controlled by the parent company.

20.2. PROFORMA FINANCIAL INFORMATION

Not applicable.

20.3. HISTORICAL FINANCIAL STATEMENTS OF SUPERSONIC IMAGINE S.A.

BALANCE SHEET

ASSETS

In thousands of euros	Notes	Gross	Amortization & depreciation	31 December 2014 (Net)	31 December 2013 (Net)
Intangible assets	2	11,416	(3,962)	7,453	5,384
Tangible assets	3	7,653	(6,412)	1,241	1,141
Financial assets	4	30,266	(27,735)	2,531	111
Total fixed assets		**49,335**	**(38,109)**	**11,226**	**6,636**
Inventories	5	4,973	(1,252)	3,721	2,922
Trade receivables and related accounts	6	6,780	(1,008)	5,772	3,670
Other receivables	7	7,623	(1,002)	6,621	4,132
Marketable securities	8	36,784	-	36,784	4,658
Cash on hand	8	3,737	-	3,737	1,613
Total current assets		**59,898**	**(3,263)**	**56,635**	**16,994**
Prepaid expenses	9.2	315	-	315	260
Deferred charges	9.2	197	-	197	246
Translation gains	9.1	422	-	422	320
Total accruals		**935**	**-**	**935**	**827**
Total assets		**110,167**	**(41,372)**	**68,795**	**24,457**

LIABILITIES

In thousands of euros	Notes	31 December 2014	31 December 2013
Share Capital	12.1	1,607	1,134
Share premiums		59,673	32,371
Regulated reserves		(8)	(5)
Retained earnings (losses)		-	(10,710)
Profit (loss) for the year		(14,581)	(11,841)
Regulated provisions		-	6
Total equity	**12**	**46,692**	**10,955**
Contingent advances	15	940	1,280
Provisions for contingency	16	991	703
Convertible bonds	14	5,000	5,000
Loans and other financial debts	17	3,142	89
Advances and deposits received on current orders		87	21
Trade payables & related accounts		4,965	3,132
Tax & corporate debts	18	2,860	1,962
Other debts		2	7
Total debts		**17,987**	**12,194**
Deferred revenue	20	2,529	1,234
Translation losses	8.1	1,587	74
Total accruals		**4,116**	**1,308**
Total liabilities		**68,795**	**24,457**

INCOME STATEMENT

In thousands of euros	Notes	31 December 2014	31 December 2013.
Sale of merchandise		45	166
Production sold (goods)		17,187	14,488
Production sold (services)		2,162	1,896
Revenues	**21.1**	**19,394**	**16,550**
Inventories		675	456
Capitalized production		2,674	1,546
Operating grants		295	899
Reversals of depreciations, amortizations and provisions, transfers of expenses		1,151	1,521
Other income	21.5.2	1,819	-
Operating income		**26,008**	**20,972**
Purchase of goods and raw materials		9,839	7,940
Changes in inventory		(661)	650
Other purchases and external expenses		9,865	9,041
Taxes and similar payments		490	238
Salaries and other short-term employee benefits		7,456	6,193
Social security costs		3,145	2,535
Amortization and depreciation of fixed assets	2 and 3	1,552	1,747
Provisions for current assets		765	1,545
Provisions for contingencies	16	667	562
Other expenses		1,548	922
Operating expenses		**34,667**	**31,373**
Operating income		**(8,660)**	**(10,402)**

In thousands of euros	Notes	31 December 2014	31 December 2013.
Financial income from investments		145	105
Other interest and similar income		147	-
Reversals of provisions and transfers of expenses		-	50
Foreign exchange gains		12	79
Financial income		**304**	**235**
Financial allocations to depreciation, amortization and provisions		6,803	3,139
Interest and similar expenses		517	55
Foreign exchange losses		195	160
Financial expenses		**7,516**	**3,354**
Financial income (loss)	**21.3**	**(7,212)**	**(3,120)**
Exceptional income from management operations		1,381	-
Exceptional income from capital operations		-	-
Reversals of provisions and transfers of expenses		264	23
Exceptional income		**1,646**	**23**
Exceptional expenses from management operations		844	3
Exceptional expenses from capital operations		258	-
Exceptional allocations to depreciation, amortization and provisions		1,002	-
Exceptional expenses		**2,104**	**3**
Exceptional income	**21.4**	**(459)**	**20**
Income tax	21.13	(1,750)	(1,661)
Net income (loss)		**(14,581)**	**(11,841)**

Table of Contents - Notes

1. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

The balance sheet for the financial year ended 31 December 2014 presents a total of €68,795,253.
The income statement, presented in list-format, shows a loss of €14,580,845.
The financial year is 12 months long, and covers the period from 1 January to 31 December 2014
The notes and tables below form an integral part of the annual financial statements.

1.1. GENERAL INFORMATION

1.1.1. PRESENTATION OF THE COMPANY

Supersonic Imagine ("the Company") is specialized in research and development, as well as in the sale of ultrasound medical imaging systems.
It has developed innovative technology as well as the related software (which forms an integral part of its Aixplorer® ultrasound system), allowing breast, thyroid, prostate, liver and abdominal lesions to be diagnosed in real time by measuring tissue elasticity (elastography).
As at 31 December 2014, the Company either owns or co-owns 22 families of patents which it developed itself or acquired, and has six other families of patents within the framework of licensing agreements.
The Company subcontracts production of the ultrasound systems it sells.
SuperSonic Imagine and its subsidiaries have sold the products of the Aixplorer® range since 2009.
As part of its international development, the Company has created five distribution subsidiaries in the following countries:
Supersonic Imagine Inc., United States, in March 2007;
Supersonic Imagine GmbH, Germany, in March 2008;
Supersonic Imagine Ltd., United Kingdom, in March 2008;
Supersonic Imagine Srl, Italy, in October 2009;
Supersonic Imagine (H.K) Limited, China, in June 2011;

The Company is a limited company with a management board and a supervisory board, incorporated in France. Its headquarters are registered at Jardins de la Duranne, 510 rue René Descartes, 13290 Aix-en-Provence, France. It is registered in the Aix-en-Provence Trade and Companies Register under the number 481 581 890.

1.1.2. KEY EVENTS OF THE YEAR

(A) IPO

The company filed a base document with the Autorité des Marchés Financiers (AMF) which was approved via Authorization number I.14-006 on 6 March 2014.

On 9 April 2014, SuperSonic Imagine announced the success of its introduction on the Euronext regulated market in Paris. The shares have since been admitted for trading on the Euronext regulated market in Paris under the code ISIN FR0010526814 and the mnemonic SSI.

Within the context of its IPO, the Company issued 4,273,504 new ordinary shares at €11.70, i.e. a capital increase of €50 million.

On 9 May 2014, following the overallotment period, the Company created 407,783 additional shares at €11.70, i.e. an additional capital increase of €4.8 million.

The total amount of capital increases for the period was €54.8 million, including share premiums. The costs attributed to share premiums totaled €4.5 million, and the net total for the capital increase was €50.3 million.

(B) OTHER OPERATING INCOME

In 2014, the Company decided for the first time to enter into contracts allowing access to its technology.

The revenue from these contracts is presented in Other Operating Income, to the extent that it is not recurring by nature and does not fall within the framework of current activity.

According to the terms and conditions of the contracts, the corresponding revenue may be fully recognized at the date of signing the latter, or spaced out over the term of the contract.

(C) TRANSFER OF PRODUCTION FROM SCOTLAND TO MALAYSIA

The ultrasound systems sold by the Group are produced by an external supplier which is a world leader in its sector.

Since late 2013, the Group has actively assisted its subcontractor in transferring production from its factory in Scotland to Malaysia. The costs of this transfer totaled €0.5 million for 2014.

Ultrasound systems are now being assembled in Malaysia; the specific configuration for each client is then completed in Aix by the Internal Production Team. At the close of the year, the transfer of production to Malaysia was complete, with just a few tests still pending.

(D) TAX AUDIT

On 17 March 2014, the Company was informed of a tax audit for 2011 and 2012.

The Ministry of Research, tasked with reviewing the Research Tax Credit (RTC), concluded in its report of 29 January 2015 that the audited Research Tax Credits were fully eligible.

The 2013 Research Tax Credit, for which payment was blocked awaiting these findings, should thus be paid quickly.

At the year-end closing of the accounts, no finding had been received as to the other aspects of the tax audit.
There is thus no impact on the financial statements as at 31 December 2014.

1.2. ACCOUNTING PRINCIPLES

The financial statements have been presented in euros.

The general accounting conventions were applied, in accordance with the conservatism principle, and in conformity with the basic assumptions - going concern basis, independence of financial years, continuity of accounting methods from one year to the next - and in accordance with the general rules for preparing and presenting annual financial statements in France, pursuant to ANC Regulation 2014-03.

The financial statements have been prepared on a going concern basis, bearing in mind the following elements:

- The Company's historical loss-making situation may be explained by the innovative nature of the products developed, which involve several years of research and development, and by development of its sales force. The Company has been in the active marketing phase of its products since 2009;
- The success of the Company's IPO in April 2014 and the associated fundraising of €54.8 will allow the Company to finance upcoming years.

The basic method used to evaluate the items recorded in the accounting is the historical cost basis.

The main methods used are as follows:

1.2.1. INTANGIBLE ASSETS

Patents and licenses

The technologies acquired are recorded at acquisition cost, excluding the costs incurred in their acquisition.

In the case of payments taking the form of future royalties, a debt corresponding to the discounted future payments is recorded in debts, against the cost of the acquisition, if the future royalties can be reliably estimated.

Acquired technologies are amortized in the income statement to the extent they are used for research projects. The amortization rate is determined on the basis of the term of legal protection for each technology.

When an acquired technology is no longer used, the gross value corresponding to the cumulative depreciation is removed from the balance sheet.

Research and development

Research charges are expensed as incurred.

The expenses corresponding to project developments - design and testing of new or improved solutions - are recognized as an intangible asset when the following criteria are met:

- The Company has the intention, financial capacity and technical capacity to complete the development project;
- The Company has the resources necessary to finish the development and to use or market the product developed.
- There is a high probability that the future economic benefits attributable to the products developed will flow to the Company.
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development expenses which do not meet the criteria are recognized as an expense for the period.

Capitalized development, which is principally composed of employee expenses, is amortized in the income statement upon the commissioning of the product, under the line “Amortization and depreciation of fixed assets” on a straight line basis over the duration of the estimated residual life of the Aixplorer® product. This estimated remaining life is reviewed at each year end.

Other intangible assets

Other intangible assets correspond to acquired software which is depreciated over 12 months, with the exception of the ERP which is depreciated over 5 years. Costs linked to the acquisition of software licenses are recorded as assets based on the costs incurred to acquire and put into service the software concerned.

1.2.2. TANGIBLE ASSETS

The offices of the Company primarily consist of the registered office located in Aix-en-Provence (France), within the framework of a lease expiring on 17 July 2017.

Equipment primarily refers to the items dedicated to research and development activities.

Furniture and administrative equipment is primarily comprised of IT equipment and office furniture.

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis over the estimated useful lives as follows:

Installations and fittings	3 to 10 years (Straight line basis)
Research equipment and materials	18 months to 5 years (Straight line basis)
Production equipment and materials	5 years (Economic Method: straight line/special tax)
Furniture, office and IT equipment	3 to 5 years (Straight-line basis)

Residual values and useful lives are reviewed and adjusted if necessary at each balance sheet date.

1.2.3. FINANCIAL ASSETS

Financial assets consist of securities, receivables or cash capitalized.

Equity securities, as well as other capitalized securities, were evaluated at the price at which they were acquired, excluding the costs incurred for their acquisition. In the event of a disposal affecting all securities of the same nature which grant the same rights, the starting value of the securities disposed was estimated at the weighted average purchase price. A write-down may, where appropriate, be recorded to take the present value into account.

Capitalized receivables were recorded in the Company's assets at their nominal value. A write-down may, where appropriate, be recorded to take the present value into account.

The present value of the equity investments and related receivables is estimated according to the amount of equity of the subsidiaries at year-end, along with their forecast performance for the upcoming years.

1.2.4. INVENTORIES

Given the fact that the production of Aixplorer® products is outsourced, the Company mainly holds inventories of finished goods and spare parts as well as demonstration equipment to be sold.

Inventory is evaluated at the purchase price, and recorded according to the FIFO method. Impairment is recognized for references whose net realizable value is lower than the carrying value.

Inventories are reduced to their present value if this is lower than their cost. Net realizable value represents the estimated sale price in normal conditions of activity, less cost of sales.

1.2.5. RECEIVABLES AND PAYABLES

These are recorded at their nominal value. Receivables and payables denominated in foreign currency have been evaluated based on the most recent exchange rate known at the balance sheet date.

Receivables are written down where applicable, on a case-by-case basis, after the Company assesses the risk of non-recovery.

The financial payables for the two years presented include:

- Repayable advances from ANR and Oséo (Bpifrance) for which the Group does not have reasonable assurance that they will be repaid;
- A bond with share warrants (OBSA);
- Use of a short-term line of credit;
- Financing of trade receivables following the establishment of a factoring agreement and a discount Dailly-type contract (as at 31 December 2013).

1.2.6. RESEARCH TAX CREDIT AND OTHER GRANTS

Research tax credits are provided by the French Tax Administration to give incentives for companies to perform technical and scientific research. These research tax credits are recorded when (i) the company can receive them irrespective of taxes paid or owed in the future, (ii) the costs corresponding to the eligible programs have been incurred, and (iii) supporting documentation is available.

These receivable tax credits are recorded in the balance sheet as "Other receivables".

The research tax credit is attributable to the corporate income tax due by the company for the year during which it has incurred its research expenses, and if it has not been able to be attributed to the corporate income taxes, it is repaid to the company during the financial year N+1 due to its status as an SME in the community sense.

The research tax credit is presented with a reduction for tax expense

In addition, grants may be available to companies that perform technical and scientific research. Such grants are typically subject to performance conditions over an extended period of time. The Company recognizes these grants in the income statement as "Operating Grants" (i) over the cost of the corresponding research and development program and (ii) when confirmation of the grant has been received.

1.2.7. TAX CREDIT FOR COMPETITIVENESS AND EMPLOYMENT [CREDIT IMPOT POUR LA COMPETITIVITE ET L'EMPLOI (CICE)]

The competitiveness tax credit is a tax credit which is equal in 2014 to 6% of the gross compensation less than 2.5 times the minimum wage (SMIC). The tax credit is allocated to corporate income tax or, for SMEs, reimbursed to the company if the tax credit exceeds the corporate income tax payable. The tax credit funds the company's competitiveness through investment efforts, R&D, training and recruitment.

The tax credit is presented less employee expenses. In 2014, it notably contributed to the hiring of personnel.

1.2.8. MARKETABLE SECURITIES

Investment securities, primarily consisting of money market funds (SICAV), are recorded in assets at the historic purchase price, excluding the costs incurred to acquire them. In the case of a disposal affecting all securities of a given type granting the same rights, the capital gains from the disposal were assessed upon application of the FIFO (First-In First-Out) method

On 31 December, there was an in-and-out for all of the money market funds (SICAV); the unrealized capital gain was thus recorded for financial year 2014.

1.2.9. CONVERSION OF FOREIGN CURRENCY ITEMS

Transactions in foreign currencies other than the euro are recorded at the most recent price known at the transaction date.

At year-end, the assets and liabilities denominated in foreign currencies are converted to the closing price. In case of unrealized losses (translation gains), a provision for exchange risks is established. Unrealized exchange gains (translation losses) are not recorded in income.

For financial year 2014, the Company has not used an exchange rate risk hedging instrument.

1.2.10. PROVISIONS

PROVISIONS FOR CONTINGENCY

Provisions correspond to commitments resulting from litigation and other risks, the maturity or amount of which are uncertain, which the Company may be faced with as part of its activities.

Provisions are recognized when the Company has a legal or implicit obligation to a third party as a result of past events, for which it is probable or certain that an outflow of resources to the third party will be required to settle the obligation, without at least an equivalent value expected to be received in exchange, and when future outflows of liquidity may be reliably estimated.

The amount recorded as a provision is the best estimate of the expense needed to settle an obligation.

PROVISION FOR GUARANTEE

Sales are subject to a one-year warranty period. The measurement of the cost of the guarantee as well as the probability that these costs will be incurred is based on an analysis of historic data. The provision corresponds to the number of months remaining on existing guarantees at the balance sheet date for all equipment sold.

Future operating losses are not provided for.

1.2.11. REVENUE RECOGNITION

The Company's revenue is essentially comprised of the sale of Aixplorer® ultrasound medical imaging equipment. Revenue is recorded during the transfer of ownership and the associated risk of loss, to the extent that all of the Company's significant contractual obligations have been performed and the receipt of receivables appears reasonably certain.

Income from service activities (primarily maintenance, upgrades, extensions of warranty, etc.) is recognized over the period, applied prorata temporis for annual contracts. Income from services may likewise include services sold (invoices for parts and labor to clients that have chosen not to sign maintenance contracts).

1.2.12. OTHER OPERATING INCOME

Other operating income includes income linked to the Supersonic Imagine technology, which corresponds to a third source of income after sales of products and services. They correspond to rights to access technologydeveloped by the Company or to partnerships to access this technology.

This income corresponds to a limited number of contracts for which the proceeds are recognized according to the terms and conditions negotiated. Depending on the latter, the associated income may be fully recognized upon signing the contract or spread out over the periods concerned.

1.2.13. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the average number of shares issued. Diluted earnings per share are computed by dividing net income attributable to equity holders of the Company by the average number of shares issued, adjusted for the effects of all dilutive potential shares.

Dilutive instruments are taken into account when, and only when, their dilutive effect decreases earnings per share or increases loss per share.

1.2.14. LOAN ISSUANCE COSTS

Loan issuance costs are recorded in expenses, to be distributed and spread out over the term of the loan.

1.2.15. STAFF RETIREMENT COMMITMENT

The Company has chosen not to record retirement commitments in the balance sheet, and to consider them to be off-balance sheet commitments.

1.2.16. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to have its consolidated financial statements certified because it is listed on a regulated market. The Company thus prepares consolidated financial statements according to IFRS, wherein it is the Group's parent.

2. INTANGIBLE ASSETS

In 2008, the Company acquired an exclusive license for €0.7 million to use Patents No. US 5 606 971 and US 5 810 731 relating to all areas of medical imaging by any method. During the same year, the Company acquired 6 Patents from the C.N.R.S. for €1.1 million, for which the protective terms (according to the patent) will last until between 2020 and 2025. In 2011 it acquired an integrated management software package (PGI/ERP) which it then supplemented for its subsidiaries in 2013, for a total of €0.3 million. Between 2008 and 2014, the Company also acquired various software programs and licenses in the areas of human resources, quality and customer relations (CRM) in the amount of €0.5 million.

As at 31 December 2014, development costs of a gross cumulative amount of €8.719 million primarily relate to developments in Versions V3 to V10 of the Aixplorer®, but also include initial capital spending on work for the next generation of the Group's ultrasound system. Even though the Group incurred expenses on this project during past financial years, said expenses have not been activated insofar as the activation criteria had not been fully met.

The amount capitalized for the current financial year totals €2.540 million, €1.766 million of which corresponds to new versions of the Aixplorer®, and €464,000 of which corresponds to the next generation of the ultrasound system. Furthermore, €398 thousand in intangible assets were acquired during the period as part of R&D projects, eligible for activation, and directly added to capital assets. The total amount capitalized over the period as R&D expenses thus totaled €2.938 million.

In thousands of euros	Patent/Licenses and software	Development Costs	Total
Period ended 31 December 2013			
Opening amount	1,423	3,591	5,014
Acquisitions	153	1,074	1,227
Depreciation and amortization	(359)	(496)	(855)
Closing net book amount	**1,216**	**4,169**	**5,384**
At 31 December 2013			
Gross value	2,663	5,781	8,444
Cumulative amortization and depreciation	(1,447)	(1,612)	(3,060)
Net book value	**1,216**	**4,169**	**5,384**

In thousands of euros	Patent/Licenses and software	Development Costs	Total
Year ended 31 December 2014			
Opening amount	1,216	4,169	5,384
Acquisitions	34	2,938	2,972
Depreciation and amortization	(191)	(712)	(903)
Closing net book amount	**1,058**	**6,395**	**7,453**
As at 31 December 2014			
Gross value	2,697	8,719	11,416
Cumulative amortization and depreciation	(1,638)	(2,324)	(3,962)
Net book value	**1,058**	**6,395**	**7,453**

3. TANGIBLE ASSETS

In thousands of euros	Plant and industrial equipment	General installations, fittings, other fixtures	Office and IT equipment	Property, plant and equipment in progress	Total
Period ended 31 December 2013					
Opening amount	775	116	175	-	1,067
Acquisitions	719	19	227	-	965
Disposals	-	-	-	-	-
Depreciation and amortization	(720)	(34)	(136)	-	(890)
Closing net book amount	775	100	266	-	1,141
At 31 December 2013					
Gross value	5,838	251	888	258	7,235
Cumulative amortization and depreciation	(5,063)	(151)	(622)	(258)	(6,094)
Net book value	775	100	266	-	1,141

In thousands of euros	Plant and industrial equipment	General installations, fittings, other fixtures	Office and IT equipment	Property, plant and equipment in progress	Total
Year ended 31 December 2014					
Opening amount	775	100	266	-	1,141
Acquisitions	575	11	163	-	750
Disposals	-	-	-	-	-
Transfers	(74)	-	-	-	(74)
Depreciation and amortization	(376)	(51)	(148)	-	(576)
Closing net book amount	**900**	**61**	**281**	**-**	**1,241**
As at 31 December 2014					
Gross value	6,340	262	1,051	-	7,653
Cumulative amortization and depreciation	(5,440)	(202)	(771)	-	(6,412)
Net book value	900	61	281	-	1,241

During 2014, the Company purchased research equipment and capitalized the Aixplorer® systems in order to use them for research purposes, for a total of €269,000. It acquired €306,000 in production equipment (test bench, control set, various tools, etc.). That same year, the Company acquired office and IT equipment (computers, printers and inverters) for €163,000.

4. FINANCIAL ASSETS

In thousands of euros	Equity securities	Other financial assets	Cash - Equity securities pledged	Total
Period ended 31 December 2013				
Opening amount	1	1,507	-	1,508
Increases	-	2,204	-	2,204
Disposals	-	(782)	-	(782)
Provision for impairment	-	(2,819)	-	(2,819)
Closing net book amount	1	110	-	111
At 31 December 2013				
Gross value	11,246	9,899	-	21,145
Cumulative impairment	(11,245)	(9,789)	-	(21,035)
Net book value	**1**	**110**	**-**	**111**

In thousands of euros	Equity securities	Other financial assets	Cash - Equity securities pledged	Total
Year ended 31 December 2014				
Opening amount	1	110	-	111
Increases	-	7,121	-	7,121
Disposals	-	-	-	-
Reclassifications			2,000	2,000
Allocation to depreciation	-	(6,701)		(6,701)
Closing net book amount	**1**	**530**	**2,000**	**2,531**
As at 31 December 2014				
Gross value	11,246	17,020	2,000	30,266
Cumulative depreciation	(11,245)	(16,490)	-	(27,735)
Net book value	**1**	**530**	**2,000**	**2,531**

The securities and receivables held against subsidiaries were completely written down; their net realizable value did not allow a short-term reimbursement of the advances granted to be considered. The provision of €6.701 million mainly consists of write-downs of receivables held against subsidiaries.

To the extent that the Company has not made commitments beyond the capital invested, no additional provision was recorded.

Within the context of the bond issue dated 16 December 2013, the Company pledged its bank accounts and committed to maintaining a minimum of €2 million in cash. This amount was thus reclassified under financial assets as of June 2014 (see Note 3.6, Point A).

5. INVENTORIES

In thousands of euros	31 December 2014	31 December 2013.
Raw materials and spare parts	2,526	1,865
WIP and finished goods	2,448	1,773
Total gross inventories	**4,973**	**3,637**
Impairment of inventories	(1,252)	(716)
Total Net Inventories	**3,721**	**2,922**

Impairment of inventories during the period of €614,000 primarily correspond to write-downs of items that were defective or returned by clients expecting an eventual repair, as well as the straight-line depreciation of demonstration materials.

6. TRADE RECEIVABLES AND RELATED ACCOUNTS

In thousands of euros	31 December 2014	31 December 2013.
Trade receivables, gross	6,780	4,947
Impairment	(1,008)	(1,277)
Trade receivables, net	**5,772**	**3,670**

Impairment of receivables primarily consists of the write-down of the receivable of a Brazilian distributor in the amount of €494,000, that of the receivable of a Chinese distributor in the amount of €474,000, and that of the receivable of an Italian company in the amount of €120,000.

The receivables held against the Brazilian distributor for an amount of €339,000 were fully provisioned at 31 December 2014. As this distributor was facing significant financial difficulties that prevented it from honoring its debts, the Company signed an exclusive contract with a new distributor in late 2013 for the Brazilian market which included a schedule for repayment of the former distributor's debt. This schedule was respected through August 2014, and the corresponding provisions reversed. In the fall, a new schedule was agreed upon, to begin in March 2015, with an initial payment, followed by 15 monthly payments.

In April 2013, the Company chose to break the exclusive distribution contract with its former Chinese distributor. The latter had disputed and blocked the payment of the amounts due, a total of €474,000. Litigation is ongoing. At the date of this report, the Company had prevailed, per a decision rendered on 30 October 2014 by an arbitral tribunal that was formed in application of the Arbitration Regulations of the International Chamber of Commerce. The Chinese courts subsequently recognized the validity of the arbitration clause stipulated in the contract with this distributor.

The arbitral award thus ordered the Chinese distributor to repay its debt (€485,000, fully provisioned at 31 December 2014), and that it pay €1 million in principal for other damage suffered by the company.

The income expected for damage suffered was recorded under income receivable, and then fully provisioned to the extent that it was uncertain that the distributor would have the capacity to honor the judgment.

Therefore, at the closing date, impairment of receivables primarily consists of the write-down of the receivable of the Chinese distributor in the amount of €485,000, and that of the receivable of the Brazilian distributor in the amount of €339,000.

7. OTHER RECEIVABLES

In thousands of euros	31 December 2014	31 December 2013.
Supplier advances and deposits	311	164
Income tax - Research Tax Credit	3,691	1,703
Value Added Tax	1,021	315
Factor current account	1,024	1,378
Income receivable	1,575	572
Personnel	1	-
Gross total	**7,623**	**4,132**
Impairment	(1,002)	-
Net total	**6,621**	**4,132**

Income Tax - Research Tax Credit
Given its status as an SME in the community sense, the receivables relating to Research Tax Credits (RTCs) are repaid in the year following the one in which they are recorded.

As an exception, the CIR for 2013 was not repaid in 2014, due to the tax audit currently underway. As indicated in the Key Events for the period, the Company underwent a tax audit, which notably concerned the CIR. To that end, it is standard practice for any current payments due to the company to be suspended.

In January 2015, the Company obtained confirmation that no amount of RTC was disputed and that to that end, the RTC due for 2013 but not paid in 2014 would be paid in 2015.

Factor current account
A factoring agreement signed on 12 December 2013 gave the option of financing 85% of the trade receivables of the parent company, within the limits of the suitable credit assurances granted.

The impact on the financial statements at the closing date was €1.024 million under the line item Other Receivables, and a decrease in the Trade receivables line item in the amount of €960,000.

Income receivable
Within the context of the dispute against its former Chinese distributor, the Company recorded income receivable in 2014 equal to €1.002 million, which corresponded to damages following the judgment

on 30 October 2014 of the International Chamber of Commerce that was rendered in favor of Supersonic Imagine. Insofar as the Company has no guarantee that its former distributor will be able to honor this debt, this amount was fully provisioned.

8. CASH

Cash held at banks is principally held in euros. The Group invests its excess cash primarily in money market funds (SICAV) (see Note 21.6 (A) and (B) for details of the bank account and marketable securities' pledges.

As at 31 December 2014, the Company has a short-term overdraft facility of €3 million, which was fully used at that date.

As at 31 December 2014, cash consisted of the following:

In thousands of euros	31 December 2014	31 December 2013.
Marketable securities	36,784	4,658
Cash on hand	3,737	1,613
Total Cash	**40,521**	**6,272**

The increase in cash essentially comes from the IPO described in Note 1.1.2 (A) of the key events.

9. ACCRUED ASSETS AND LIABILITIES

9.1. TRANSLATION GAINS AND LOSSES

Following the revaluation of foreign currency payables and receivables at the closing price, the Company recorded translation differences as at 31 December 2014, according to the following charts:

In thousands of euros	31 December 2014	31 December 2013.
Trade and intragroup receivables	396	286
Trade payables	26	34
Total translation gains	**422**	**320**

As at 31 December 2014, translation gains were fully provisioned under financial expenses in the income statement.

In thousands of euros	31 December 2014	31 December 2013.

Trade and intragroup receivables	1,585	23
Trade payables	2	51
Total translation losses	**1,587**	**74**

The increase in translation differences on receivables is primarily explained by the significant change in the dollar and the notable outstandings with the US subsidiary.

9.2. OTHER ACCRUALS

ASSETS

In thousands of euros	31 December 2014	31 December 2013.
Prepaid expenses	315	260
Including operating expenses	315	260
Expenses to be distributed	197	246
Total other accruals	**512**	**506**

LIABILITIES

In thousands of euros	31 December 2014	31 December 2013.
Deferred revenue	2,529	1,234
Total other accrued liabilities	**2,529**	**1,234**

10. MATURITY DATES OF RECEIVABLES

Maturity date of receivables at period end

The chart on gross receivables is presented below, noting the maturity dates:

In thousands of euros	31 December 2014	Less than one year	More than one year
Receivables related to equity interests	16,481	-	16,481
Other financial assets	2,539	-	2,539
Doubtful or litigious clients	1,008	-	1,008
Other trade receivables	5,772	5,772	-
Trade receivables and related accounts	6,780	5,772	1,008
Supplier advances and deposits	311	311	-
Income Tax - Research Tax Credit and Tax Credit for Competitiveness and Employment [Crédit Impôt pour la Compétitivité et l'Emploi (CICE)]	3,691	3,691	-
Value Added Tax	1,021	1,021	-
Factor current account	1,024	1,024	-
Income receivable	1,575	1,471	105
Personnel	1	1	-
Other receivables	7,623	7,519	105
Prepaid expenses	315	315	-
Expenses to be distributed	197	50	147
Total	**33,936**	**13,656**	**20,280**

11. IMPAIRMENT OF ASSETS

The chart below presents the change in the impairment of assets between the opening and closing dates.

In thousands of euros	31 December 2013.	Provisions	Reversals	31 December 2014
Tangible assets in progress	258	-	258	-
Equity securities	11,245	-	-	11,245
Other financial assets	9,789	6,701	-	16,490
Inventories	716	614	78	1,252
Trade receivables and related accounts	1,277	101	370	1,008
Other receivables	-	1,002	-	1,002
Total impairment of assets	**23,283**	**8,419**	**705**	**30,998**

Tangible assets in progress
The reversal of the provision for assets in progress equal to €258,000 corresponds to the abandonment of the Brain Therapy project.

Trade receivables and related accounts
The reversal of the provision for trade receivables corresponds primarily to the payments made in 2014 by the Brazilian distributor, which concerned receivables that had been fully provisioned in 2013, as well as the reversal of the provision for the Italian receivable.

The provision of €1.002 million for other receivables corresponds to the provision for income receivable that is expected for damage suffered with respect to the Chinese distributor (see Note 6).

12. EQUITY AND COMPOSITION OF SHARE CAPITAL

Since 10 April 2014, the Company's shares have since been admitted for trading on the Euronext regulated market in Paris under the code ISIN FR0010526814 and the mnemonic SSI.

Following this operation, the number of shares went from 11,337 thousand to 16,019 thousand. A breakdown of this operation is shown in Note 1.1.2 (A) in the key events for the year.

For financial year 2014, 49 thousand shares were created following the exercise of instruments that were previously granted to employees, bringing the number of shares in circulation up to 16,068 thousand shares.

Until its listing on the stock exchange, the Company's capital was divided into ordinary and preferred shares, the latter being divided into 7 categories (A, B1, B2, C1, C1a, C2 and D). The features of these preferred shares are described in Pages 257 to 261 of the Base Document, which obtained Authorization I. 14-006, and is available on the Group's website, under the section entitled "Investors". As provided for in the features of these preferred shares, they were all converted into ordinary shares immediately after the Company's shares were listed on Euronext in April 2014.
Since that time, the Company's capital has no longer included preferred shares.

12.1. SHARE CAPITAL

Variations in share capital break down as follows:

	1st January 2014	IPO			Creation of free shares	Subscription of dilutive instruments	Reclassification of reserves below issue premium	31 December 2014
		Conversion of preferred shares to ordinary shares	Shares created during the IPO	Shares created after the over-allotment				
In thousands of shares								
Ordinary shares	674,260	10,663,116	4,273,504	407,783	29,065	20,500	-	16,068,228
Preferred shares A	1,797,690	(1,797,690)	-	-	-	-	-	-
Preferred shares B1	542,270	(542,270)	-	-	-	-	-	-
Preferred shares B2	2,909,000	(2,909,000)	-	-	-	-	-	-
Preferred shares C1	2,701,670	(2,701,670)	-	-	-	-	-	-
Preferred shares C2	1,276,430	(1,276,430)	-	-	-	-	-	-
Preferred shares D	1,436,056	(1,436,056)	-	-	-	-	-	-
Total number of shares	**11,337,376**	**-**	**4,273,504**	**407,783**	**29,065**	**20,500**	**-**	**16,068,228**
In thousands of euros								
Share Capital	**1,134**	**-**	**427**	**41**	**3**	**2**	**-**	**1,607**
Share premium	**32,371**	**-**	**45,132**	**4,676**	**-**	**44**	**(22,550)**	**59,673**

The table below presents changes in the Company's capital (in thousands of euros) over two years:

Date	Transaction	Share capital	Share premium	Number of shares	Category of shares*
		(In thousands of euros)			
Balance at 1 January 2013		**984**	**19,677**	**9,843,760**	
27-Mar-13	Increase in share capital	126	12,429	1,255,502	Class D preferred shares
15-Apr-13	Increase in share capital	15	1,485	150,000	Class D preferred shares
13-May-13	Exercise of BSA D-2013-T2	3	302	30,554	Class D preferred shares
	Transaction costs on capital increase	-	(1,551)	-	
30-Sept-13	Delivery of free shares	4	-	42,625	Ordinary shares
10-Dec-13	Exercise of BSPCE 03-2006	1	29	5,000	Ordinary shares
12-Dec-13	Exercise of BSA 09-2010	0		4,125	Ordinary shares
31-Dec-13	Delivery of free shares	1		5,810	Ordinary shares
At 31 December 2013		**1,134**	**32,371**	**11,337,376**	
As at 1 January 2014		**1,134**	**32,371**	**11,337,376**	
3-Mar-14	Reclassification of reserves below issue premium	-	(22,550)	-	Ordinary shares
9-Apr-14	IPO	427	49,573	4,273,504	Ordinary shares
9-Apr-14	Costs of IPO	-	(4,441)	-	
9-Apr-14	Creation of free shares	3	-	29,065	Ordinary shares
9-May-14	Shares created after the over-allotment	41	4,730	407,783	Ordinary shares
9-May-14	Expenses following the over-allotment	-	(54)	-	Ordinary shares
30-Jun-14	Exercise of Stock options	1	-	6,500	Ordinary shares
31-Dec -14	Exercise of founders' warrants (BSPCE)	1	44	5,000	Ordinary shares
31-Dec -14	Exercise of Stock options	1		5,000	Ordinary shares
31-Dec -14	Exercise of warrants (BSA)	0	-	4,000	Ordinary shares
As at 31 December 2014		**1,607**	**59,673**	**16,068,228**	

* Ordinary shares: Ordinary shares
Class D preferred shares: Class D preferred shares

As indicated above, as soon as the Company's shares were listed on Euronext, all of the preferred shares were converted to ordinary shares.

12.2. DIVIDENDS

The Company has never distributed a dividend and will not do so for financial year 2014.

12.3. LIQUIDITY AGREEMENT

A liquidity agreement was signed with Exane BNP Paribas on 11 April 2014 for a period to conclude on 31 December, subject to tacit renewal. The initial payment was €300,000, which was raised to €500,000 in August 2014.

As at 31 December 2014, within the context of the liquidity agreement, the number of treasury shares held through this contract was 40,987, or €341,000, in addition to €112,000 in cash.

The shares held through this contract are presented in Other financial assets, as for the cash assets of the contract.

13. SHARE-BASED PAYMENTS

The Group allots 2 types of instruments to certain senior managers, employees, and people related to the Company by a consulting agreement:

- share-based dilutive instruments, such as options for shares, free shares, warrants or founders' warrants. The latter are described below in Note 13.1;
- non-dilutive instruments based on shares. The latter are described below in Note 13.2.

13.1. SHARE-BASED DILUTIVE INSTRUMENTS

13.1.1. CONDITIONS OF PLANS ALLOCATED

As at 31 December 2014, the following share-based payments were granted by the Company:

Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE)):

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: .allocated at source . Which could be exercised at 31 December 2014	Expiration date
BSPCE 05-08-2005 10 Oct 2005	Exercisable in thirds at 31 December each year (2006, 2007, 2008) (1)	€1.22	25,680(2) 25,680	10-Oct-15
BSPCE 03-2006 10 July 06	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	269,700 (2) 236,200	10-Jul-16
BSPCE 03-2006 9 July 2007	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	47,500 (2) 32,500	09-Jul-17
BSPCE 10-2008 5 November 2009	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€8.85	296,000 (2) 233,500	05-Nov-19

(1) Following the IPO on 9 April 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated 16 May 2012, each BSPCE entitled bearers to subscribe to 10 shares at the unit exercise price indicated above. To facilitate reading, the number of instruments at the source were multiplied by 10, thereby reflecting the number of shares of capital post-split.

Share purchase warrants (BSA):

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: .allocated at source . Which could be exercised as at 31 December 2014	Expiration date
BSA 05-08-2005 10 October 2005	Exercisable in thirds at 31 December each year (2006, 2007, 2008) (1)	€1.22	42,840 (2) 36,420	10-Oct-15
BSA 03-2006 10 July 2006	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	17,000 (2) 17,000	10-Jul-16
BSA 03-2006 9 July 2007	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€5.84	8,800 (2) 8,800	09-Jul-17
BSA 10-2008 (2) 16 April 2010	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€8.85	169,500 (2) 120,500	16-Apr-20
BSA 09-2010 30 September 2011	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	126,000 (2) 112,500	30-Sept-21
BSA 2013 4 October 2013	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	27,000 27,000	04-Oct-23

(1) Following the IPO on 9 April 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated 16 May 2012, each BSPCE entitled bearers to subscribe to 10 shares at the unit exercise price indicated above. To facilitate reading, the number of instruments at the source were multiplied by 10, thereby reflecting the number of shares of capital post-split.

Ordinary Shares/Stock Options and Free Shares:

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: .allocated at source . Which could be exercised as at 31 December 2014	Expiration date
	Ordinary shares/Stock options:			
Ordinary Options 2013 4 October 2013	Exercisable up to 25% after 12 months starting from the allocation date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	381,250 373,750	4-Oct-23
Options Free Share (AGA) Exchange 2013 4 October 2013	Exercisable up to 55% starting from the allocation date then for the rest up to 7.5% at the end of each quarter starting 1 October 2013. (1)	€0.10	254,500 250,500	4-Oct-23
Options 09-2014 19 September 2014	Up to 6.25% of options may be exercised at the expiry of each successive 3-month period that has elapsed as of the date of allocation, and at the latest within the 10 years following the date of allocation.	€8.40	411,850 25,740	18-Sept-24
Free shares:				
Free shares 30 September 2011	Up to 55% are vested at the end of 24 months from 30 September 2011 and up to 7.5% of the remainder are vested between the end of each quarter and the end of the initial period, for 18 months. (1)	-	306,500(2) 0	NA
Fee Shares 21 October 2011	Up to 55% are vested at the end of 24 months from 30 September 2011 and up to 7.5% of the remainder are vested between the end of each quarter and the end of the initial period, for 18 months. (1)	-	30,000 (2) 0	NA

(1) Following the IPO on 9 April 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated 16 May 2012, each founders' warrant (BSPCE) entitled bearers to subscribe to 10 shares at the unit exercise price indicated above. To facilitate reading, the number of instruments at the source were multiplied by 10, thereby reflecting the number of shares of capital post-split.

13.1.2. CHANGES IN OUTSTANDINGS FOR DILUTIVE INSTRUMENTS

SHARE PURCHASE WARRANTS (BSA):

The number of share purchase warrants in circulation and their average exercise price are detailed below:

BSA	2014		2013	
	Average exercise price in € per share	Number of instruments	Average exercise price in € per share	Number of instruments
At 1 January	3.91	326,220	4.55	347,720
Granted	-	-	0.1	27,000
Null and void	-	-	7.78	(44,375)
Exercised	0.10	(4,000)	0.1	(4,125)
Expired	-	-	-	-
At 31 December	3.96	322,220	3.91	326,220
Exercisable	3.96	322,220	4.96	255,532

Following the IPO, all of the share warrants are exercisable.

FOUNDERS' WARRANTS (BONS DE SOUSCRIPTIONS DE PARTS DE CREATEURS D'ENTREPRISE (BSPCE))

The number of founders' warrants outstanding and their average exercise price are detailed below:

Founders warrants (BSPCE)	2014		2013	
	Exercise price in € per share	Number of instruments	Exercise price in € per share	Number of instruments
At 1 January	6.97	534,380	6.86	553,880
Granted	-	-	-	-
Null and void	8.85	(1,500)	8.43	(14,500)
Exercised	8.85	(5,000)	5.84	(5,000)
Expired	-	-	-	-
At 31 December	6.94	527,880	6.97	534,380
Exercisable	6.94	527,880	6.97	534,380

Following the IPO, all of the founders' warrants are exercisable.

SHARE SUBSCRIPTION/STOCK OPTIONS

The number of stock options in circulation is analyzed as follows:

Share Subscription Options (OSA)	2014		2013	
	Exercise price in € per share	Number of options	Exercise price in € per share	Number of options
At 1 January	0.10	635,750	-	-
Granted	8.40	411,850	0.1	635,750
Expired	-	-	-	-
Exercised	0.10	-11,500	-	-
At 31 December	3.40	1,036,100	0.1	635,750
Exercisable	0.43	649,990	0.1	159,062

The Extraordinary General Shareholders' Meeting of 3 March 2014 authorized the Management Board to grant for the benefit of the members of the salaried staff as well as corporate officers, options entitling bearer to subscribe to ordinary shares, noting that the total number of shares allotted for this authorization cannot entitle bearers to subscribe to more than 963,479 ordinary shares with a nominal value of €0.10 each.
On 19 September 2014, using this delegation, the Management Board allotted 411,850 shares at an exercise price of €8.40.

FREE SHARES

The number of free shares outstanding is as follows:

Free shares	2014		2013	
	Exercise price in € per share	Number of free shares	Exercise price in € per share	Number of free shares
At 1 January	-	29,065	-	334,000
Granted	-	-	-	-
Expired	-	-	-	-2,000
Replaced by Free Share (AGA) Exchange options	-	-	-	-254,500
Issued	-	-29,065	-	-48,435
At 31 December	-	-	-	29,065
Exercisable	-	-	-	-

13.1.3. PLAN VALUATION

The valuation of share purchase warrants, founders' warrants, stock options and free shares is as follows:

Plan	Valuation model	Share price at the allocation date (in euros)	Annual risk -free interest rate	Expected volatility	Expected maturity (years)	Discount for non-transferability	Average unit fair value (in euros)
Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE)):							
BSPCE 05-08-2005	B&S	1,216	3.43%	49.00%	10	30.48%	0.001
BSPCE 03-2006	B&S	5,838	4.10%	48.09%	10	30.48%	0,803
BSPCE 03-2006'	B&S	5,838	4.74%	46.29%	10	30.48%	2,605
BSPCE 10-2008	B&S	8,847	3.64%	47.80%	10	30.48%	1,801
Share purchase warrants (BSA):							
BSA 05-08-2005	B&S	1.216	3.43%	49.00%	10	30.48%	0.001
BSA 03-2006	B&S	5.838	4.10%	48.09%	10	30.48%	0.000
BSA 03-2006'	B&S	5.838	4.74%	46.29%	10	30.48%	2.605
BSA 10-2008 (2)	B&S	8.847	3.41%	45.52%	10	30.48%	1.801
BSA 09-2010	B&S	0.10	2.61%	40.24%	10	30.48%	0.006
BSA 2013	B&S and binomial	0.10	0.19%	22.00%	1	0.00%	0.010
Ordinary Options/Stock options:							
2013 ordinary options	B&S and binomial	0.10	2.42%	35.00%	10	30.48%	0.030
AGA Exchange 2013 options	B&S and binomial	0.10	2.42%	35.00%	10	30.48%	0.030
Options 09-2014	B&S	9.40	0.35%	37.51%	7	0%	3.980
Free shares:							
Free shares	N/A	0.10	N/A	N/A	N/A	-	0.100
Free shares	N/A	0.10	N/A	N/A	N/A	-	0.100

No assumption of turnover or dividend distribution was used for the valuation of these instruments.

13.2. SHARE-BASED DILUTIVE INSTRUMENTS

On 1 July 2014, the Group granted employees at the Chinese representation bureau Stock Appreciation Rights (SAR).

The principle is as follows:
Each of the 9 beneficiaries has received a fixed number of SARs, which vest over 2 years (with the exception of someone who has fully acquired them upon allocation), except in cases of a change in company control, where all of them would immediately become exercisable. These SARs are exercisable through 23 October 2003 (subject to attendance conditions within the Group).

The Group shall pay the allottee upon written request, and for each year of the allotted SARs, the lower amount between the following two amounts:

- the market price of the Company's share on the night before the request for exercise, less €0.10.
- €20

At the closing date, the valuation of the SARs allotted was €113,000. This amount was recorded in the provision for contingencies as at 31 December 2014 (See Note 16).

13.2.1. CONDITIONS OF PLANS ALLOCATED

Plan -- Date of allocation	Vesting conditions	Number of instruments: .allocated at source *. Which could be exercised as at 31 December 2014*	Expiration date
Stock Appreciation Right			
SAR 07-2014 1 July 2014	Exercisable in thirds on 1st July of each year (2014, 2015, 2016), or immediately exercisable in the event of a change in control	10,000 *3,300*	23-Oct-23
SAR 07-2014' 1 July 2014	Fully exercisable at 1st July 2014	5,000 *5,000*	23-Oct-23

13.2.2. CHANGES IN OUTSTANDINGS FOR NON-DILUTIVE INSTRUMENTS

SAR	2014 Number of instruments	2013 Number of instruments
At 1 January	-	-
Granted	15,000	-
Null and void	-	-
Exercised	-	-
Expired	-	-
At 31 December	15,000	-
Exercisable	8,300	-

14. ISSUANCE OF BONDS WITH SHARE WARRANTS (OBLIGATIONS DE BONS DE SOUSCRIPTION D'ACTIONS)

In accordance with the resolutions of the Extraordinary Shareholders' Meeting of the Company on 16 December 2013, the Company issued 50,000 Bonds with Share Warrants with a nominal value of €100 each (the "OBSA"). Each OBSA was issued at a price equal to its nominal value (€100 euros) for a total nominal amount of €5 million.

The OBSA are redeemable monthly at maturity over five years, with an amortization deferral period of 24 months, which will be increased to 36 months in the event that a revenue target would be reached between the 13th and the 24th month. Interest is paid monthly as of the month of issue, i.e. 16 December 2013. The Company's management believes it will probably attain the revenue target, which would allow it to benefit from the deferred 36-month repayment. In this case, the OBSA outstanding will be repaid in regular installments of principal and interest over the last 24 months.

The Company has the right to proceed with the early redemption of all or part of the outstanding OBSA for a minimum amount of €500,000. It should proceed with the early redemption of all of the outstanding OBSA, unless otherwise agreed by holders, in the event of change of control or sale of a substantial part of all Group assets. The Company has agreed not to make any distribution of dividends, interim dividends or reserves, and not to make any payment to shareholders other than those due under their employment contract or term of corporate office as long as any amount is due to holders of OBSA.

OBSA bear interest at an annual rate of 10.13%.

Each of the OBSAs has a share subscription warrant (the "BSA"), or a total of 50,000 BSA, which grants each bearer the right to subscribe to 50,000 ordinary new shares.

Each BSA entitles its holder to subscribe to one ordinary share with a €10 subscription value.

Due to the Company's IPO in April 2014, these BSA became exercisable through 17 December 2023.

15. CONTINGENT ADVANCES

Repayable advances (in thousands of euros)	Balance at 31 December 2014	Balance at 31 December 2013
ICARE - OSEO	863	863
HIFU - OSEO	-	340
TUCE -OSEO	77	77
TOTAL	**940**	**1,280**

16. PROVISIONS FOR CONTINGENCIES AND OTHER PROVISIONS

In thousands of euros	31 Dec 2013	Provisions	Reversals	31 Dec 2014
Provisions for foreign currency exchange losses	320	102	-	422
Provisions given to clients - Guarantees	383	667	594	456
Other provisions for contingencies	-	113	-	113
Total provisions for contingencies	**703**	**882**	**594**	**991**
Regulated provisions - special amortization and depreciation allowances	6	-	6	-
Total regulated provisions	6	-	6	-
Total provisions	**709**	**882**	**600**	**991**

All reversals of provisions are used.

Provision for foreign currency exchange losses
This provision in the amount of €422,000 is intended to cover unrealized translation gains.

Provision for client guarantees
This provision in the amount of €456,000 is intended to cover the costs of warranties for systems sold during the financial year ended.

SAR China - Other provisions for contingencies
On 1 July 2014, the Group granted employees at the Chinese representation bureau Stock Appreciation Rights (SAR) (See Note 13.2).

Provision for litigation
There is no litigation with a key event prior to 31 December 2014 that requires the establishment of a provision for contingencies at the reporting date.

Tax Audit
No provision was recorded as at 31 December 2014. The information concerning this control is presented in Note 1.1.2, Point D of the Key Events.

17. LOANS AND OTHER FINANCIAL DEBTS

In thousands of euros	31 December 2014	31 December 2013
Short-term debt	3,000	-
Payables related to equity interests	107	54
Interest accrued on loan	21	21
Others	14	14
Total loans and other financial debts	**3,142**	**89**

As at 31 December 2014, the Company has a short-term overdraft facility of €3 million, which was fully used at that date, and classified as a short-term loan.

18. TAX AND CORPORATE DEBTS

In thousands of euros	31 December 2014	31 December 2013
Personnel and related accounts	1,180	864
Corporate bodies	1,382	868
Other taxes and similar	298	229
Total tax and corporate debts	**2,860**	**1,962**

19. MATURITY DATES OF DEBTS AT PERIOD END

The chart on debts is presented below noting the maturity dates:

In thousands of euros	Total	Less than one year	Between 1 and 5 years	More than 5 years
Contingent advances	940	-	940	-
Convertible bonds	5,000	-	5,000	-
Loans and other financial debts	3,142	3,000	35	107
Including Group and associates	*121*	-	*14*	*107*
Advances and deposits received on current orders	87	87		
Trade payables & related accounts	4,965	4,498	247	220
Personnel and related accounts	*1,180*	*1,180*	-	-
Corporate bodies	*1,382*	*1,382*	-	-
Other taxes and similar	*298*	*298*	-	-
Tax and Corporate Debts	2,860	2,860	-	-
Other debts	2	2	-	-
Deferred revenue	2,529	2,274	255	-
Total debts	**19,527**	**12,722**	**6,477**	**327**

The table below shows the breakdown of expenses payable:

In thousands of euros	31 December 2014	31 December 2013
Financial Debt	21	-
Trade payables and related	2,546	2,196
Tax and Corporate Debts	1,933	1,499
Other debts	2	-
Total expenses payable	**4,503**	**3,695**

20. DEFERRED REVENUE

In thousands of euros	31 December 2014	31 December 2013.
Operating income	2,529	1,234
Total deferred revenue	**2,529**	**1,234**

Deferred revenue includes the amounts billed under the contractual terms, but for which the income is not recognizable for the period, as well as the operating grants for which income is spread out at the rate of the expenses incurred.

In 2014, the significant increase in deferred income is notably explained by the billing of a significant partnership agreement for which income is spread out according to the cost completion method.

21. ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT

21.1. REVENUE

As at 31 December 2013 and 31 December 2014, revenue is distributed as follows:

	31 December 2014			31 December 2013
In thousands of euros	France	Foreign	Total	Total
Sale of merchandise	28	16	45	166
Production sold (goods)	3,661	13,527	17,187	14,488
Production sold (services)	298	1,864	2,162	1,896
Total	**3,987**	**15,407**	**19,394**	**16,550**

21.2. NET EARNINGS PER SHARE

In euros	31 December 2014	31 December 2013
Net Profit (loss) for the year	(14,580,845)	(11,840,530)
Weighted average number of shares	14,710,493	10,930,414
Net Earnings per Share	**(0.99)**	**(1.08)**

In conformity with the current rules, since earnings per share is a loss for the financial years presented, it is not appropriate to calculate a diluted loss per share because this would be lower than the basic loss.

21.3. FINANCIAL INCOME (LOSS)

Financial income breaks down as follows:

In thousands of euros	31 December 2014	31 December 2013
Financial income from investments	145	105
Other interest and similar income	147	-
Reversals of provisions and transfers of expenses	-	50
Foreign exchange gains	12	79
Total financial income	**304**	**235**
Interest and similar expenses	517	55
Financial allocations to depreciation, amortization and provisions	6,803	3,139
Foreign exchange losses	195	160
Total financial expenses	**7,516**	**3,354**
Total financial income (loss)	**(7,212)**	**(3,120)**

Financial allocations to amortization and depreciation, and provisions primarily concerning the impairment of receivables held against subsidiaries.

21.4. EXCEPTIONAL INCOME

As at 31 December 2014, the exceptional income and expenses from Supersonic Imagine broke down as follows:

In thousands of euros	31 December 2014	31 December 2013
Exceptional income from management operations	1,381	-
Exceptional income from capital operations	-	-
Reversal of provisions and transfers of expenses	264	23
Total exceptional income	**1,646**	**23**
Exceptional expenses from management operations	844	3
Exceptional expenses from capital operations	258	-
Exceptional allocations to depreciation, amortization and provisions	1,002	-
Total exceptional expenses	**2,104**	**3**
Total exceptional income	**(459)**	**20**

Exceptional income for 2014 consisted of:

- income receivable for damages within the context of a dispute with the Chinese distributor for the amount of €1.002 million, completely provisioned;
- a waiver by Oséo (Bpifrance) of the repayment of the balance of a repayable advance of €340,000.

Exceptional expenses in turn primarily consisted (i) of an exceptional payment within the context of a licensing agreement as well as (ii) a provision for the dispute with the Chinese distributor (see Note 6).

21.5. LICENSING AGREEMENTS

21.5.1. LICENSES ACQUIRED OR ADOPTED

When it was incorporated, the Group entered into licensing agreements on basic patents.

During the second round of funding in 2008, the Group acquired licensed CNRS patents upon their creation, and the share of the CNRS patents taken in co-ownership arising from the collaborative framework contract with the CNRS contract from 2006 to 2008). These agreements also provide for the payment of royalties.

The Group also renewed the exclusive licensing agreement with Verasonics in 2013, and an exclusive license for US patents from Armen Sarvazyan.

In 2014, the Company signed a new non-exclusive international licensing agreement for the entire portfolio of patents of a major industry player in the area of ultrasound medical imaging methods and equipment.

Within the framework of this contract, an initial exceptional payment was made and recorded under Other Operating Expenses.

To date, the Group is committed to paying royalties, in an amount which is indexed on a portion of its sales, with the expense being recorded under the item Other Operating Expenses.

21.5.2. LICENSES GRANTED

Through an agreement signed 3 March 2014, the Company granted a major industrial player a worldwide non-exclusive license over some of its patents. This agreement is valid at least until November 2023, in consideration for the payment of royalties which were spread out over 2014 and 2015. All of these royalties were recognized in "Other Operating income" in 2014. This player was also committed to not enforcing patents against the Company which it owns in the area of ultrasound medical imaging.

21.6. OTHER FINANCIAL COMMITMENTS

COMMITMENTS RECEIVED

The amount of trade receivables at the balance sheet date is covered under a reservation of property clause in the general conditions of sale, to the benefit of the company.

As the Company benefits from the assistance of OSEO in the financing of its Research and Development activities, it received commitments to finance a part of its future work in the form of grants and repayable advances:

	Grants received				Amount of grant on contract	Balance receivable
In thousands of euros	Before 2013	2,013	2,014	Cumulative total		
ICARE - OSEO	1,775			**1,775**	**2,838**	**1,063**
DARMUS - DGA	645			**645**	**645**	
CARDIO -ANR	172	43		**215**	**215**	
TUCCIRM -ANR	126			**126**	**126**	
Elastobus -OSEO	454			**454**	**454**	
TUCE -OSEO	1,014		13	**1,027**	**1,208**	**181**
Micro Elasto -ANR	56			**56**	**186**	**130**
PLIK -OSEO	40		14	**54**	**133**	**79**
PLIK –Pays d'Aix	24		1	**25**	**80**	**55**
PLIK - PACA					**80**	**80**
BITHUM -ANR	47	24	24	**94**	**118**	**24**
IDITOP -OSEO	100		167	**268**	**335**	**67**
IDITOP - PACA			59	**59**	**250**	**191**
Cartographics - INCA INSERM	40	67		**106**	**133**	**27**
Capacity - BPI			62	**62**	**206**	**144**
Total	**4,493**	**133**	**340**	**4,966**	**7,006**	**2,041**

Repayable advances

In thousands of euros	Advances received	Repay-ments	Cancellation of the debt	Balance as at 31 December 2014	Amount of grant on contract	Outstanding amounts to be received
ICARE - OSEO	863			**863**	**3,039**	**2,176**
HIFU - OSEO	1,000	(660)	(340)		**1,000**	
PROSTATE - OSEO	35	(35)			**35**	
TUCE -OSEO	77			**77**	**407**	**330**
TOTAL	**1,975**	**(695)**	**(340)**	**940**	**4,481**	**2,506**

COMMITMENTS MADE

(A) PLEDGE OF BANK ACCOUNTS:

As security for the bond issue, the Company has granted the holders of OBSA a pledge on the bank accounts of SuperSonic Imagine SA. This pledge was supplemented in June 2014 by a commitment to keep a positive balance of at least €2 million in its bank accounts at all times.

For this commitment, €2 million in cash were presented in the financial statements under financial assets.

(B) PLEDGE OF MARKETABLE SECURITIES:

Marketable securities amounting to €155,000 have been pledged to BNP Paribas Real Estate as a deposit on the rent of the of Aix-en-Provence business premises. This pledge was given for a period of nine years and ends on 18 July 2017.

(C) OPERATING LEASE COMMITMENTS:

The commercial lease signed by the company for the premises located in Aix-En-Provence, renewable for a period of three years, runs through 17 July 2017. The rents and corresponding expenses total €736,000 for the period from 1 January 2015 to 17 July 2017.

(D) ICARE PROGRAM REPAYABLE ADVANCE AND GRANT:

The Company received a repayable Oséo advance for €863,000 for the Icare program and a grant for the amount of €1.775 million.
The initial contract stipulates that the advance will be repaid based on future sales of products resulting from the project, amounting to 3.3% of revenues, with a discount rate of 3.74% upon reaching €12 million, until the financial year ending in 2022. Repayments may therefore exceed the nominal amount received.
At the balance sheet date of the financial statements, the company was in discussions with Oséo, which is funding this program, to redefine in particular the revenue base to be considered for future payments, insofar some of the initial objectives may not be reached and the company does not expect to release the entire amount since part of the project will not be completed.
In the absence of a reliable estimate of the amount payable until 2022, because talks are ongoing, an estimate of payments to be made in excess of the amount of the advance is not recognized in the balance sheet.

Since the costs were much lower than originally projected, the company also plans to repay, in 2015, €790,000 corresponding to the portion of the grant received for expenses that were not ultimately incurred (and not recognized as income by the company), out of a total of €1.775 million in grants received (completely independently of the repayment of the advance used).

(E) REFUNDABLE TUCE PROGRAM ADVANCE:

On 26 June 2012, the Company also received the first installment, for €77,000, of a repayable advance for the Tuce program. Repayments will be made based on future sales of products resulting from the project, i.e., 2.5% of revenue, upon reaching €1.5 million and will be spread over a maximum period of eight consecutive years. Because the project is scheduled to end in 2016, no repayment should be made before that date. Payments may exceed the nominal amount received, but in the absence of a reliable estimate of the amount to be repaid, no additional amount was recorded.

(F) FACTORING:

A factoring agreement signed on 12 December 2013 gave the option of financing 85% of the trade receivables of the company, within the limits of the suitable credit assurances granted.

The impact on the financial statements at the closing date was €1,024 thousand under the line item Other receivables, and a decrease in the Clients line item in the amount of €960 thousand.

(G) SEVERANCE PAY

Mr. Egelund's employment contract provides, in the event the contract is severed for any reason other than gross negligence or a serious offense, for compensation in an amount that is at most equal to his annual salary.
Furthermore, his contract also provides for a potential acceleration in the vesting of the stock options allotted to him in 2014, following the terms for breaking the contract and in accordance with the market price.

21.7. INDIVIDUAL TRAINING (DROIT INDIVIDUEL A LA FORMATION)

As at 31 December 2014, the total cumulative hours of individual training (DIF) available to French Company staff amounted to 7,634.

As of 1st January 2015, the Professional Training Account (Compte Professionnel de Formation (CPF)) will replace the DIF. The DIF hours acquired as at 31 December 2014 must be used prior to 31 December 2020 as if they were hours acquired under the CPF framework.

21.8. STAFF RETIREMENT COMMITMENTS

As at 31 December 2014, the amount of staff retirement commitments was €364,000, which was not recorded in the balance sheet.

The main actuarial assumptions used are as follows:

	31 December 2014	31 December 2013
Discount rate	2%	3%
Rate of increase in salaries	3%	3.5%
Inflation rate	2%	2%
Rate for social security expenses Non-management	42.5%	45.5%
Rate for social security expenses Management	46.7%	47%

Obligations are calculated based on an assumption of voluntary retirement at 62 for employees and 64 for management.
Assumptions regarding future mortality expectations are set based on data from published statistics and historical data in France.

21.9. COMPENSATION OF EXECUTIVE DIRECTORS AND CORPORATE OFFICERS

The total gross amount of compensation and benefits of all kinds for Executive Directors and Corporate Officers due for financial year 2014 totaled €1.404 million.

21.10. STAFF

At the reporting date, the Company employed 95 employees. As at 31 December 2014, it also employed 28 Chinese employees at its Beijing establishment.

The staff in France by category and by year broke down as shown below

	31 December 2014	31 December 2013
Management	82	76
First-line supervisors and technicians	11	9
Employees	2	6
Total employees at year-end	**95**	**91**

21.11. TAXES AND FUTURE TAX POSITION

At the close of the period, the Company's tax position broke down as follows:

- Research Tax Credit as at 31 December 2014: €1,846,131.
- Family Tax Credit: €2,839.
- Income tax: (€99,410)

The income tax concerns the Chinese establishment.

The Tax Credit for Competitiveness and Employment for €109,000 is presented with a reduction for staff expenses.

The amount of deferrable tax losses totaled €79 million as at 31 December 2014.

21.12. IMPACT OF SPECIAL TAX VALUATIONS

In thousands of euros	31 December 2014	31 December 2013
Profit (loss) for the year	(14,581)	(11,841)
Income tax	(1,750)	(1,661)
Income (loss) before tax	(16,330)	(13,501)
Change in regulated provisions: special amortization and depreciation allowances	7	23
Income excluding special tax valuations before taxes	**(16,337)**	**(13,524)**

21.13. BREAKDOWN OF INCOME TAX

At period end, the income tax payable broke down as follows:

In thousands of euros	Total	Corresponding tax	Net income (loss)
Current income (loss)	(15,872)	1,750	(14,122)
Exceptional income (loss)	(459)	-	(459)
Total	**(16,330)**	**1,750**	**(14,581)**

21.14. INFORMATION ON ASSOCIATES

The table below shows information concerning associates A company is considered to be an associate when it is fully consolidated within a single consolidation group. Companies are fully consolidated when the parent has exclusive control.

In thousands of euros	31 December 2014 gross	31 December 2014 net
SSI USA securities	11,209	-
SSI DE securities	25	-
SSI UK securities	1	-
SSI Italy securities	10	-
SSI HK securities	1	1
Total	**11,246**	**1**
SSI USA receivables	10,452	-
SSI DE receivables	3,742	-
SSI UK receivables	2,260	-
SSI Italy Securities Receivables	28	-
SSI HK receivables	(107)	(107)
Total	**16,374**	**(107)**

There are no trade receivables or payables between associates at the reporting date.

Financial expenses for the year relating to associates consist of a net provision to asset impairment of €6.693 million.

Financial income for the year relating to associates consists of income from interest on related receivables of €145,000.

21.15. STATUTORY AUDITORS' FEES

The total amount of statutory auditors' fees appearing under expenses in the income statement is €170,000 for the audit of the 2014 financial statements.

21.16. EVENTS AFTER THE REPORTING PERIOD

Tax Audit
The initial findings of the tax audit pending are described in Note 1.1.2 (D).

Incentive agreement
In 2014, SuperSonic Imagine established an incentive agreement for employees to benefit from the Group's results, for a period of three years, covering 2015, 2016 and 2017.

The choice of calculation methods is based on the desire to have all employees share the Company's key objectives of (i) improving operating income and (ii) increasing revenue.

21.17. SUBSIDIARIES AND EQUITY INTERESTS

Subsidiaries with more than 50% ownership *In thousand of euros*		Supersonic Imagine Inc.	Supersonic Imagine Ltd.	Supersonic Imagine Gmbh.	Supersonic Imagine Srl.	Supersonic Imagine HK Inc.
Capital		10,396	1	25	10	1
Equity other than capital		(19,185)	(1,647)	(2,816)	(28,302)	69
Share of capital held in %		100%	100%	100%	100%	100%
Book value of stock held	gross	11,209	1	25	10	1
	net	-	-	-	-	1
Loans and advances granted but not repaid	net	-	-	-	-	(107)
Guarantees and security given by the company		-	-	700	12	-
Revenues from the last financial year		3,408	263	1,355	-	391
Net income from the last financial year		(2,550)	(92)	(691)	7	25
Dividends received by the company		-	-	-	-	-

20.4. EXAMINATION OF ANNUAL HISTORICAL FINANCIAL INFORMATION

20.4.1. AUDIT REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED ACCORDING TO IFRS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

SuperSonic Imagine
Year ended 31 December 2014

Statutory Auditors' Report on the Consolidated Financial Statements

Dear Shareholders,

In performance of the engagement entrusted to us by your General Shareholders' Meetings, we hereby present to you our report on the financial year ended 31 December 2014, regarding:

- the review of the consolidated financial statements of SuperSonic Imagine, as attached hereto;
- the justification for our assessments;
- specific legally prescribed checks.

The consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements.

We conducted our audit in accordance with professional standards applicable in France: those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures, using sampling methods or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
We certify that the consolidated financial statements for the year, as concerns the IFRS guidelines adopted in the European Union, are true and correct, and provide a fair view of the assets, financial position and results of the Group comprised of the people and entities included within its scope of consolidation.

II. Justification of assessments

In application of the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we hereby inform you of the following:

- Note 3.4 - "Intangible Assets" presents the accounting rules and methods relating to the recording of development expenses.
Within the context of our assessment of the accounting principles followed by your Group, we have examined the procedures for recording development expenses in the assets, as well as those used for amortization and depreciation, and for verifying their present value, and we have ensured that Notes 3.4 - "Intangible Assets" and 8 - "Intangible Assets" provide the appropriate information.

- The Group writes down trade receivables according to the procedures described in Note 3.9 - "Trade receivables and related accounts".
We have assessed the method used by your Group, which is described in Notes 3.9 - "Trade receivables and related accounts" and 12 - "Trade receivables and related accounts", based on the information available at this time. We have assessed the reasonable nature of these estimates.

- Note 3.21 - "Share-based payments" presents the accounting rules and methods that relate to recording share-based compensation plans.
Within the context of our assessment of the accounting principles followed by your Group, we have examined the procedures for recording services rendered by these plans' beneficiaries under expenses, as well as those used to calculate the fair value of instruments, and we have ensured that Notes 3.21 - "Share-based payments" and 16 - "Share-based payments" provide the appropriate information.
The assessments thus made fall within the context of our audit of the consolidated financial statements, considered overall, and have thus contributed to the opinion we have expressed in the first part of this report.

III. Specific checks

We have also conducted a specific legally prescribed check of the information related to the Group that was provided in the Management Report, in conformity with the professional rules applicable in France.

We have no comments to make as concerns their accuracy and conformity with the consolidated financial statements.

Avignon and Paris-La Défense, 23 March 2015

French original signed by The Statutory Auditors

ARESXPERT AUDIT
Laurent Peyre

ERNST & YOUNG et Autres.
Franck Sebag

20.4.2. STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS OF SUPERSONIC IMAGINE SA

SuperSonic Imagine
Year ended 31 December 2014

Statutory Auditors' Report on the Annual Financial Statements

Dear Shareholders,

In performance of the engagement entrusted to us by your General Shareholders' Meetings, we hereby present to you our report on the financial year ended 31 December 2014, regarding:

- control of the annual financial statements of SuperSonic Imagine, as attached hereto;
- justification for our assessments;
- specific checks and information provided by law.

The annual financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements.

We conducted our audit in accordance with professional standards applicable in France: those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement. An audit involves performing procedures, using sampling methods or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
We certify that the annual financial statements, as concerns French accounting rules and principles, provide a true and faithful view of the results of the financial operations of the year ended, as well as of the financial position and assets of the company at year-end.

II. Justification of assessments

In application of the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we hereby inform you of the following:

- Note 1.2.1 - "Intangible Assets" presents the accounting rules and methods relating to the recording of development expenses.
  Within the context of our assessment of the accounting principles followed by your company, we have examined the procedures for recording development expenses in the assets, as well as those used for amortization and depreciation, and to verify their present value, and we have ensured that Notes 1.2.1 - "Intangible Assets" and 2 - "Intangible Assets" provide the appropriate information.

- Note1.2.3. - "Financial Assets" shows how the equity interests and related receivables are written down when their present value is less than their book value, and indicates the principles used by your company to determine this present value.
  Our work consisted of checking the application of these principles and assessing the data and assumptions used by your company to make these estimates. We have examined the procedures for calculating present value and have verified that the financial statements provide appropriate information on this point.

- Your company writes down trade receivables according to the procedures described in Note 1.2.5 - "Receivables and payables".

We have assessed the method used by your company, which is described in Notes 1.2.5 - "Receivables and payables" and 6 - "Receivables", based on the information available at this time. We have assessed the reasonable nature of these estimates.

The assessments thus made fall within the context of our audit of the annual financial statements, considered overall, and have thus contributed to the opinion we have expressed in the first part of this report.

III. Specific checks and information

We have likewise performed the specific legally prescribed checks, in conformity with the professional standards applicable in France.

We have no comments to make as to the accuracy and conformity with the annual financial statements of the information provided in the Management Board's Management Report and in the documents sent to shareholders regarding the financial position and annual financial statements.

As concerns the information provided in application of Article L. 225-102-1 of the Commercial Code on compensation and benefits paid to corporate officers, as well as on the commitments granted in their favor, we have verified their consistency with the financial statements or with the data used to prepare the financial statements and, where applicable, with the information collected by your company from the companies that control it, or that are controlled by it. Based on this work, we certify that this information is true and accurate.

In application of the law, we have ensured that the various information relating to the identity of holders of capital or voting rights was communicated to you in the Management Report.

Avignon and Paris-La Défense, 23 March 2015
French original signed by The Statutory Auditors

ARESXPERT AUDIT
Laurent Peyre

ERNST & YOUNG et Autres.
Franck Sebag

20.4.3. OTHER INFORMATION VERIFIED BY LEGAL CONTROLLERS

Expenses and charges that are not tax deductible:

In application of Articles 223-4 and 39.4 of the French General Tax Code [CGI], the amount of non tax-deductible expenses and charges amounted to €26,301. These concern the share of non-deductible leases of passenger vehicles.

Chart on the results for the last 5 years of Supersonic Imagine SA:

	31 December 2010	31 December 2011	31 December 2012	31 December 2013	31 December 2014
CAPITAL AT YEAR-END					
Share Capital	856,733	963,479	984,376	1,133,738	1,606,823
Number of ordinary shares in existence	856,733	963,479	9,843,760	11,337,376	16,068,228
Number of priority dividend shares in existence	0	0	0	0	0
Maximum number of future shares to be created	850,871	867,097	1,239,100	2,950,363	1,525,830
-by conversion of bonds	-	-	-	*50,000*	*50,000*
-by exercise of a subscription right	*850,871*	*867,097*	*1,239,100*	*2,900,363*	*1,475,830*
OPERATIONS AND RESULTS					
Revenue before taxes	9,778,224	10,428,688	13,664,503	16,549,814	19,394,154
Result before taxes, employee participation and allocations to amortization and depreciation and provisions	-5,689,953	-5,960,896	-6,819,835	-7,768,966	-6,845,839
Income tax	-1,598,981	-1,691,186	-1,079,068	-1,660,695	-1,749,560
Employee participation for the year					
Result after taxes, employee participation and allocations to amortization and depreciation and provisions	-11,796,058	-10,767,515	-10,709,649	-11,840,530	-14,580,845
Distributed earnings					
EARNINGS PER SHARE					
Result after taxes and employee participation but before allocations to amortization and depreciation and provisions	-4.78	-4.43	-0.583	-0.539	-0.317
Result after taxes, employee participation and allocations to amortization and depreciation and provisions	-13.77	-11.18	-1.088	-1.044	-0.907
Per-share dividend distributed	-	-	-	-	-
PERSONNEL					
Average headcount of staff employed during the financial year	79	72	81	88	94
Amount of payroll for the financial year	4,925,044	4,669,788	5,521,229	6,193,255	7,456,210
Total amount paid in employee benefits for the financial year	1,408,289	1,859,778	2,150,614	2,535,033	3,144,580

Information concerning time limits for supplier payments:

In thousands of euros	Due	due in under 30 days	due in between 30 and 60 days	due in more than 60 days	Total
Balance of trade payables at 31 December 2014	745	1,488	53	0	2,286
Balance of trade payables at 31 December 2013	114	733	38	51	936

20.5. DATE OF THE MOST RECENT FINANCIAL INFORMATION

31 December 2014

20.6. INTERIM CONSOLIDATED FINANCIAL INFORMATION

No financial information has been published since 31 December 2014.

Before that date, the most recent audited information published was the consolidated financial statements and notes at 30 June 2014, included in the semi-annual financial report which is available on the Group's website in the investor section.

20.7. DIVIDEND DISTRIBUTION POLICY

20.7.1. DIVIDENDS PAID DURING THE LAST THREE FINANCIAL YEARS

The Group has not paid a dividend during the last 3 financial years and does not intend to pay one in 2015.

20.7.2. DIVIDEND DISTRIBUTION POLICY

Given the Company's stage of development, it does not anticipate initiating a dividend payment policy in the short term.

20.8. LEGAL PROCEEDINGS AND ARBITRATION

In China, the Group had chosen to terminate the exclusive distribution agreement between it and its distributor in April 2013. The latter had disputed and blocked payment of the amounts which is challenging such decision and has blocked the payment of sums due, for a total amount of €474 thousand.

On 22 October 2009, the company signed an exclusive distribution contract with its distributor for some of its products in China (excluding Taiwan, Hong Kong and Macao) for a four-year term to start once the authorizations for marketing said products were obtained from the competent authorities, which occurred on 14 July 2010. The contract was subject to French law and contained an arbitration clause, which process would be carried out before an arbitral tribunal formed in application of the Rules of Arbitration of the International Chamber of Commerce.

In April 2013, the Company terminated this contract, in particular noting that its distributor had not achieved its contractual objectives, and offered it a new distribution agreement to sign. After discussion between the parties, the distributor summoned the Company before the Beijing Chaoyang district court, and the intermediate district court of Beijing, in particular asking to continue the contract and extend it, given its interruption during the discussions between the parties, and that the Company comply with its exclusivity arrangement, disputing to that end the Company's statements and the applicability of the contractual arbitration clause. In September 2013, the Company had commenced an arbitration proceeding before the International Chamber of Commerce for payment of amounts owed under the contract as well as for damages.

At the date of this report, the Company had prevailed, per a decision rendered on 30 October 2014 by an arbitral tribunal that was formed in application of the Rules of Arbitration of the International Chamber of Commerce. In October 2014 as well, the Intermediate District Court of Beijing rendered its decision, affirming that the Arbitral Tribunal formed under the auspices of the International Chamber of Commerce was the sole party competent to hear all of the disputes relating to the agreement between the company and its distributor, and dismissed its claims against the company before the Chaoyang Beijing District Court.

The arbitral award thus ordered the Chinese distributor to repay its debt (€474 thousand, fully provisioned), and that it pay €1 million in principal for other damage suffered by the Group. In 2014, the income expected for damage suffered was recorded on the assets side of the balance sheet under other current assets for €1 million, and then fully provisioned to the extent that it was uncertain that the distributor would be able to honor the judgment.

There are no other governmental, judicial or arbitration proceedings, including any proceedings of which the Company is aware, which have been suspended or threatened, that are likely to have or which have had, during the past 12 months, significant effects on the financial position or profitability of the company and/or group.

20.9. SIGNIFICANT CHANGES IN FINANCIAL OR BUSINESS POSITION

To the best of the Company's knowledge, there has been no significant change in the Group's financial or business position since 31 December 2014.

20.10. STATUTORY AUDITORS' FEES

	FY 2014				FY 2013			
	EY		ARESXPERT AUDIT		ERNST & YOUNG et Autres		ARESXPERT AUDIT	
	€	%	€	%	€	%	€	%
Audit								
Statutory audit, certification, review of separate and consolidated financial statements								
* Issuer	120,423	52%	36,177	50%	74,500	50%	22,500	51%
* Wholly owned subsidiaries	-	-	-	-	-	-	-	-
Other procedures and services which are directly related to the Statutory Auditors' engagement								
* Issuer	110,500	48%	36,000	50%	74,500	50%	21,500	49%
* Wholly owned subsidiaries	-	-	-	-	-	-	-	-
Subtotal	**230,923**	**100%**	**72,177**	**100%**	**149,000**	**100%**	**44,000**	**100%**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**230,923**	**100%**	**72,177**	**100%**	**149,000**	**100%**	**44,000**	**100%**

21. ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. AMOUNT OF THE SHARE CAPITAL

At the date of registering this document, the Company's share capital amounted to €1,606,822.80, divided into 16,068,228 shares with a nominal value of €0.1 each, fully paid-up.

By decision of the General Shareholders' Meeting held on 3 March 2014, all preferred shares were converted into ordinary shares at a rate of one ordinary share per each preferred share at the same time that the Company's shares were first listed on the Euronext regulated market in Paris, in April 2014.

21.1.2. NON-EQUITY SECURITIES

None.

21.1.3. ACQUISITION BY THE COMPANY OF TREASURY SHARES

The Combined General Meeting of Shareholders of 3 March 2014 authorized the Management Board to implement, for a period of eighteen months from the date of such meeting, a buyback program for the Company's shares in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code and the Market Practices approved by the Autorité des Marchés Financiers (AMF), subject to the non-retroactive condition precedent of the initial listing of the Company's shares on the regulated market of Euronext in Paris no later than 31 December 2014. The main terms of this authorization were as follows:

- maximum number of shares that may be purchased: 10% of the share capital, at any time, it being stipulated that, when the shares are purchased with the goal of facilitating the liquidity of the Company's shares, the number of shares taken into account for the calculation of this limit corresponds to the number of shares purchased, reduced by the number of shares re-sold during the authorization period; when they are bought for the purpose of being retained and used later as payment or for exchange in connection with a merger, spin-off, or contribution, the number of shares purchased may not exceed 5% of the total number of shares;
- objectives of the share buyback:
  - to promote the liquidity of the Company's shares under a liquidity agreement to be entered into, as may be appropriate, with an investment services provider, complying with the ethics charter recognized by the AMF;
  - to meet its obligations under stock options, free share and employee savings plans and other awards of shares to the employees and directors of the Company and its affiliates;
  - to allot shares upon exercise of rights attached to securities giving access to the share capital;
  - to purchase shares in order to retain and deliver them at a later stage as payment or exchange within the framework of external growth transactions;
  - cancel all or a portion of the repurchased shares; or

- more generally, operate with any objective that becomes authorized by the law or any other market practice that comes to be admitted by the market authorities (specifying that in such case, the Company would inform its shareholders by press release).
- maximum purchase price (excluding expenses and commission): 300% of the share price set for the initial public offering of the Company's shares;
- maximum total amount of purchases: €5 million.

The Company has established a liquidity agreement on these instruments, for which the procedures and flows for the financial year are described in Chapter 20.1 of this document, Note 15.3.

At 31 December 2014, within the context of the liquidity agreement entrusted to Exane, the number of treasury shares held through this contract was 40,987, in addition to €112,000 in cash.

21.1.4. SECURITIES GIVING RIGHTS TO A SHARE IN THE CAPITAL

As of the date of this document, securities and other instruments currently issued and outstanding that give access to the Company's share capital are as follows.

21.1.4.1. FOUNDERS' WARRANTS (BONS DE SOUSCRIPTION DE PARTS DE CREATEUR D'ENTREPRISE (BSPCE))

	BSPCE 05-082005	BSPCE 032006	BSPCE 032006'	BSPCE 102008
Date of the general shareholders' meeting	05-Aug-05	10-Mar-06	10-Mar-06	23-Oct-08
Management Board date	10-Oct-05	10-Jul-06	09-Jul-07	05-Nov-09
Number of BSPCE authorized	2,568	34,300	34,300	79,750
Total number of BSPCE granted	2,568	26,970	4,750	29,600
Total number of shares that can be subscribed at source (1)	25,680	269,700	47,500	296,000
Of which the number that can be subscribed by directors	8,560	152,000	-	130,000
Directors concerned:				
Jacques Souquet	-	77,000	-	70,000
Claude Cohen-Bacrie	8,560	75,000	-	60,000
Number of non-director beneficiaries (at source)	2	14	6	55
Start date for the exercise of the BSPCE	31-Dec-06	10-Jul-07	09-Jul-08	05-Nov-10
Expiration date of the BSPCE	10-Oct-15	10-Jul-16	09-Jul-17	05-Nov-19
Subscription price of a share	€1,216	€5,838	€5,838	€8,847
Terms of exercise	(2)	(2)	(2)	(2)
Number of shares subscribed as at 5 March 2015 resulting from the exercise of foundes' warrants (BSPCE)	-	-	5,000	5,000
Cumulative number of shares cancelled or void as a result of founders' warrants (BSPCE) allocated (1) (3)	-	33,500	10,000	57,500
Number of shares remaining as at 05 March 2015 as a result of the exercise of founder's warrants (BSPCE) (1)	25,680	236,200	32,500	233,500

(1) These figures take into account the 10-1 stock split decided upon by the Combined Shareholders' Meeting held on 16 May 2012;
(2) These founders' warrants can all be exercised at the date of this document.
(3) Cancellations of founders' warrants are the result of the departure of the employee beneficiaries.
Due to the IPO in April 2014, all of the subscription or share purchase options were definitively acquired in advance and in conformity with the originally prescribed terms.

21.1.4.2. SHARE WARRANT (BONS DE SOUSCRIPTION D' ACTIONS (BSA)) PLAN

The nine share warrant plans still in effect to date include:

- 6 plans for corporate officers and/or employees and outside consultants,
- 1 plan (BSA OBSA) resulting from the issuance of a bond with share warrants (OBSA D) completed in December 2013 (refer to table below),

	BSA 05-08-2005	BSA 03-2006	BSA 03-2006'	BSA 10-2008	BSA 09-2010	BSA 2013
Date of the general shareholders' meeting	05-Aug-05	10-Mar-06	10-Mar-06	23-Oct-08	27-Sept-10	22-Mar-13
Management Board date	10-Oct-05	10-Jul-06	09-jul-07	16-Apr-10	30-Sept-11	04-Oct-13
Number of warrants authorized	4,284	34,300	34,300	79,750	45,000	989,715
Number of warrants issued	4,284	1,700	880	16,950	12,600	27,000
Total number of shares that can be subscribed by exercise of the warrants at source (1)	42,840	17,000	8,800	169,500	126,000	27,000
Of which the number that can be subscribed by directors	-	-	-	*35,000*	*67,000*	*15,000*
Directors concerned:						
Hans Barella	-	-	-	*30,000*	*27,000*	*15,000*
Bradley Garrett	-	-	-	*5,000*	*40,000*	-
Gordon Waldron	-	-	-	*0*[3]	-	-
OMNES Capital	-	-	-	-	-	-
NBGI Private Equity Partners	-	-	-	-	-	-
Auriga Partners	-	-	-	-	-	-
EDRIP Investment Partners	-	-	-	-	-	-
Merieux Participations	-	-	-	-	-	-
CDC Entreprises SA	-	-	-	-	-	-
Number of non-director beneficiaries	5	2	1	14	11	2
Start date for the exercise of the warrants	31-Dec-06	10-Jul-07	09-Jul-08	16-Apr-11	30-Sept-12	04-Oct-14
Expiration date of the warrants	10-Oct-15	10-Jul-16	09-Jul-17	16-Apr-20	30-Sept-21	4 Oct. 2023 or as of the 1st listing of the shares
Issue price of the warrants	Free	Free	Free	€0.10	€0.06	€0.01
Warrant exercise price (1)	€1,216	€5.838	€5,838	€8.847	€0.10 (4)	€0.10 (4)
Terms of exercise	(2)	(2)	(2)	(2)	(2)	(2)
Number of shares subscribed as at 5 March 2015 resulting from the exercise of warrants [1]	-	-	-	-	8,125	-
Cumulative number of shares canceled or void as a result of the exercise of warrants [1] [5]	6,420	-	-	49,000	5,375	-
Number of shares remaining as at 5 March 2015 and which could result from the exercise of warrants [1]	36,420	17,000	8,800	120,500	112,500	27,000

(1) These figures take into account the 10-1 share split decided on by the Combined Shareholders' Meeting held on 16 May 2012. Following this, a warrant affords its bearer the right to subscribe for 10 new shares.
(2) These warrants are all exercisable at the date of this document
(3) Following the waiver in the financial year of 3,000 BSA 10-2008 which were replaced by Exchange stock options (refer to table below).
(4) The exercise price of BSA 09-2010, and of the BSA 2013, determined by an independent expert, takes into account the fact that the ordinary shares to which they give the right to subscribe did not have a favorable

ranking for the preferential distribution of the Company's sale price that was stipulated in the shareholders' agreement in effect when they were allotted.
(5) The BSA cancellations arising from death, waiver or departure of their beneficiaries.

Furthermore, all of the so-called "*ratchet bond*" warrants became legally void due to the company's IPO in April 2014, and are thus not included herein.

21.1.4.3. STOCK OPTION OR PURCHASE PLAN

	Ordinary stock options	AGA exchange stock options (4)	SO 09-2014
Date of the general shareholders' meeting	22-Mar-13	22-Mar-13	03-March-14
Management Board date	04-Oct-13	04-Oct-13	19-Sept-14
Number of stock options authorized	989,715	989,715	963,479
Number of stock options allocated	381,250	254,500	411,850
Total number of shares that can be subscribed at source (1)	381,250	254,500	411,850
Of which the number that can be subscribed by corporate officers (1)	*292,500*	*243,500*	*411,850*
Directors concerned:			
Jacques Souquet	*35,000*	*78,000*	*0*
Claude Cohen-Bacrie	*30,000*	*0*	*0*
Tom Egelund	*0*	*0*	*411,850*
Bradley Garrett	*20,000*	*0*	*0*
Kurt Kelln	*186,500*	*0*	*0*
Gordon Waldron	*21,000*	*165,500*	*0*
Number of non-director beneficiaries (at source)	72	4	0
Start date for the exercise of the S.O.	04-Oct-14	04-Oct-13	19-Sept-14
Expiration date of the S.O.	04-Oct-23	04-Oct-23	18-Sept-24
Subscription price of a share	€0.10 (3)	€0.10 (3)	€8.40
Terms of exercise	(2)	(2)	(5)
Number of shares subscribed as at 5 March 2015 ((1)	7,500	4,000	-
Cumulative number of S.O. canceled or void	-	-	-
Stock options remaining as at 5 March 2014	373,750	250,500	411,850
Total number of shares that can be subscribed as at 5 March 2015 (1)	373,750	250,500	51,480

(1) These figures take into account the 10-1 share split decided on by the Combined Shareholders' Meeting held on 16 May 2012.
(2) These stock options can all be exercised at the date of this document.
(3) The exercise price for the Ordinary and Exchange Stock Options, determined by an independent expert, takes into account the fact that the ordinary shares to which they give the right to subscribe did not have a favorable ranking for the preferential distribution of the Company's sale price that was stipulated in the shareholders' agreement in effect when they were allotted.
(4) The Stock Option Exchange Plan was allocated as compensation for its beneficiaries' waiver of the free share plan which had been allocated to them by the Management Board on 30 September 2011 (refer to table below).
(5) The terms for exercising these Stock Options are as follows:
6.25% of options may be exercised at the expiry of each successive 3-month period that has elapsed as of the date of allocation, and at the latest within the 10 years following the date of allocation.

21.1.4.4. FREE SHARE ALLOCATIONS

At the date of registering this document, the Management Board has allocated a total number of 336,500 free shares to employees and directors of the Company pursuant to authorizations granted by the General Shareholders' Meetings on 27 September 2010 and 21 October 2011, and after having taken into account the 10-1 share split, which was decided upon by the Combined Shareholders' Meeting of 16 May 2012.

Given the Company's IPO in April 2014, all of the free shares that were allotted and which did not lapse were definitively acquired upon listing. To date, there are no more free shares (AGA) that have not yet vested.

	Free shares	Free shares
Date of the general shareholders' meeting	27-Sept-10	21-Oct-11
Management Board date	30-Sept-11	21-Oct-11
Number of free shares allocated	30,650	30,000
Total number of shares that can be subscribed (1)[(1)]	306,500	30,000
Number of shares which can still be acquired by corporate officers [(1)]	20,250	-
Directors concerned:		
Jacques Souquet	-	-
Claude Cohen-Bacrie	*20,250*	-
Tom Egelund	-	-
Bradley Garrett	-	-
Kurt Kelln	-	-
Gordon Waldron	-	-
Start-date of the vesting period	30-Sept-13	
Expiration date of the retention period	[(4)]	NA
Vesting conditions	[(4)]	NA
Number of shares acquired as at 5 March 2015 [(1)]	77,500	-
Total number of free shares canceled or void [(1)]	229,000 [(2)]	30,000[(3)]
Number of free shares remaining at 5 March 2015	-	-

(1) These figures take into account the 10-1 share split decided upon by the Combined Shareholders' Meeting held on 16 May 2012, as these plans were made subsequent to this date.
(2) The number of free shares originally allocated totaled 306,500. A total of 229,000 were canceled, of which 224,500 were replaced with Exchange free share (AGA) stock options. The other 4,500 were allocated to people who left the Company.
(3) The number of free shares originally allocated amounted to 30,000. All of them were canceled and replaced by Exchange free share Stock Options.
(4) Due to the IPO in April 2014, all of the subscription or share purchase options were definitively acquired in advance and in conformity with the originally prescribed terms.

21.1.4.5. BOND ISSUE WITH CATEGORY D PREFERRED SHARES WARRANT

The Extraordinary Shareholders' Meeting of Shareholders held on 16 December 2013 decided on a bond issue with warrants (OBSA), without the preferential subscription rights, to the benefit of Norgine B.V., with the following principal terms:

Main features of the bonds

Amount: €5 million, represented by 50,000 bonds with a par value of €100, each having a warrant attached thereto.

Amortization of the issue

a) **Normal amortization**: The OBSA are redeemable monthly at maturity over five years, with a deferred capital amortization period of 24 months, which will be increased to 36 months if a revenue target is reached between the13th and the 24th month.

Based on a scenario that the Company management considers probable in terms of achievement of the revenues target, the deferred period of reimbursement shall be increased from 24 to 36 months. The amortization periods then starting on 17 January 2017 (principal and interest) should be constant over the remaining 24 months.

b) Advance amortization

Voluntary advance amortization: a complete or partial voluntary advance amortization, at the discretion of the Company, is authorized subject to prior notice from the representative of the body of bondholders 30 days in advance. This advance amortization must be for a minimum amount of €500,000.

Mandatory advance amortization: it is mandatory that an advance amortization be carried out for the remaining total amount to be amortized in the event of:

(i) a change of control (unless this change is the result of a merger or acquisition operation by one of the companies that was previously approved by the OBSA subscriber, as enumerated in the OBSA terms): or

(ii) the disposal of all or a substantial part of the Group's assets, representing at least 60% of its consolidated revenue.

Interest rate: 10.13%

Security: as security for the bond issue, the Company has granted OBSA bearers a pledge on the Company's bank accounts. This pledge was supplemented on 16 June 2014 by a commitment to maintain the Company a positive balance of at least €2 million in its bank accounts at any given time, until the date of full reimbursement of the bond issue.

Characteristics of Warrants (BSA)
Number: each bond has a warrant attached to it (i.e. 50,000 warrants).

Financial year parity: each warrant entitles its bearer to subscribe to a share with a unit price of €10.

Exercise period: Due to the Company's IPO in April 2014, these warrants became exercisable through 17 December 2023.
See Note 17.2 to the consolidated financial statements presented in Section 20.1 of this document.

21.1.4.6. SUMMARY OF DILUTIVE INSTRUMENTS

The exercise or definitive acquisition, as the case may be, of all of the securities and instruments providing access to the Company's capital would result in the issue of 1,936,200 new company shares, i.e. a maximum dilution of 12,05% based on the current capital and voting rights, brought down to 10.75% based on the diluted voting rights and capital.

	Number of new shares or instruments	Number of new shares likely to result from their exercise
Founders warrants (BSPCE)	52,788	527,880
BSA	106,522	372,220
Free shares	0	0
Stock options	1,036,100	1,036,100
Total	**1,195,410**	**936,200**

The number of warrants and founders' warrants indicated in the first column corresponds to the number that was initially issued at the time of the plan in question.

For plans issued before the Combined General Shareholders' Meeting of 16 May 2012, the number of securities issued was multiplied by 10 following the 1:10 split of the nominal value, which was decided on at said meeting. The second column presents all of the securities that were issued, as the equivalent of new shares.

21.1.5. AUTHORIZED CAPITAL, CURRENTLY VALID DELEGATIONS

The resolutions concerning issues of securities approved by the Combined General Meeting of 3 March 2014 (delegations to the Management Board), voting on an extraordinary basis, are summarized below:

Resolution: Type of delegation		
Type of securities authorized	Number of securities or maximum nominal amount authorized	Subscription price of the security
i- Exercise price of the share where applicable ii- Authorization term and maturity date iii- Use		
22: Delegation of authority in view of increasing the capital by issue of ordinary shares or all securities providing access to capital, maintaining shareholders' preferential subscription right		
Ordinary shares and/or securities which provide access through all means, immediately or in the future, to ordinary shares of the Company	The total nominal amount of the capital increases may not exceed €1 million [1]	Free or for consideration
i- N/A ii- 26 months, maturity date of 4 May 2016 iii- N/A		
22: Delegation of authority in view of increasing the capital by issue of ordinary shares or all securities providing access to capital, eliminating shareholders' preferential subscription right, and a public offering.		
Ordinary shares and/or securities which provide access through all means, immediately or in the future, to ordinary shares of the Company	The total nominal amount of the capital increases may not exceed €1 million[1]	Free or for consideration. Price set by the Management Board according to the following terms: the issue price of the shares shall be at least equal to the weighted average of the listed prices for the last three trading days preceding its determination, as, where applicable, decreased by the maximum discount authorized by the legislation (i.e., currently 5%) and adjusted for differences in the date of first entitlement[2]
i- N/A ii- 26 months, maturity date of 4 May 2016 iii- Capital increase in a nominal amount of €427,350.40 dated 9 April 2014, recorded 17 April 2014		

24: Delegation of authority in view of increasing the capital through issue of ordinary shares or of all securities providing access to capital, eliminating the preferential subscription right of shareholders within the context of an offer to qualified investors or a restricted group of investors indicated in Article L.411-2(II) of the Monetary and Financial Code.

Ordinary shares and/or securities which provide access through all means, immediately or in the future, to ordinary shares of the Company	The total nominal amount of the capital increases may not exceed €750,000, and may not exceed the limits prescribed by the regulations which apply at the issue date[1]	Free or for consideration. Price set by the Management Board according to the following terms: the issue price of the shares shall be at least equal to the weighted average of the listed prices for the last three trading days preceding its determination, as, where applicable, decreased by the maximum discount authorized by the legislation (i.e., currently 5%) and adjusted for differences in the date of first entitlement[2]

i- N/A
ii- 26 months, maturity date of 4 May 2016
iii- N/A

26: Delegation of authority with the effect of increasing the number of shares to be issued in case of a capital increase with or without a preferential subscription right determined by virtue of the 22nd and 24th resolutions

Same type as provided for in the resolution covering the increase	Within the limit of 15% of the initial issue	Same price as provided for in the resolution which could be subject to the increase

i- N/A
ii- 26 months, maturity date of 4 May 2016
iii- Capital increase in the amount of €40,778.30 dated 9 May 2014, recorded 14 May 2014

27: Delegation of authority with the effect of issuing ordinary shares and securities which provide access to the Company's capital, in case of a public offering containing a trade component initiated by the Company

Ordinary shares and/or securities which provide access through all means, immediately or in the future, to ordinary shares of the Company	The total nominal amount of the capital increases may not exceed €750,000[1]	Exchange parity as well as, where applicable, the amount of the cash balance payable as determined by the Management Board

i- N/A
ii- 26 months, maturity date of 4 May 2016
iii- N/A

28: Delegation of powers in view of increasing capital, within the limits of 10% of the capital, to pay for contributions in kind as equity securities or securities giving access to the capital of third party companies, outside of a public exchange offer context

Ordinary shares of the Company and/or securities which provide access through all means, immediately or in the future, to ordinary shares of the Company	The total nominal amount of the capital increases may not exceed 10% of the Company's capital[1]	-

i- N/A
ii- 26 months, maturity date of 4 May 2016
iii- N/A

30: Delegation of authority in view of increasing capital by incorporating premiums, reserves, benefits or other

Ordinary shares	The total nominal amount of the capital increases may not exceed €50,000	-

i- N/A
ii- 26 months, maturity date of 4 May 2016
iii- N/A

31: Authorization to be given to the Management Board to grant share subscription or purchase options of the Company

Share purchase or subscription options	A maximum of 963,479 shares[3]	-

i- Price to be determined by the Management Board in conformity with the legal provisions
ii- 38 months, maturity date of 4 May 2017
iii- Issue of 411,850 share subscription options on 19 September 2014

32: Authorization to be given to the Management Board to proceed with the free allocation of existing or to be issued shares

Free shares	A maximum of 481,740 shares[3]	-

i- N/A
ii- 38 months, maturity date of 4 May 2017
iii- N/A

33: Delegation of authority for the purpose of issuing and allocating warrants for (i) members of the Supervisory Board of the Company according to the bond allocation date who are not employees or directors of the Company or of one of its subsidiaries or (ii) people linked by a service or consulting contract to the Company or to one of its subsidiaries or (iii) members of any committee that the Supervisory Board ends up establishing

Warrants ("**BSA** ")	A maximum of 481,740 shares[3]	The issue price of a warrant (BSA) shall be determined by the Management Board on the issue date of said warrant, according to the latter's features, and shall in any event be at least equal to 10% the subscription price (share premium included) of the share to be granted by the warrant

i- Price to be determined by the Management Board, in conformity with the legal provisions
ii- 18 months, maturity date of 4 September 2015
iii- N/A

[1] Following the Combined General Shareholders' Meeting of 3 March 2014, the overall maximum nominal amount of the capital increases that could be carried out by virtue of the delegations granted pursuant to Resolutions 22 through 28 below, and Resolution 35 below, was set at €1 million, it being specified that the additional amount of the shares to be issued will be added to this limit to preserve, in conformity with the legal or regulatory provisions and, where applicable, the appropriate contractual stipulations, the rights of the bearers of the securities that provide access to the shares.
The total maximum nominal amount of the debt securities that may be issued by virtue of the delegations

granted pursuant to Resolutions 22 through 28 below, and Resolution 35 below, is set at €40 million (or the equivalent at the issue date of this amount in a foreign currency or unit of account established by reference to several currencies).

[2] Resolution 25 of the Combined General Shareholders' Meeting of 3 March 2014 authorizes the Management Board, with power to subdelegate, for a term of 26 months as of 3 March 2014, for each of the issues determined within the framework of the delegations granted in Resolutions 23 and 24, and up to the limit of 10% of the Company's capital for a period of 12 months, to depart from the terms for determining the price that were prescribed by the resolutions indicated above, and to set the issue price of ordinary shares and/or securities that provide access immediately or in the future to the capital issued, pursuant to the following terms:
- the issue price of ordinary shares shall be at least equal to the weighted average of the prices for the last 5 trading sessions preceding its determination, potentially decreased by a maximum discount of 15%, recalling that this may in no case be less than the nominal value of one share of the Company at the issue date of the shares concerned,
- the issue price of securities providing access to the capital shall be such that the amount immediately collected by the Company, plus, where applicable, the amount that could be subsequently collected by it, i.e. for each share issued due to the issue of these securities, shall be at least equal to the issue price determined in the paragraph above.

[3] The Combined General Shareholders' Meeting of 3 March 2014 decided that the total number of shares issued by virtue of the authorizations given in Resolutions 31 and 32 could not exceed a total of 963,479 shares

21.1.6. INFORMATION CONCERNING THE SHARE CAPITAL OF ALL MEMBERS OF THE GROUP SUBJECT TO AN OPTION OR A CONDITIONAL OR UNCONDITIONAL AGREEMENT ALLOWING IT TO BE PLACED UNDER OPTION

To the Company's knowledge, there are no options or conditional or unconditional agreements that provide for the establishment of such an option on the capital of a member of the Group.

Due to the Company's IPO in April 2014, the shareholders' agreement which entered into the scope of this note was automatically terminated.

21.1.7. HISTORY OF THE SHARE CAPITAL

The following table presents a summary of the changes in the share capital since that date.

Date	Nature of operations	Number of shares issued or canceled	Capital in €	Share premium or contribution in €	Total nominal amount of share capital in €	Cumulative number of total shares outstanding	Nominal value in €	Issue (or exercise) price per adjusted share
15-Apr-09	Capital increase through issue of preferred category 2 shares	36,978	36,978	3,234,466	431,308	431,308	1.00	€8.85
05-Jun-09	Exercise of warrants $(BSA)_{10\text{-}2008\text{-}Tranche\ 1.2}$	45,211	45,211	3,954,606	476,519	476,519	1.00	€8.85
23-Nov-09	Exercise of warrants $(BSA)_{10\text{-}2008\text{-}Tranche\ 2}$	67,817	67,817	5,931,953	544,336	544,336	1.00	€8.85
27-Apr-10	Exercise of anti-dilutive warrants	42,230	42,230		586,566	586,566	1.00	€0.10
27-Sept-10	Capital increase through issue of preferred category C1 shares with $warrant_{C1\text{-}2010\text{-}R}$	153,204	153,204	13,400,754	739,770	739,770	1.00	€8.85
27-Sept-10	Capital increase through issue of preferred category C1a shares	1,096	1,096	81,323	740,866	740,866	1.00	€7.52
27-Sept-10	Conversion of bonds into C1 shares	66,886	66,886	4,962,941	807,752	807,752	1.00	€7.52
25-Nov-10	Capital increase through issue of preferred category C1 shares with $warrant_{C1\text{-}2010\text{-}R}$	48,981	48,981	4,284,368	856,733	856,733	1.00	€8.85
30-Dec-11	Exercise of warrants $(BSA)_{C2\text{-}2010\text{-}T2}$	106,746	106,746	9,808,890	963,479	963,479	1.00	€9.29
15-May-12	Exercise of warrants $(BSA)_{C2\text{-}2010\text{-}T2}$	20,897	20,897	1,562,469	984,376	984,376	1.00	€7.58
16-May-12	Division of the nominal value of shares				984,376	9,843,760	0.10	NA
27-Mar-13	Capital increase through issue of preferred category D shares with warrant $(BSA)_{D\text{-}2013}$	1,255,502	125,550	12,429,470	1,109,926	11,099,262	0.10	€10.00
15-April-13	Capital increase through issue of preferred category D shares with warrant $(BSA)_{D\text{-}2013}$	150,000	15,000	1,485,000	1,124,926	11,249,262	0.10	€10.00
13-May-13	Exercise of warrant $(BSA)_{D\text{-}2013\text{--}T2}$	30,554	3,055	302,485	1,127,982	11,279,816	0.10	€10.00
30-Sept-13	Definitive acquisition of free shares	42,625	4,263	-	1,132,244	11,322,441	0.10	NA
16-Dec-13	Exercise of BSA09-2010	4,125	413	-	1,132,657	11,326,566	0.10	€0.10
16-Dec-13	Exercise of BCE $_{03\text{-}2006'}$	5,000	500	28,690	1,133,157	11,331,566	0.10	€5.84
31-Dec.-13	Definitive acquisition of free shares	5,810	581	-	1,133,738	11,337,376	0.10	NA
3-March-14	Reclassification of reserves below share premium	-		(22,550,179)	1,133,738	11,337,376	0.10	NA
9-April-14	Capital increase in cash - IPO	4,273,504	427,350	45,132,000	1,561,088	15,610,880	0.10	€10.66
9-April-14	Creation of free shares	29,065	2,907		1,563,995	15,639,945	0.10	€0.10
9-May-14	Shares created after the over-allotment	407,783	40,778	4,676,000	1,604,773	16,047,728	0.10	€11.57
30-June-14	Exercise of Stock options	6,500	650		1,605,423	16,054,228	0.10	€0.10
31-Dec -14	Exercise of founders' warrants (BSPCE)	5,000	500	43,735	1,605,923	16,059,228	0.10	€8.85
31-Dec -14	Exercise of Stock options	5,000	500		1,606,423	16,064,228	0.10	€0.10
31-Dec -14	Exercise of warrants (BSA)	4,000	400		1,606,823	16,068,228	0.10	€0.10

21.2. ARTICLES OF INCORPORATION AND BYLAWS

21.2.1. CORPORATE PURPOSE

The Company's objectives are:

- research and development in medical imaging;
- marketing of all products related to diagnostics and therapy in the field of medicine;
- marketing of all services and support relating to the medical products described above;
- design and operation of all solutions arising directly or indirectly from the Company's R&D activities;
- as well as, more generally, all industrial and business activities relating to:
- the establishment, purchase, rental, responsibility for property management of a business, the leasing, the installation, and operation of any companies, businesses, factories, or workshops related to one or another of the activities described above;
- holding, acquiring, operating or selling any procedures, patents and intellectual property rights concerning the activities described above;
- the direct or indirect investment by the Company in any financial, real estate or property transactions or commercial or industrial companies that may relate to the corporate purpose or any similar or associated purpose;
- any transactions whatsoever contributing to the achievement of this purpose.

21.2.2. MANAGEMENT AND SUPERVISORY BODIES

21.2.2.1. MANAGEMENT BOARD

21.2.2.1.1. COMPOSITION

The Company is managed by a Management Board composed of no more than seven members, which carries out its duties under the supervision of the Supervisory Board.
The members of the Management Board are natural persons. They are not required to be shareholders.
They are appointed for a period of four years by the Supervisory Board, which appoints one of them as Chairman.
The members of the Management Board may not be older than seventy-five years of age.
Any member of the Management Board is re-eligible for a new term.
Members of the Management Board may be revoked by the Shareholders' General Meeting, as well as by the Supervisory Board. If the revocation is decided without due cause, it may give rise to damages. If the person concerned has signed an employment contract with the Company, his revocation from the Management Board does not have the effect of cancelling this contract.
The members of the Management Board meet any time that the corporate interest so requires, and may be convened by the Chairman or by half of its members, in the location specified by the convening party. Meetings may be called by any means, including by verbal communication.
Decisions of the Management Board are taken by the majority of members present or represented. Any member of the Management Board may be represented by another member of the Management Board, with the exception of cases where the Management Board is composed of two members. In any case, a member of the Management Board may not receive more than one proxy.

21.2.2.1.2. POWERS OF THE MANAGEMENT BOARD

The Management Board has the broadest authority to act under any circumstances on behalf of the Company, within the limits of the corporate purpose, and subject to the powers expressly allocated by law to the Supervisory Board and the meetings of shareholders. In relationships with a third party, the Company is bound even by acts of the Management Board that are outside the corporate purpose, unless it is proven that the third party knew that the act was outside the corporate purpose or that such third party could not have been ignorant thereof given the circumstances, it being excluded that the mere publication of the bylaws suffices to represent this proof.
The Chairman of the Management Board represents the Company in relationships with third parties. The Supervisory Board may grant the same power of representation to one or more other members of the Management Board, who will then have the title of chief executive officer. The Chairman of the Management Board and the chief executive officer(s), if such officers exist, are authorized to partially substitute in their powers any special representatives and inform them of such substitution.

21.2.2.2. SUPERVISORY BOARD

21.2.2.2.1. COMPOSITION

The Supervisory Board is composed of a minimum of three members and a maximum of eighteen members.
An employee of the Company cannot be appointed as a member of the Supervisory Board unless he has an actual position under his employment contract. No more than one third of the acting members of the Supervisory Board may have an employment contract with the Company.
The Supervisory Board members serve a term of three years, which ends at the shareholders' Ordinary Shareholders' Meeting that votes on the financial statements of the last financial year, which is held during the year in which such term expires.
Members of the Supervisory Board are re-eligible, but they may not be over 85 years of age.
In conformity with the terms of the bylaws of the Supervisory Board, which were adopted by the Board during its session on 4 June 2014, the Supervisory Board promises to have independent members within it. The Company's criteria for independence and other provisions of the Supervisory Board's charter regarding its composition are described in Section 16.3.1 of this document.

21.2.2.2.2. FUNCTIONING OF THE SUPERVISORY BOARD

The Chairman, Vice Chairman, or two members acting jointly may call a meeting of the Supervisory Board. Meetings may be called by any means, either written or oral.

Meetings of the Supervisory Board are presided over by its Chairman, or, in his absence, by the Vice Chairman, or, in his absence, by a member chosen by the Board at the beginning of the meeting.

Deliberations take place under conditions of a quorum and the majority specified by law; in the event of a tie, the Chairman of the meeting has the deciding vote.

The bylaws of the Supervisory Board provide for the ability to allow its members to participate in the meetings (deliberations and voting) by videoconference (which involves combining image and sound) or through other telecommunication methods which allow them to be identified and which guarantee their effective participation under the current regulatory conditions.
Videoconferencing or other telecommunications methods must meet the technical characteristics which ensure effective participation at the Supervisory Board's meeting, including continuously retransmitting deliberations. If these conditions are met, the Supervisory Board members participating in the meeting via videoconferencing or other telecommunication methods are considered present for calculating the quorum and majority.
Using videoconferencing or other means of telecommunication is prohibited when the Supervisory Board is asked to deliberate on the verification and control of the annual and consolidated financial statements.

The deliberations of the Supervisory Board are recorded in minutes that are prepared and maintained in accordance with the French Commercial Code.
The other major provisions of the Supervisory Board's bylaws relating to its functioning are described in Section 16.3.1 of this document.

21.2.2.2.3. MISSIONS OF THE SUPERVISORY BOARD

The Supervisory Board oversees permanent management of the Company by the Management Board. To that end, it may carry out verifications and controls as it sees fit and ask to receive any documents it judges to be useful in the performance of its mission at any time during the year.
At least once each quarter, the Management Board presents to the Supervisory Board a report on the state of the Company's activities.

21.2.3. RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO THE COMPANY'S SHARES

21.2.3.1. FORM OF SHARES

Shares are held in registered or in bearer form at the shareholder's discretion. They may not be converted to bearer form until they are completely paid up.
Shares and all other securities issued by the Company are registered in an account subject to the terms and conditions of applicable legal and regulatory provisions.

21.2.3.2. VOTING RIGHTS

The voting rights attached to shares are in proportion to the share of capital they represent, and each share gives its holder the right to one vote, subject to the application of the legal and regulatory provisions.

21.2.3.3. RIGHTS TO DIVIDENDS AND PROFITS

Each share entitles its owner to a portion of the corporate assets, profits of the Company and the liquidation surplus proportionate to the percentage of the share capital that it represents.
At least five per cent (5%) of the Company's net income, reduced if relevant by prior losses, must be allocated to the "legal reserve". The allocation is no longer required when the amount of the legal reserve reaches one-tenth of shareholders' equity.
Distributable income consists of the financial year's net income reduced by prior losses and the allocation described in the preceding paragraph, increased by income carried forward.
The Shareholder's General Meeting records any distributable income in one or more reserves over which it controls the allocation and use, or decides to carry it forward, or to distribute it in the form of dividends.
If there are available reserves, the Shareholders' General Meeting may decide on the distribution of amounts from such reserves. In this case, the decision will specify expressly the reserve entries from which these withdrawals will be made. However, dividends are to be drawn first from the financial year's distributable net income.
The Shareholders' General Meeting or, failing which, the Supervisory Board decides the dividend payment methods.
However, the payment of dividends must occur within nine months following the close of the financial year.
The General Shareholders' Meeting voting on the financial statements may grant to each shareholder, for all or part of the dividend distributed, a choice between payment of the dividend in cash or in shares.

Similarly, the Ordinary Shareholders' Meeting voting under the conditions described in Article L. 232-12 of the French commercial code, may make an interim dividend payment, and for all or part of said partial payment, may offer a choice between paying the interim dividend in cash or in shares.

The offer for payment in shares, the price and terms of issue of the shares as well as the request for payment in shares and the conditions for carrying out the capital increase will be governed by law and the regulations.

When a balance sheet that is prepared during or at the end of the financial year and that has been certified as compliant by the statutory auditor(s) shows that the company has earned a profit since the preceding reporting date, upon establishment of the depreciation, amortization, and provisions necessary, and upon deducting, where applicable, prior losses as well as the amount to be put in reserves in application of the law or of these bylaws, the Management Board may decide to distribute interim dividends before the financial statements are approved, as well as to set the amount and date of distribution. The amount of these interim dividends may not exceed the amount of the profit defined in this paragraph. In this case, the Management Board may not use the option described in the paragraphs above.

21.2.3.4. PREFERENTIAL SUBSCRIPTION RIGHT

The Company's shares have a preferential subscription right to capital increases under the conditions specified by the French Commercial Code.

21.2.3.5. LIMITATION ON VOTING RIGHTS

There is no clause in the bylaws that restricts the voting rights attached to shares.

21.2.3.6. IDENTIFIABLE BEARER SHARES

In addition and subject to legal and regulatory conditions in effect, the Company may request at any time and at its own cost from any authorized entity, the name or the company name, if a legal person, the nationality and the address of the holders of shares that immediately or in the future confer a voting right at its shareholder meetings, as well as the number of shares held by each of them and, if applicable, the restrictions to which these shares may be subject.

21.2.3.7. BUYBACK BY THE COMPANY OF TREASURY SHARES

See Chapter 21.1.3.

21.2.4. TERMS FOR MODIFICATION OF THE RIGHTS OF SHAREHOLDERS

The rights of shareholders as they are set forth in the Company's bylaws may be modified only by an Extraordinary Shareholders' Meeting.

21.2.5. GENERAL SHAREHOLDERS' MEETINGS

21.2.5.1. HOLDING OF MEETINGS

General meetings are convened and held under the conditions established by law.
When the Company wishes to call a meeting by means of electronic telecommunication instead of by mail, it must obtain the prior approval of the shareholders concerned, who must provide their respective email address.
Meetings will be held at the headquarters or at any other location specified in the meeting notice.
The right to participate in meetings is regulated by the legal and regulatory provisions in effect and in particular is subject to shares being registered in the name of the shareholder or the intermediary registered on its behalf on the third business day preceding the meeting at 12 a.m., Paris time, either in registered shares ledger held by the Company or for bearer share records held by an authorized intermediary.
Instead of personally attending the meeting, the shareholder may choose from among the following three options:

- grant a proxy,
- vote by mail, or
- send a proxy to the Company without indicating instructions,
- under the conditions provided for by the law and regulations.

The Management Board may organize, subject to the conditions specified by the law and regulations in effect, both the shareholder participation and the voting in the meetings by means of videoconference or by means of telecommunication that allow them to be identified. If the Management Board decides to exercise this right for any given meeting, it will so indicate in the meeting notice (avis de réunion) and/or the convocation notice (avis de convocation). Shareholders participating in the meetings by videoconference or by any other means of telecommunication described above, pursuant to the Management Board's choice, will be considered to be present for the calculation of the quorum and the majority.
The meetings are presided over by the Chairman of the Supervisory Board or, in his absence, by the Vice President of the Supervisory Board. Failing this, the general meeting elects its Chairman.
The duties of scrutineers are performed by the two members of the meeting who are present and accept these duties, and have the largest number of votes. The office names the secretary, who is not required to be a shareholder.
An attendance record will be maintained subject to the conditions specified by law.
The ordinary shareholders' general meeting on a first convocation may make valid decisions only if the shareholders present or represented own at least one fifth of the shares with voting rights. The ordinary shareholders' general meeting on a second convocation may make valid decisions regardless of the number of shareholders present or represented.
Decisions of the ordinary shareholders' general meeting are made by the majority of votes of shareholders present or represented.
The extraordinary shareholders' general meeting on a first convocation can only make valid decisions if the shareholders present or represented own at least a quarter of the shares with voting rights. The extraordinary shareholders' general meeting on a second convocation can only make valid decisions if the shareholders present or represented own at least one fifth of the shares with voting rights.
Decisions of the extraordinary shareholders' general meeting are made by a majority of two thirds of the shareholders present or represented.
Copies or extracts of the meeting minutes may be validly certified by the Chairman or the Vice Chairman of the Supervisory Board, by a member of the Management Board, or by the secretary of the meeting.

21.2.5.2. POWERS AT MEETINGS

Ordinary and extraordinary shareholders' general meetings exercise their respective powers subject to the conditions provided by law.

21.2.6. PROVISIONS FOR THE DELAY, DEFERRAL OR PREVENTION OF A CHANGE OF CONTROL

The Company's bylaws do not contain mechanisms allowing the delay, deferral or prevention of a change of control.

21.2.7. EXCEEDING STATUTORY LIMITS

Any natural or legal person acting alone or in concert, that comes to hold, in any manner whatsoever, in the sense of Articles L. 233-7 et seq. of the French commercial code, directly or indirectly, a fraction equal to three per cent (3%) of the Company's share capital or voting rights, must notify the Company by providing the information specified in Article L. 233-7-I of the French commercial code (in particular, the total number of shares and the voting rights that it owns) by registered mail with request for acknowledgment of receipt, or by any other equivalent means for persons residing outside of France, addressed to the Company's headquarters within four trading days after the threshold has been crossed.
This obligation also applies, subject to the conditions above, every time a new threshold of 3% of the Company's capital or voting rights is reached or crossed, for whatever reason, including a crossing of a threshold above the legal threshold of 5%.
Any shareholder whose ownership in the share capital or voting rights decreases below one of the thresholds described above is also required to inform the Company within the same period of four trading days, in the same manner as described above.
In the event of non-compliance with these provisions, at the request of one or more shareholders holding at least five percent of the Company's share capital or voting rights, the shares exceeding the fraction which should have been declared are deprived of their voting rights in any shareholder meetings held until the expiration of a period of two years following the date on which the notification is properly made.

21.2.8. SPECIAL PROVISIONS GOVERNING CHANGES IN THE SHARE CAPITAL

There is no special provision in the Company's bylaws that governs changes in its share capital.

22. SIGNIFICANT AGREEMENTS

22.1. COOPERATION AGREEMENTS

Master Cooperation Agreement entered into by and between the Centre National de la Recherche Scientifique (CNRS), the Ecole Supérieure de Physique et de Chimie Industrielles de la Ville de Paris (ESPCI), the Université Paris Diderot - Paris 7 and SuperSonic Imagine dated 19 March 2013.

This master agreement renews those previously signed between the parties for the periods from 2005 to 2009, from 2009 to 2011 and from 1 January 2012 to 31 December 2013. A retroactive extension of this contract for 2014 is being negotiated through a rider to the contract of 19 March 2013.

The purpose of this contract is to define the terms of scientific and technical cooperation between the parties in the areas of:

- ultrasound medical imaging, with the exception of F-Ultrasound applied to neuronal activity,
- multi-wave medical imaging for which at least one wave is ultrasound, as well as ultrasound therapy, with the exception of the development of pharmaceutical agents or contrasts which can be activated by ultrasound,

with the aim notably of studying, improving and extending the field of applications of the inventions that have resulted from prior collaborations between the parties and of the patents based on which SuperSonic Imagine developed Aixplorer®.

As part of the latest agreement signed, the CNRS and ESPCI are acting both in their own name, and in the name of and on behalf of the Université Paris Diderot – Paris 7, but also as guardianship authorities of Institut Langevin (formerly “Laboratoire Ondes et Acoustiques”) which is based at ESPCI. The CNRS is also participating in the name of and on behalf of the INSERM.

The parties agreed to implement the master agreement by entering into specific agreements with regard to different research programs.

Under the master agreement, the Company is granted an exclusive and worldwide right, including the right to sub-license, to use and exploit the knowledge developed when performing any specific agreements, including patents co-owned by the parties in the areas specified by the specific agreements that form the basis for intellectual property within the limits set forth by the master agreement (i.e., ultrasonic medical imaging, multi-wave medical imaging in which at least one wave is ultrasonic, and ultrasonic therapy). Outside these areas, other parties are granted an exclusive right, including the right to sub-license, to use and exploit the knowledge developed under the specific agreements.

The parties expressly agreed that the financial conditions applicable to the direct or indirect exploitation of the patents co-owned by the parties shall be as set forth under the patent exploitation agreement no. L09189 entered into by and between CNRS, Université Paris Diderot - Paris 7 and SuperSonic Imagine dated 4 December 2009 and described below.

Moreover, under the master agreement, the Company undertakes to fund the Institut Langevin annually with a minimum amount of €50,000 excluding taxes for each research theme developed, to cover Institut Langevin’s operating, research and staff costs. In addition, the Company shall be in charge of the financial and administrative aspects of filing the patent applications co-owned by the parties and developed within the framework of the cooperation between the parties.

In the event of a transfer of the ownership share of a co-owned patent held by one party, the other parties may exercise their right of first refusal. If within three months as from the notification of the assignment no party has exercised its right of first refusal, the assignor may sell its share to the

concerned third party, who shall adhere to the master agreement and be subrogated in the rights and obligations of the assignor as set forth in the master agreement and in the relevant specific agreements.

In case neither party exploit the knowledge developed under the specific agreements or has it exploited in its reserved area of exploitation within a period of two years from the expiry of said agreement which led to said knowledge having been obtained, the other parties may then exploit such knowledge or have it exploited.

The master agreement is concluded on an *intuitu personae* basis and neither party may assign any of its rights or obligations under the master agreement or any specific agreements without the prior written consent of the other parties.

Either party may terminate the master agreement early if there is a breach of any contractual obligation that is not remedied within two months as from the date of notification by the other party or if the defaulting party has not proved such breach results from an event of force majeure.

The CNRS, ESPCI and University Paris Diderot - Paris 7 may also early terminate the master agreement under specific conditions, in the event of (i) a change of control, merger, absorption or disposal of the Company or (ii) a transfer of the Company's assets or business to a third party not affiliated with the Company, if the proposed transaction is detrimental the protection of the scientific and technical assets of the CNRS, ESPCI and Université Paris Diderot - Paris 7 and/or is contrary to public order and morality.

The master agreement is governed by French law and the jurisdiction of French courts.

22.2. Patent and Know-How Licensing and Exploitation Agreements

Contract relating to the exploitation of Patent no. L09189 entered into by and between the Centre National de la Recherche Scientifique (CNRS), the Université Paris Diderot - Paris 7 and SuperSonic Imagine dated 4 December 2009.

The purpose of this contract is to formalize the conditions under which the parties may exploit a French patent application filed on 21 February 2007 by the Company in the names of SuperSonic Imagine and CNRS under number FR07 01235 and entitled "Procedure for optimizing the focusing of waves through an element that introduces aberrations", resulting from the works performed under a collaboration master agreement entered into by and between the Company, the CNRS and the Ecole Supérieur de Physique et de Chimie Industrielles de la Ville de Paris, on 13 September 2005, regarding scientific and technical cooperation between the parties in the field of medical and therapeutic imaging using focused ultrasound.

The exploitation agreement also covers the international patent application filed on 20 February 2008 under number WO2008/113940, together with corresponding patents in foreign countries, as well as any application for renewal of, extension of or a protection certificate resulting therefrom.

The Company owns fifty percent (50%) of the above-mentioned patents on which the agreement is based and the CNRS and the Université Paris Diderot - Paris 7 jointly own the remaining fifty percent (50%).

The contract became effective retroactively on 21 February 2007 and will remain in force for the valid term of the underlying patents; it may not therefore be terminated early except in the event of gross negligence by one of the parties, subject to the applicable law for this type of agreement. In addition, the agreement would be automatically terminated if one of the parties becomes the sole owner of the patents.
Under this agreement, the Company is granted (i) an exclusive and worldwide right, including the right to sub-license, to use or exploit the patents, and (ii) the right to manufacture and market, directly or indirectly, products using all or part of the patents, in the areas of ultrasonic imaging, multi-wave medical imaging where at least one wave is ultrasonic, and ultrasonic therapy.
As consideration, the Company undertakes to pay royalties on a proportional basis calculated as follows:

- royalties on indirect exploitation: annual royalty calculated on revenue of any kind earned by the Company from the licenses granted to it;
- royalties for direct exploitation:
- annual royalties calculated on the net sales of the products sold by the Company which use all or part of the underlying patents and the patents sold by the CNRS to the Company under the patent transfer agreement n°L08186 entered into by and between the parties on 11 September 2008, until termination of the last patent so sold; and
- annual royalties calculated on the net sales of the products sold by the Company by using all or part of the licensed patents and until the termination of the last patent licensed.

In addition, these annual royalties are accompanied by the payment of a guaranteed minimum annual fee.

Outside of the areas described above, the CNRS and the Université Paris Diderot - Paris 7 have an exclusive right, including the right to sub-license, to use and to exploit the patents. In the event of indirect exploitation, the CNRS and the Université Paris Diderot - Paris 7 owe the Company a proportional royalty on all types of revenues received from their licenses.

This agreement is governed by French law and the jurisdiction of the French courts.

Patent and know-how license agreement between SuperSonic Imagine and Armen Sarvazyan dated 19 December 2008

Under this licensing agreement, Mr. Armen Sarvazyan, also a co-founder and shareholder of the Company (shareholding < 0.35%), grants to the Company a worldwide exclusive license on two U.S. patents pertaining to two methods of elasticity imaging and the related know-how. Mr. Armen Sarvazyan thus undertakes, for the duration of the agreement, first, not to grant a similar license to a third party, and, second, not to use the intellectual property rights that are the subject of the licensing agreement himself, except for use in his personal research.

Under this license agreement, the Company is granted (i) the exclusive right, including the right to sub-license, to use and to exploit the patents and the know-how and (ii) the right to manufacture and market, directly or indirectly through a third party, products using the patents and know-how.

The agreement, which took effect on 15 October 2008, will remain in force for the period of validity of the underlying patents, which makes it a fixed term agreement that cannot be terminated early, except in the event of gross negligence by one of the parties subject to the applicable law for this type of agreement.

Armen Sarvazyan has given to the Company a certain number of representations and warranties related to the intellectual property which is the subject of the licensing agreement. In particular, he warrants that to his knowledge, the patents covered by this agreement are not infringing upon or violating the rights of third parties.

Under this contract the Company was committed to pay a fixed amount of royalties to Mr Armen Sarvazyan in five installments, all fully paid to date with the last payment having been paid during the 2012 financial year.

This agreement is governed by French law and the jurisdiction of the Commercial Court of Paris.

Licensing agreement between Société d'Elastographie Impulsionnelle pour les Systèmes de Mesures de l'Elasticité (SEISME) and SuperSonic Imagine dated 20 July 2011

Under this licensing agreement, SEISME grants the Company a license (non-exclusive since 2013) on a French patent and an international patent application in imaging using elastography by shear waves to manufacture, have manufactured, market and have marketed any procedure or product integrating all or part of the licensed technologies in the specific area employing path formation in ultrafast imagery.
This license, which is valid in all countries where said patents are filed, is limited in several ways. The license is first limited to the following area of application:

- products and processes using shear waves according to any mode of imaging employing path formation in ultrafast imaging;
- products and processes using shear waves according to any method of imaging employing path formation in ultrafast imaging in the sector of cardiovascular imaging excluding the 1D imaging mode, since 1 January 2013.

Under this agreement, the Company is granted the right to sub-license its rights to third parties.

Since 2013, the Company is required to pay a royalty, which is calculated on the net sale price of products implementing all or part of the licensed patents, noting that this royalty will be decreased whenever the total amount of annual royalties is greater than €10,000. In the event that one or another of the patents included under the license agreement is declared null, the contract expressly provides that the royalties that are then due will remain acquired by SEISME.

The contract, which came into effect on 20 July 2011, will expire at the end of the effective term of the last of the patents concerning it, or in March 2020. Each of the parties may terminate the contract in case of a breach by the other party of contractual obligations which have not ended within the 60 days following notice.

The Company takes on its own the entire responsibility regarding the exploitation of the licensed patents. SEISME cannot be held liable for damages resulting from such exploitation nor for indirect damages or financial losses caused by this exploitation.

This agreement is governed by French law and the jurisdiction of the French courts.

Development contract entered into between SuperSonic Imagine and Verasonics, Inc. on 22 November 2006 and amended by amendment dated 25 February 2013.

Within the context of the original development contract, the parties came to an agreement to develop (i) an ultrasound device prototype based on the technology of Verasonics, Inc. (US company specialized in ultrasound imaging) and (ii) the release of the new versions of the simulation software used by the Company to simulate imaging modes in a research context.

The parties' cooperation in terms of project development ended on 5 September 2008. The parties each retain the exclusive ownership regarding the intellectual property rights existing prior to this agreement or developed independently after the agreement was signed. The intellectual property rights created during the collaboration between the parties become the joint property of the parties (except for certain rights in relation to previously owned by Verasonics Inc. which remain its sole property).

The Company benefited, through 31 December 2014, the contract end-date, from a worldwide exclusive license relating to the intellectual property rights controlled by Verasonics, Inc. and provided within the context of the parties' cooperation before 5 September 2008, for the purposes of using products in the ultrafast ShearWave™ and stock elastographic imaging. This license includes rights over the processor known as *Pixel Oriented Processing Engine* for its use in the aforementioned products and on the patents listed in the 21st family of Chapter 11 of this document.

The Company benefits, under the terms of the amendment dated 25 February 2013, from a preferential option to obtain a non-exclusive license on ultrasound products, regardless of the technology in question. The Company must take the initiative for this option, noting that the royalty rate and the basis for such a non-exclusive license have already been agreed upon, and it remains up to the parties to negotiate a term for this engagement.

The Company may only sub-license the rights granted to it by Verasonic, Inc. to third parties if these third parties manufacture components of the products or sell the products.

It is only possible for the parties to terminate the contract if there is a major violation of the obligations under the contract, which is not resolved within a period of 30 days following notification, or if no payment has been made within 30 days following the 45-day period during which the Company must make the annual payment of *royalties*.

As consideration for these license rights, the Company undertakes to pay a proportional annual royalty, which is calculated on the gross revenue of the Company and its subsidiaries for sales of its ultrasound products. This royalty is accompanied by a payment by the Company of an annual guaranteed minimum.

Each of the parties' warrants that, to its knowledge, the information and data communicated to the other party in connection with this agreement do not infringe upon the intellectual property rights of third parties. As an exception to such warranty, the parties expressly limit their respective liability under the agreement to the amount of USD 200,000.

In the event of a change of control affecting the Company (understood as the transfer of more than 30% of its shares to a player in medical imaging), (i) the agreement may be terminated by Verasonics Inc. if it appears likely that the products covered by this agreement risk not being actively marketed any longer, and (ii) the licenses granted to the Company may have their scope limited to the product including ShearWave™ ultrafast elastographic imaging. Any other product which does not include this procedure must be covered by a separate license (except in the case in which the assignee or purchaser of the Company is a license holder of Verasonics, Inc., in a different sector from that of this contract, which agrees to pay a *royalties* rate that is the highest between the one that previously bound it to Verasonics, Inc. and the one under this contract).

Any dispute relating to the intellectual property rights granted under a license by Verasonics, Inc. under the terms of this contract shall be the subject of a mediation or arbitration procedure in Seattle, United States, under the laws of Washington State. The arbitration shall be conducted according to the rules of the American Arbitration Association and the winning party may have the decision approved before any competent jurisdiction.

Licensing agreement between the Company and a major industrial player dated 3 March 2014

On 3 March 2014, the Company entered into a licensing agreement with a major industrial player (the "Industrial Player ") pursuant to which the Company grants said Player worldwide non-exclusive and non-transferable right of use, which may not be sub-licensed, for four key patents in the field of shear wave elastography. In consideration for payments to the Company, 1 of which will be received in 2015, this licensing agreement authorizes the Industrial Player to manufacture and market products that implement the licensed patents, according to a time-phased schedule established by mutual agreement between the parties.

The Company and the Industrial Player also mutually waive, until 30 November 2023, the

enforcement of the patents in the field of medical ultrasound imaging that they own or for which they hold a license as of 1 June 2013.

The contract is concluded on a personal basis and no party may assign its contractual rights or obligations without the prior written consent of the other party, with the understanding, however, that, as an exception and under certain conditions, the Company may transfer its rights and obligations to the first person or entity to acquire its assets or shares upon a change of control.

This contract is subject to the laws of the State of New York, and any dispute relating to it is to be submitted to prior mediation, then to an arbitration tribunal or a court of the State of New York.

Licensing agreement between the Company and a major industrial player dated 23 December 2014

On 23 December 2014, the Company signed a licensing agreement with a major industrial player (the "**Industrial Player**") concerning almost all of its imaging patents portfolio, and pursuant to which the Company was granted an international license that was non-exclusive, not assignable and not subject to sub-licenses (with the exception benefiting the Company's subsidiaries, under certain conditions).
In consideration for the granting of this license to the Company (i) the latter paid a flat rate upon signing the contract and (ii) promises to repay the Industrial Player royalties, the amount of which takes into account the net price from sales of products covered by the license (see Note 34.1 to the Consolidated Financial Statements presented in Section 20.1 of this document).

This license is entered into for an initial period beginning (retroactively) on 1 January 2014 and ending on 31 December 2016. It is then subject to tacit renewal for successive periods of one year each. It may be terminated in the event that a party commits a serious contractual breach of its obligations or if said party is the material subject of insolvency proceedings.

The contract may likewise be terminated (i) by the Industrial Player in the event that the Company disputes the validity of the patents covered by the license and/or (ii) at the end of the initial period, by each of the parties, respecting the period of 30 days' prior notice before the anniversary date of the next renewal.

22.3. MASTER AGREEMENT RELATING TO PRODUCTION

Contract for professional services signed with Plexus Corp. on 1 November 2013.

The Company signed a contract with Plexus Corp. (a company under US law) pursuant to which Plexus Corp. provides the Company with the assembly and testing of the Aixplorer® system, and provides it with the related services.

Through the expiration date of the contract, the Company undertakes to exclusively use Plexus Corp. for any manufacture it envisages concerning the assembly of the Aixplorer® system, as well as any testing.

The parties have been in a contractual relationship since 1 November 2013, which will expire on 13 May 2016. This contract may be automatically renewed every year, for a one-year term. Each party may terminate the contract at its discretion by giving prior notice of 270 days or, in the event there is a serious breach of the obligations under the contract which is not resolved within 45 days following notice. Termination is likewise permitted in cases of insolvency or insolvency proceedings of the other party.

Plexus Corp. also offers the Company guarantees of compliance and of the absence of any defaults concerning the assemblies and tests of the Aixplorer® system, save for when a design flaw, defect or delay is attributable to the Company.

The contract may only be transferred to a third party if there is a prior agreement from the co-contracting party, unless there is any kind of merger or restructuring. The contract is subject to the laws of New York State and provides for a prior mediation clause which must take place in Milwaukee, Wisconsin, without the competent jurisdiction being more fully specified.

22.4. MASTER AGREEMENT RELATING TO DISTRIBUTION

Distribution contract dated 3 November 2010 signed with a leading distributor in the United States in the area of medical imaging, amended by rider dated 1 November 2012 and extended through 1 March 2016, non-exclusively.

The Company had signed, with one of the leaders in medical imaging in the United States, a distribution contract pursuant to which it was the exclusive distributor of the Aixplorer® system in the United States in the area of breast imaging. In March 2015, this contract was amended to a non-exclusive contract up to 1 March 2016.

This non-exclusive extension of the contract preserves the terms of the preceding exclusive contract as concerns the sales price of the Aixplorer®. This contract may be terminated (i) by voluntary agreement between the parties with 90 days prior notice, (ii) in the event of a partial assignment of assets or a change in more than 40% of the voting rights of one of the parties or (iii) if there is a violation of a major obligation of a party that is not resolved within a period of 30 days following notice thereof by the other party.

This distributor may not resell the products to a person that it knows or supposes will resell them or re-export them outside of the United States. Throughout the term of the contract, it must not manufacture, promote and/or sell ultrasound diagnostic products in the United States that would compete with the products of the Group.

The distributor sets its own sale prices; the Company may only give indicative prices.

The Company guarantees that the products are free of defects, also provides maintenance for the spare parts, and holds its distributor harmless for claims that are made against it in the event of infringement, defects or delays that are attributable to the Company, non-compliance with American laws or liability due to defective products. It must furthermore have subscribed insurance against civil liability covering it up to USD 5 million, which remains in effect for three years following the last delivery of a product under the terms of this contract.

The contract is subject to English law and to an arbitration clause under the rules of the International Chamber of Commerce.

23. INFORMATION PROVIDED BY THIRD PARTIES, STATEMENTS OF EXPERTS AND STATEMENTS OF INTEREST

23.1. APPOINTMENT OF EXPERTS

None.

23.2. DESIGNATION OF THIRD PARTIES

None.

24. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Copies of this Registration Document are available free of charge at the Company's headquarters, Les Jardins de la Duranne - Bât E & F, 510 rue René Descartes, Aix-en-Provence, France. This document may also be reviewed on the Company's website (www.supersonicimagine.fr) and on the Autorité des marchés financiers website (www.amf-france.org).

The bylaws, minutes of the General Meetings and other documents of the Company, as well as historical financial information and all evaluations or statements prepared by an expert at the Company's request, are available to shareholders in accordance with applicable legislation, and may be consulted, free of charge, at the Company's headquarters.

Ever since the Company's shares have been admitted for trading on the Euronext regulated market in Paris, regulatory information in the sense of the provisions of the AMF's General Regulations have also been available on the Company's website (www.supersonicimagine.com).

25. INFORMATION ON INTERESTS

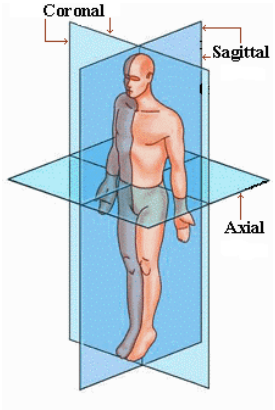
Information regarding companies in which the Company holds a portion of capital that may have a significant impact on the value of its assets, its financial position or its results appear in Chapters 7 “Organizational Chart” and 20 “Financial Information” of this document.

26. GLOSSARY

Biopsy: a mechanism whereby a sample is taken from the body for the purposes of examination under a microscope.

Mucinous carcinoma: mucinous mammary carcinomas are a rare form of breast cancer, the cells of which secrete mucus.

Coronal incision: incision which is perpendicular to a horizontal or transverse incision.



Cytology: study under the microscope of a small number of cells, which have been harvested by puncture with a fine needle or by collection of blood and which are stained and spread out onto a slide.

Doppler: use of ultrasound to measure the speed or velocity of blood flow in blood vessels.

Color Doppler: color Doppler displays the result of echocardiographic shots over a large area of interest in 2D. Color Doppler is used to locate in space the flow within a region of interest.

Pulse Doppler: pulse Doppler enables the flow located by color Doppler within the region of interest to be quantified.

Stiffness: see Elasticity.

Ultrasound: reflection of sound waves (ultrasounds) on the interfaces between tissues.

Elasticity (or stiffness): elasticity is the property of a body, organ or tissue of being able to stretch itself and then return to its original shape and size. The elasticity of human tissues varies. However, this variability is particularly significant as a reflection of the pathological condition of tissues.

Elastography: term for imaging techniques concerning tissue elasticity. The main objectives of elastography are to refine diagnosis and to improve the specificity of an ultrasound scan.

Elastography with ShearWave™: a new type of ultrasound imaging created by SuperSonic Imagine, which displays maps of elasticity (kPa) in real time. ShearWave™ elastography is the first to use shear waves in ultrasound imaging and is the only method able to provide a local and quantitative measure of tissue elasticity in real time.

Multicenter Clinical Trials: a clinical trial which takes place simultaneously in several different locations.

Goiter: increase, often visible, in the volume of the thyroid gland.

UltraFast™ Imagery: a technological breakthrough patented by SuperSonic Imagine, which enables Aixplorer® ultrasound apparatus to acquire data at a speed of up to 20,000 Hz, which is around 200 times faster than with a traditional ultrasound apparatus.

Acoustic Impedance: resistance of an environment to the passage of sound.

ICC index: The “Intraclass Coefficient Correlation” is defined as the proportion of total variability due to inter-subject variability. It is traditionally used to estimate the reproducibility of a measuring instrument.

Insonifier: to use a method enabling the recovery of raw data collected by an acoustic signal, which accurately reflects the subject surveyed, without processing.

Invasive: capable of creating lesions in the body. A non-invasive examination is a medical examination that does not require any penetration of the skin other than to obtain a blood sample or to inject a product.

MRI (Magnetic Resonance Imaging): images in sections in different planes, based on the magnetic properties of tissues, which enables the structure being analyzed to be reconstructed in three dimensions.

Pascals (or Kilopascals): unit of pressure, which allows for measurement of elasticity (stiffness) of human tissue by means of elastography.

Lesions: an anatomical and histological (study of cells) change in the tissues of an organ.

Malignancy: nature of a dangerous tumor.

Palpable masses: presence of a hard mass located within an organ, which can be felt by touch and which is possibly related to the existence of an abnormality. Examinations such as mammography, ultrasound imaging, MRI or even biopsy are necessary to obtain a diagnosis.

Nodules: abnormal, rounded formation, which can be felt in or under the skin, benign or malignant. Some nodules can be cancerous tumors.

Shear Waves: shear waves are slow waves which cause a sliding (or pinching together) of tissue layers relative to each other. Like palpation (which consists of shearing or pinching tissues), they are directly related to tissue stiffness. The shear waves used for the first time by SuperSonic Imagine’s Aixplorer® are a source of valuable information, because measurement of their velocity enables tissue stiffness to be determined.

Parenchyma: all the cells which make up the functional tissue of an organ.

PCT (Patent cooperation treaty): international patent application procedure

Pelvic: concerning the pelvis.

PSA (Prostate-Specific Antigen): Prostate Specific Antigen. A protein produced exclusively by the prostate.

Radiography: x-ray imaging technique which allows an organ or body part to be viewed on a photosensitive film.

Reproducible: ShearWave™ Ultrasound Elastography measures tissue elasticity and provides quantifiable data in real time, which can be directly interpreted by the user regardless of his or her level of experience. The results can be repeated as many times as required and enable effective monitoring of a patient. They do not depend on how the examination was performed, as is the case with classical ultrasound imaging.

Scintigraphy: Scintigraphy is emission imaging (namely, the radiation comes from the patient after injection of the tracer) as opposed to radiographic imaging, which is transmission imaging (the beam is external and goes through the patient).

Sensitivity: capability to detect something abnormal.

Specificity: capability to characterize the identified data.

Computed Tomography: medical imaging technique, in which the absorption of x-rays by tissues is measured, and then digitized by computer processing, and finally reconstructed into 2D or 3D images of anatomical structures.

Fast Fourier Transformation: Fourier transformation consists of decomposing an arbitrary periodic signal into a sum of sinusoidal signals of different amplitudes and phase shifts. Fast Fourier transformation (FFT) is a simplified mathematical procedure, which enables this transformation to be performed rapidly in certain conditions.

Positive predictive value: the probability that the condition is present when the test is positive.

27. CORRESPONDENCE TABLES

This Registration Document contains the information required by the annual financial report and the management report.

27.1. MANAGEMENT REPORT CONCORDANCE TABLE

For this document, the concordance table below identifies the information included in the annual financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation.

Information contained in the management report	Location
Key events of the period	Section 6.1, Section 9 and Section 20.1 note 1.2
Major events after the balance sheet date	Section 12.1, Section 20.1 note 37
Anticipated developments	Section 12.2 and 12.3
Data changes	Section 9.1 and Section 9.2
Report by the Chairman of the Supervisory Board	Section 16.4
Societal and Environmental Report	Section 8.2 and Section 8.3
Compensation and manager interest in capital	Chapter 15
Corporate governance, functions and terms of office	Chapter 14 and Chapter 16
Market and competition	Section 6.4
Operating resources	Chapter 8
R&D, investment policy and products	Chapter 11, Section 5.2 , Section 6.5 , Section 9.2.1.4
Subsidiaries	Chapter 7
Risk factors	Chapter 4
Insurance	Section 4.6
Non-deductible expenses	Section 20.4
Information of a general nature concerning capital	Chapter 18 and Chapter 21
Employee incentives	Section 17.5
Earnings during the past 5 years	Section 20.4
Dividend distribution policy	Section 20.7
Treasury stock	Section 21.1.3
Information on supplier payment times	Section 20.4
Regulated agreements	Section 19
Summary of delegations of authority in effect	Section 21.1.5
Employee participation in capital	Section 17.4
Bylaws	Section 21.2

27.2. ANNUAL FINANCIAL REPORT CONCORDANCE TABLE

The purpose of the concordance table below is to identify the information included in the annual financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations.

Information contained in the annual "transparence directive" financial report	Location
Annual financial statements	Section 20.3
Consolidated financial statements	Section 20.1
Management report	Section 28.1
Statement by the person responsible	Section 1.2
Report by the Statutory Auditors on the Supersonic Imagine SA statutory financial statements	Section 20.4.2
Report by the Statutory Auditors on the consolidated financial statements	Section 20.4.1
Statutory Auditor fees	Section 20.10
Report by the Chairman of the Supervisory Board	Section 16.4
Report by the Statutory Auditors on the report by the Chairman of the Supervisory Board	Section 16.5
Special report by the Statutory Auditors on the regulated agreements	Section 19.3

SUPERSONIC imagine