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

with share capital of €1,621,717.90

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, 2015

AUTORITÉ DES MARCHÉS FINANCIERS

Pursuant to its General Regulations, in particular Article 212-13, the Autorité des Marchés Financiers (the "AMF") registered this Registration Document in its French version on April 28, 2016 under number R.16-038. 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 issuer 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).

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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 business, or their potential impact on its business or the extent to which the occurrence of a risk or combination thereof could significantly 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 Registration Document may also have a material adverse effect.

1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THIS DOCUMENT

Bernard Doorenbos, Chairman 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 information on the financial position and the financial statements contained in this Registration Document and have read this Registration Document in its entirety.

Aix-en-Provence, April 28, 2016.

Bernard Doorenbos
Chairman of the Management Board

1.3. PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr. Jérôme Destoppeleir
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: jerome.destoppeleir@supersonicimagine.com

2. STATUTORY AUDITORS

2.1. STATUTORY AUDITORS

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

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

2.2. DEPUTY STATUTORY AUDITORS

AUDITEX
1/2 Place des Saisons, 92400 Courbevoie - Paris La Défense 1 - France

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

Philippe RUIU
26, Boulevard Saint Roch,
84000 Avignon.

Initial appointment date: appointed by the Ordinary Shareholders' Meeting on May 16, 2012. Date of expiration of current engagement: Annual Shareholders' Meeting convened to approve the financial statements for the financial year ending December 31, 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 December 31, 2015, prepared in accordance with IFRS as adopted by the European Union, and presented in Section 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 2015 12 months audited	Fiscal year 2014 12 months audited
Revenues	20,064	19,761
Other income	1,655	1,819
- Cost of sales	(12,194)	(12,364)
Gross margin	**9,526**	**9,216**
Current operating income (loss)	**(11,640)**	**(9,480)**
Operating income (loss)	**(12,540)**	**(10,784)**
Financial income (loss)	**(71)**	**(219)**
Net income (loss)	**(12,758)**	**(11,108)**

- ***Condensed Consolidated Balance Sheet***

Consolidated data IFRS (in thousands of euros)	Fiscal year 2015 12 months audited	Fiscal year 2014 12 months audited
Non-current assets	**13,907**	**11,251**
Of which intangible assets	10,112	7,464
Of which tangible assets	1,481	1,279
Of which non-current financial assets	2,313	2,509
Current assets	**48,518**	**60,664**
Of which cash and cash equivalents	29,476	42,204
TOTAL ASSETS	**62,424**	**71,915**
Shareholders' equity	**38,063**	**51,062**
Non-current liabilities	**6,636**	**6,643**
Of which long-term debt	5,561	5,562
Of which provisions and other non-current liabilities	664	716
Current liabilities	**17,726**	**14,210**
Of which short-term debt	5,955	3,021
Of which provisions and other current liabilities	5,871	6,664
TOTAL LIABILITIES	**62,424**	**71,915**

- ***Condensed Consolidated Cash Flow***

Consolidated data IFRS (in thousands of euros)	Fiscal year 2015 12 months audited	Fiscal year 2014 12 months audited
Cash flows provided from/(used in) operating activities, before change in WCR	(9,875)	(8,910)
Cash flows provided from/(used in) operating activities	**(10,747)**	**(8,717)**
Cash flows provided from/(used in) investing activities	**(3,999)**	**(5,145)**
Cash flows provided from/(used in) financing activities	**2,172**	**51,589**
Change in cash and cash equivalents over the period	**(12,573)**	**37,727**

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, development and prospects or its ability to achieve these goals 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 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 ultrasound medical imaging market is characterized by a strong concentration around large-size players with considerable financial means. Six of these (General Electric Healthcare, Philips Healthcare, Toshiba Medical Systems, Hitachi Aloka Medical, Siemens Healthcare and Samsung) held in excess of 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 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 2015, the indirect sales network included 78 distributors (including 24 in China) (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 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 had been 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 cost 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, which 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 customers. 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 1,300 systems sold as of December 31, 2015 were marketed with a portfolio of customers composed of both healthcare institutions (hospitals and clinics) and medical imaging centers, and of independent practitioners, research centers 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 Section 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 provided for such a right for the distributor in the event of a change of control of the Company. This contract was terminated in 2015. The main clauses of the contract are summarized in Section 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 health 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 may 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 business 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.

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 December 31, 2015, consolidated net losses accumulated since the Group was incorporated (the sum of consolidated net losses recognized for the financial years ended December 31, 2009 to 2015 and the negative retained earnings as of January 1, 2009) amounted to €95.8 million, including a loss of €12.8 million for the financial year ended December 31, 2015. Cumulative operational losses by the Group over the last two financial years ended December 31, 2014 and 2015 amounted to €23.3 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 €5.6 million as of December 31, 2015.

A detailed table of financing, by type and by year, since the Company's incorporation 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 Section 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 arrange additional financing or experience a significant increase in the cost 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 RTC). The research expenses eligible for the RTC 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 RTC 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 business, results, financial position, development and prospects.

In 2010 and 2014, the Company's taxes for 2007-2008 and 2011-2012 were audited, with no adjustment being proposed for the RTC.
In addition, the tax authorities reviewed the technical and financial basis for the R&D work declared for the research tax credits for 2013 and 2014. Following this, they were paid to the Company. As of December 31, 2015, the receivable relating to the research tax credit for 2015, for which the Company had requested reimbursement, amounted to €2.128 million. As indicated in Note 13 to the consolidated financial statements in Section 20.1, given its SME status in EU terms, debts related to the research tax credit (RTC) are usually repaid within one year of their recognition.

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

Since its inception, the Group has received a total of €2.261 million in repayable grants and €6.240 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 Section 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

As the Group carries out its business internationally, it is 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 US area distributor and sales to some of the French company's customers made in dollars. Dollar sales represented 44% of total Group sales in 2015.

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.

Should this exchange rate change by +5%, the Group believes, for the year ended December 31, 2015, that the impact in absolute terms on its operating income would have been an expense of nearly €200,000.
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 (€19.4 million at December 31, 2015),
- the use of a short-term overdraft of €5.6 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 were mainly comprised of money market funds (SICAVs) as of December 31, 2015, 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 36% and 41% respectively of its consolidated revenues for 2015 and 2014, while the contribution of the larger of them for the same years was 22% and 16%, 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 the five largest contributors for the financial year ended December 31, 2015 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. Since then it has experienced a number of defaults, primarily involving two Brazilian distributors. Details can be found in Section 20.1 in Note 12.

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 by the Company to maintain 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 the 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 1,420,663 new shares while generating a dilution equal to 8.05% 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 private offices 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 June 14, 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. 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 quantitative assessment and viewing of tissue stiffness.

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 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 assurance;
- 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 the 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 July 22, 2019 for products sold before July 22, 2014 and starting July 22, 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 manufacture, 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/EU) 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 waste from the Group's equipment and products 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.
The amount of expenses paid by the Group for all insurance policies amounted to €178,000 in 2015 and €145,000 in 2014.

The Group's main policies to date are as follows, all covering the period from January 1 to December 31, and are tacitly renewable:

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 (2,110 m^2):	**€2.5 million**
Civil liability	
Operating liability	€8 million
Product liability	€7 million
Technical risks	
All IT risks	€245,000
Transported goods	**€2 million**

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 companies register of Aix-en-Provence under number 481 581 890.

5.1.3. DATE OF INCORPORATION AND TERM

The Company was set up on March 10, 2005 for a term of 99 years as from its date of registration in the trade and companies register, i.e. from April 4, 2005 to April 3, 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 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 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 MRI-compatible High Intensity Focused Ultrasound (HIFU) of the brain;
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 benefits of ShearWave™ Elastography Technology for breast examination;

Bond issue of €4.0 million subscribed by the first-round investors. These bonds will be converted into shares of the same class 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 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 becomes a shareholder in the Company with a €0.5 million contribution via 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 with 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 €6.0 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 ShearWave™ 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). A first tranche of €23.0 million is immediately released;
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; 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 €10.0 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 breast study on March 1 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 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 €5.0 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;

2015

January	**Exclusive distribution agreement with Konica Minolta** to distribute Aixplorer® in Japan; First attendance at the Arab Health trade show;
February	Partnership with Unetixs Vasculars, the leader in vascular diagnostic equipment in the United States;
April	Announcement of the clinical results of a multi-center retrospective study analyzing the performance of ShearWave™ elastography for the non-invasive assessment of chronic liver diseases;
September	**Launch of the XC6-1 single crystal curved probe** for the Aixplorer® ultrasound device, providing unparalleled performance levels and image quality, achieved in particular as a result of large bandwidth;
November	**Clinical study in China** to confirm the benefits of ShearWave™ elastography in breast cancer screening for Asian women.

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	Dec-31-2015	Dec-31-2014
Acquisitions and production of intangible assets	(5,816)	(4,421)
Acquisitions of tangible assets	(998)	(758)
Receipt/Disbursement of financial assets	91	(112)
Receipt of research tax credit allocated to capitalized R&D expenses	2,658	-
Total	**(4,065)**	**(5,292)**

The largest investment cost item is related to intangible assets, which themselves consist mainly of R&D costs capitalized in respect of Aixplorer® versions V3 to V10 as well as the probes allowing the enhancement of the clinical applications addressed.

As of 2014, and in particular since the initial public offering, which provided some degree of certainty as to the sustainability of the business, the Group meets the IAS 38 criteria for a majority of its R&D projects, the expenses of which 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.

As an exception, the RTC for 2013 had not been repaid in 2014, due to the tax audit underway at the balance sheet date. In 2015, the Ministry of Research determined that the full amount of Research Tax Credits audited qualified and as a result the RTC 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 June 30, 2016, the amount of other investments over the first two months of 2016 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

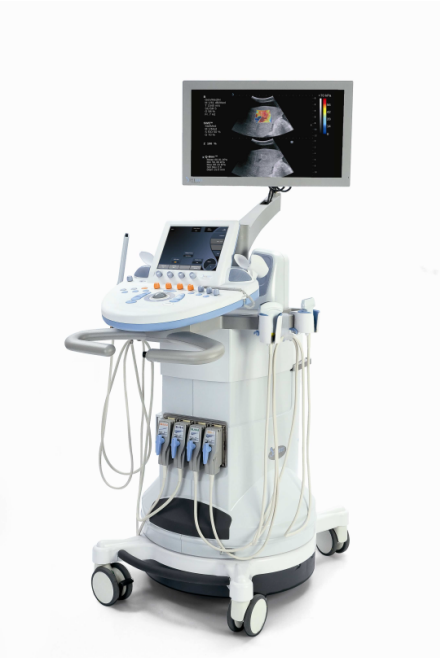
For the moment, the Group has no plans for significant investments over the upcoming years. No firm commitments have been made by the Company's management for such investments. The development of the second-generation platform will consist mainly of the compensation of teams in the R&D division and some 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 2009, a next-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-fast 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 22 patent families (sometimes jointly held) and by five 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 as part of an initial multicenter study (17 sites worldwide, USA and Europe) on the breast to verify the possibility of improving the ultrasonographic diagnosis of breast 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 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. The addition of this ultra-rapid acquisition for the Doppler has made it possible to considerably improve the sensitivity of the signal and now allows the visualization of slow flows in microvessels, this is the ANGIO PL.U.S. functionality.

As of December 31, 2015, 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 December 31, 2015, the Group had an installed base of close to 1,300 Aixplorer® ultrasound systems deployed in over 50 countries, with combined revenues of nearly €98 million.

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. The strategy of focusing clinical innovation on the breast and liver should enable it to strengthen its premium position in radiology and cardiology while also offering products for applications in specialties such as hepatology and urology.

The Group set itself the following objectives in 2013:

- to capture approximately 7% market share of the global ultrasound imaging market by 2023 (a market worth USD 5.8 billion in 2012 that should achieve 5% average annual growth through 2017 – *source: 2013 InMedica 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).

As pointed out in Chapter 12 of this document, in light of the disappointing results in 2015, the Group is no longer on track with the objectives set in the IPO. Nevertheless, it still expects to achieve them, being more than ever on the outlook for new partnerships both on the sales and technological fronts.

6.1. KEY EVENTS OF 2015

This chapter gives an overview of the major developments of 2015.
The major developments in 2016 up through the date of this report are listed in Chapter 12.1.

- **Intellectual property and clinical indications**

The Group completed the acquisition of clinical data across **22 sites in China**, involving over 2,000 patients, the purpose of which is to determine the contribution of ShearWave™ elastography to the diagnosis of breast lesions in an Asian population. The higher density of breast tissue in Asian women makes breast cancer diagnosis particularly complex. This was the largest ever ShearWave Elastography study on breast cancer diagnosis. It is designed to confirm the clinical benefits of SuperSonic Imagine's SWE technology, particularly in terms of greater precision of ultrasound assessment of cancer risk.

- **Commercial sphere**

The Group launched a **new Doppler application, ANGIO PL.U.S.**, which opens up new vistas in the imaging and assessment of microvascularization of lesions. Angio PL.U.S. provides a new level of performance in microvascular imaging thanks to significant improvements in color sensitivity and spatial resolution, while retaining anatomical structures. Angio PL.U.S. provides detailed real-time information on blood flow during the ultrasound examination. This information plays a key role in the diagnosis of cancerous lesions, for the breast, liver, lymph nodes and the thyroid, as well as the diagnosis of musculoskeletal pathologies, such as tendinitis.

The Group also launched a new **SuperEndocavity™ Volumetric probe**, the only endocavity probe on the market capable of providing 2D and 3D images for B mode, color modes and SWE. This information is very useful for the diagnosis and monitoring of prostate cancer as well as for applications in gynecology and obstetrics.

In May 2015, the Company obtained **regulatory clearance in Japan**, the third largest global market for ultrasound imaging systems, to launch its most recent Aixplorer system. This product is sold in Japan by **Konica Minolta, the market leader, under an exclusive distribution agreement signed by the two companies** in January 2015.

SuperSonic Imagine sold 12 Aixplorer systems in Pakistan for the detection of hepatic fibrosis.

- **Corporate governance**

  - **The Management Board**

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 68, co-founder and Chairman of the Management Board, wanted to step back a little from operations** to focus on Group innovation. On April 1, 2015, he resigned as Chairman of the Management Board, becoming Director of Strategy and Innovation, and remaining a member of the Management Board. He now focuses entirely on strategy issues and the Group's innovation policy, studying innovative concepts for ultrasound medical imaging and their clinical applications. Moreover, Jacques Souquet was appointed to the French Academy of Technology, where he participates in the development of projects and discussions of medical imaging at a national and European level.

As a result, **Tom Egelund was appointed to succeed Jacques Souquet as Chairman of the Management Board on April 1, 2015**. He had joined the Group in September 2014 as Director of Operations and member of the Management Board.

On April 15, 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.

Mr. **Jérôme Destoppeleir** succeeded Gordon Waldron as both a member of the Management Board and CFO in May 2015. 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.

On April 30, 2015, **Bradley Garrett, Chief Customer Fulfillment Officer, in charge of production, quality, regulatory affairs and after-sales service and member of the Management Board, retired**. He had joined the company during its first year of operation in 2005 and made a remarkable contribution, playing a leading role in the market release of Aixplorer®.
Stéphane Berger, Chief Customer Fulfillment Officer, who joined the Group in 2008, assumes his responsibilities.
Finally, **in December 2015, Bernard Doorenbos was appointed CEO and Chairman of the Management Board, to succeed Tom Egelund** (the financial impact of Tom Egelund's departure is discussed in Section 19.2 of this document). Bernard Doorenbos has been a member of the Supervisory Board since May 2015, and has been interim chairman for a number of months. He began his career in 1983 at the Medical Systems division of Phillips. He spent most of his subsequent career in executive roles in listed companies, as well as at the helm of a number of industrial companies.

At December 31, 2015, the Management Board had the following members:

	At Dec. 31, 2015	Executive function
Chairman	Bernard Doorenbos	CEO
Member	Claude Cohen-Bacrie	Director of the R&D Program
Member	Jérôme Destoppeleir	Chief Financial Officer
Member	Kurt Kelln	Chief Business Officer
Member	Jacques Souquet	Director of Innovation

  - **Supervisory Board**

As indicated in the Base Document, in March 2014, **Johannes Barella**, Chairman of the Supervisory Board, had said during the second renewal of his term by the Shareholders' Meeting of March 3, 2014, that he did not wish to complete his term for personal reasons. He resigned on May 29, 2015 after six years in office, making an invaluable contribution in turning SuperSonic Imagine into a leading player in the field of ultrasound medical imaging.

On the same date, Johannes Barella was succeeded by Bernard Doorenbos as interim Chairman of the Supervisory Board; and **Dr. Hermann Requardt was appointed independent expert** to the Supervisory Board and the Management Board of SuperSonic Imagine, in order to share with them his considerable expertise and industry knowledge. Hermann Requardt, aged 60, began his career in 1984 at the Siemens Group, before being appointed head of Siemens Healthcare and of the Corporate Technology Department in 2008.

On October 1, **Dr. Hermann Requardt was appointed Chairman of the Supervisory Board** to succeed Bernard Doorenbos, who had acted as interim Chairman until Dr. Hermann Requardt was fully free of his previous commitments.

6.2. GENERAL OVERVIEW

6.2.1. INTRODUCTION

Medical imaging is a growing industry within which a range of products are on offer: X-rays (conventional and CT Scans), MRI, nuclear medicine (PET scan) and ultrasound imaging systems. 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.

Ultrasound imaging systems (or ultrasonic waves) have 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:

- first analog generation in the 1970s;
- second generation with the digital era 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 IMAGING MARKET

Ultrasound imaging has become an imaging technique extensively used worldwide. It accounts for around 25%[1] of the medical imaging market, alongside scanners, 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 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 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.

The main players in the market have also sought to develop an elastography functionality to assess the differences in tissue 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.

[1] Deutsche Bank estimates (2010)

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 in both the breast and liver specialty markets and thereby also address 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 22 submitted and published patent families and holds five licensing agreements (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**

The Group has strong business advantages, which are recognized by the market:
- Regulatory authorizations covering the main markets;
- An unparalleled price / quality relationship given the exceptional clinical benefits;
- A global distribution network, both direct (in France, Germany and the United States) and indirect;
- An international installed base of close to 1,300 systems;
- Outsourced production in order to have the capacity to respond to commercial ambitions.

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

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 164 very highly qualified employees.

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®.

6.3. SUPERSONIC IMAGINE OPENS A NEW ERA IN ULTRASOUND IMAGING SYSTEMS

6.3.1. 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 imaging systems, which do not offer quantitative evaluations. However, over the past two years, products have appeared on the market 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 measurements are not in real time and reproducibility is low.

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, 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.

6.3.2. SUPERSONIC IMAGINE BRINGS TECHNOLOGICAL BREAKTHROUGHS THAT SEND SHOCKWAVES THROUGH THE WORLD OF ULTRASOUND IMAGING

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 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 graphics 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.

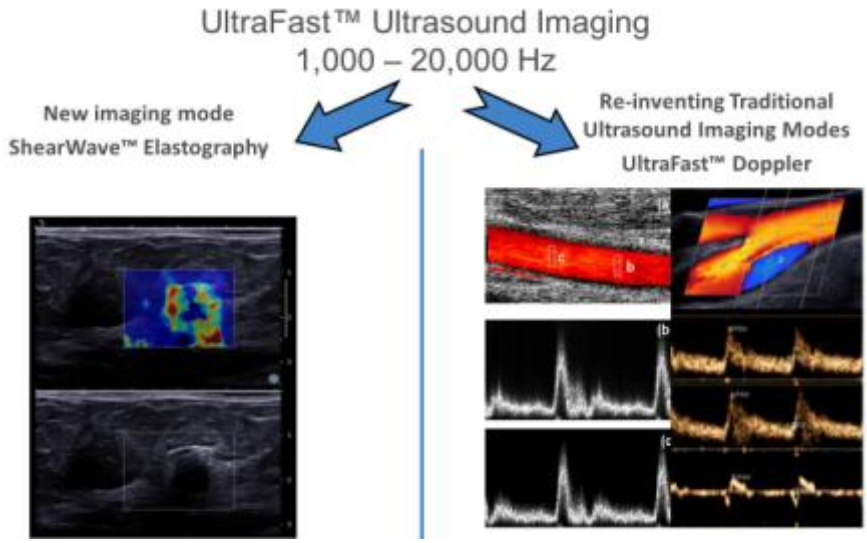
Based on this unique technology platform, Aixplorer® offers the following two innovations:

- **UltraFast™ imaging**: a patented technological breakthrough that allows Aixplorer® to acquire data at speeds of 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 ultrasound wave.
- **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, the acquisition speed must be at least 5,000 Hz, which enables UltraFast™ imaging, in contrast to the 100 Hz proposed 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 UltraFast™ Doppler.



6.3.2.1. SHEARWAVE™ ELASTOGRAPHY

ShearWave™ Elastography has been developed to improve the reliability of diagnoses made using ultrasound, making it possible 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 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.

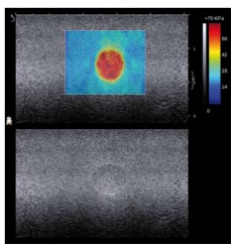


Figure 1: SWE mode on a phantom with a harder inclusion

The elasticity image, which is color-coded, is superimposed on the B-Mode image (anatomical 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.

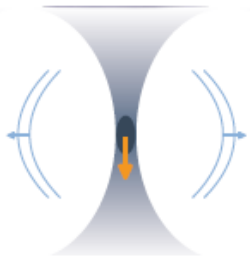
ShearWave™ Elastography uses ultrasound both to generate shear waves and to image their propagation. All of this is done automatically with the aid of an ultrasound probe (linear, curved, micro-convex or phased array), without any compression by the radiologist, and this means that the captured data 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**

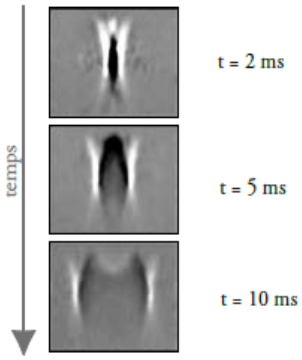
There are several ways of generating shear waves in the body. The beating of the heart is a natural source of such waves, but the induced vibration remains confined to the area immediately surrounding the heart. External vibrators can also be used (as in MRI Elastography), but this solution is ill-suited 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).

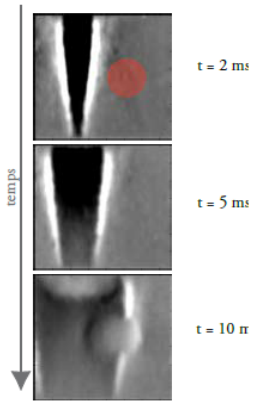
For a given local acoustic power, SonicTouch™ enables an increase in the efficiency of shear wave generation by a factor of 4 to 8. However, it is clearly impossible for current radiology systems, limited to frame rates of 50 to 60 images per second, to capture the generated shear wave, which will have 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.

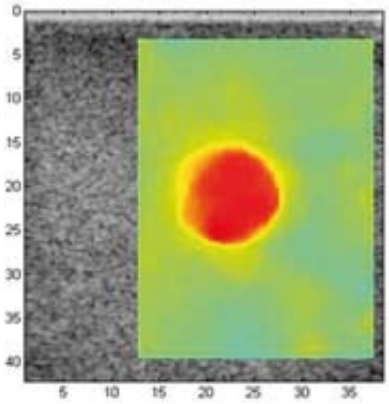
Radiation force created by SonicTouch™. The shear wave is amplified along a Mach cone (yellow). The distance traveled is increased, thus minimizing acoustic energy used.

➢ **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™ acquisition system. It is thus possible, based on the film of the particle 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 in conventional ultrasound between imaging speed and the number of lines on 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 currently 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.

6.3.2.2. 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-fast 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 acquisition: UltraFast™ Doppler, thus opening new perspectives in vascular imaging.

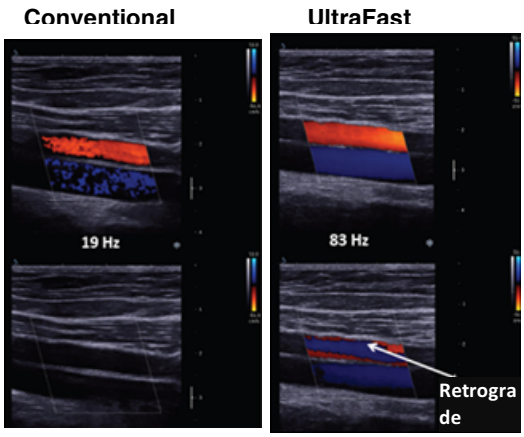
Thanks to its high-sensitivity/high image rate ratio, the UltraFast™ Doppler simultaneously allows:

- 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 UltraFast™ to the practitioner in terms of image sharpness and precision of areas to identify:

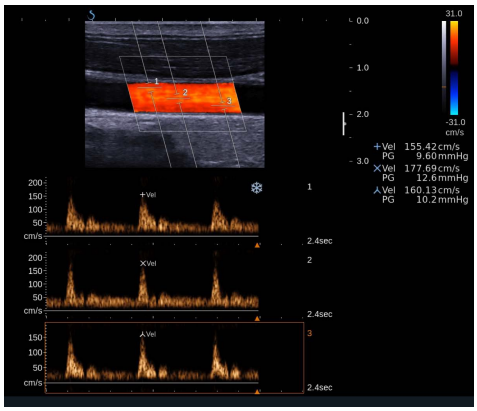


The UltraFast™ Doppler acquisition provides the user with many advantages in comparison to color Doppler acquisition:

- ✓ 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**

Ultrafast™ Doppler 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 UltraFast™ Doppler

6.3.2.3. 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 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 5.0% (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.

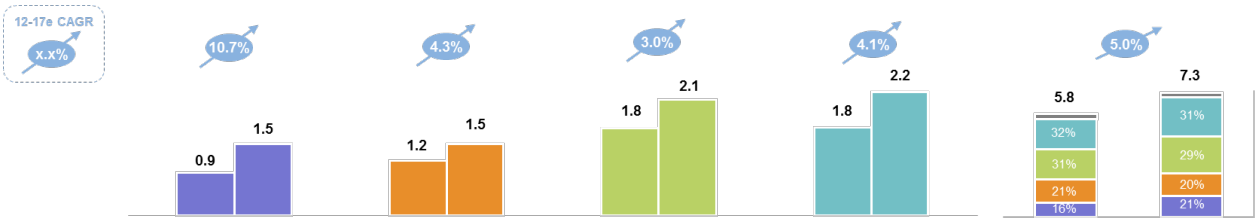
6.4.1. WITHIN THE SIGNIFICANTLY EXPANDING ULTRASOUND MARKET, AIXPLORER® IS NOW SERVING THE PREMIUM/HIGH-END RADIOLOGY MARKET

6.4.1.1. A GROWING ULTRASOUND MARKET

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

The global ultrasound imaging market is showing growth in each of the three main geographical areas (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.

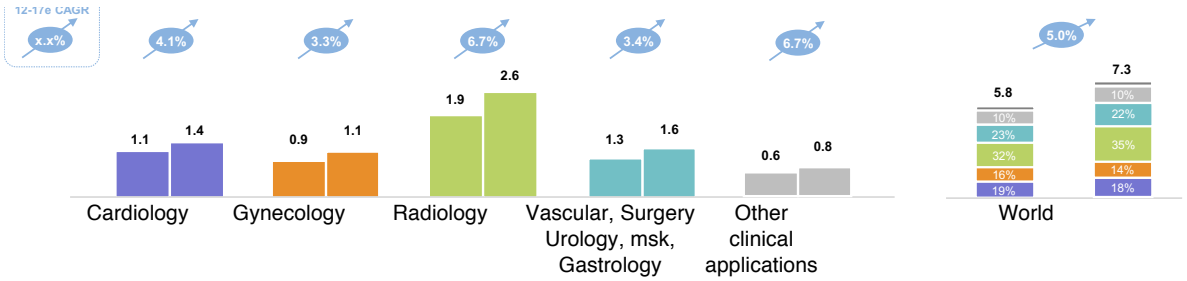
Between now and 2017, the distribution of revenues by geographical region is likely to remain relatively stable according to the InMedica study. However, the emerging markets, particularly China, are showing strong growth (+10.7%). Thus, the Chinese market should reach USD 1.5 billion in 2017 compared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

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 ultrasonic wave 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

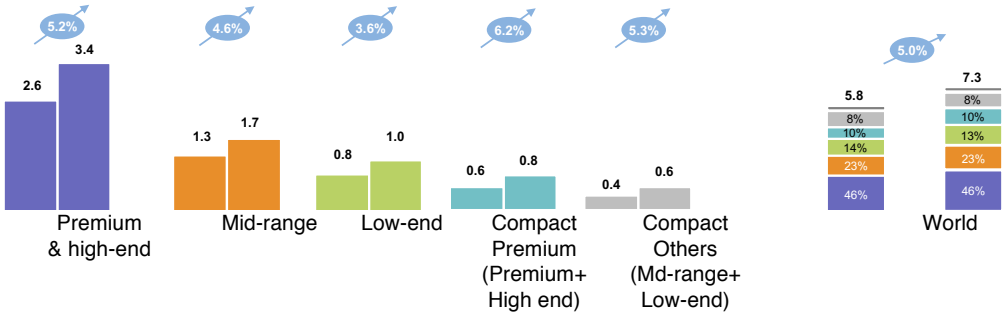
The ultrasound medical imaging market breaks down into four segments, which are defined according to the unit value of an ultrasound scanner:

- 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 position 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. A VERY SUBSTANTIAL TARGET MARKET

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) address as a matter of priority the breast and liver markets, in which Aixplorer® has a distinct clinical advantage.

SuperSonic Imagine will focus on the breast and liver (hepatology) markets and also enter the Premium and High-end segments of the radiology market. These segments have the advantage of being very receptive to innovations. This positioning requires not only performance with regard to traditional imaging, but also innovations that deliver convincing clinical results, something that SuperSonic Imagine specifically demonstrated in breast and liver imaging. 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).

With the introduction of the first equipment from the second-generation platform, the Company will expand the offering for the Mid-range and Low-end segment as well as for portable equipment. This will also allow it to address other application lines, including cardiology, and to strengthen its position in specialty medicines such as urology, hepatology, gastrology or endocrinology. The Company should have a complete Aixplorer® product range in gynecology and shared cardiology services.

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

The Company is focusing its marketing efforts primarily on China, the United States and France.

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. 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 departments, with public hospitals and the private sector, and in hepatology departments.

6.4.2.2. USA

The US ultrasound medical imaging market enjoys a high annual growth rate (between 5% and 10%). It stood at USD 1.9 billion in 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 MRI and scanners could turn to ultrasound imaging systems, which offer 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-

[1] Source: Easton Associates

end devices capable of providing a better quality of diagnosis. Finally, the introduction of systematic 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 ultrasonic wave equipment market grew by around 15 to 20% per year[1] 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. Ultrasonic wave 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.

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.

6.4.4. 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 ultrasonic wave market, namely: *(source: InMedica 2013 - 2012 revenue)*:

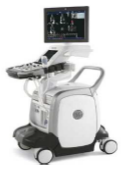
1 - Philips Healthcare: USD 724 million;
2 - GE Healthcare: USD 638 million;

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

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.

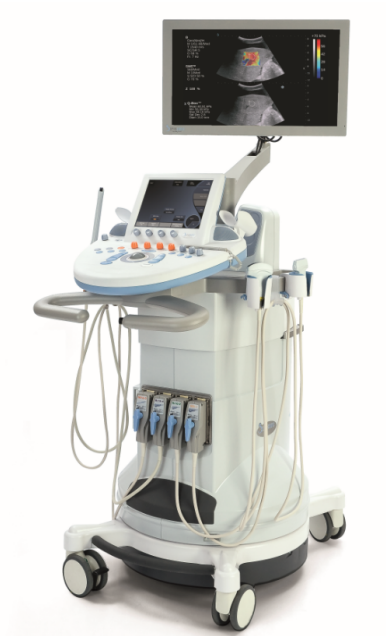
The product offers the following features:

- 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:

- **A radically new software-based technological platform**
- **Ergonomics adapted to the difficult working conditions of practitioners**



The Aixplorer® system is also known as a technological platform and 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 next-generation technological platform that has also taken into account the constraints affecting practitioners in their everyday work.

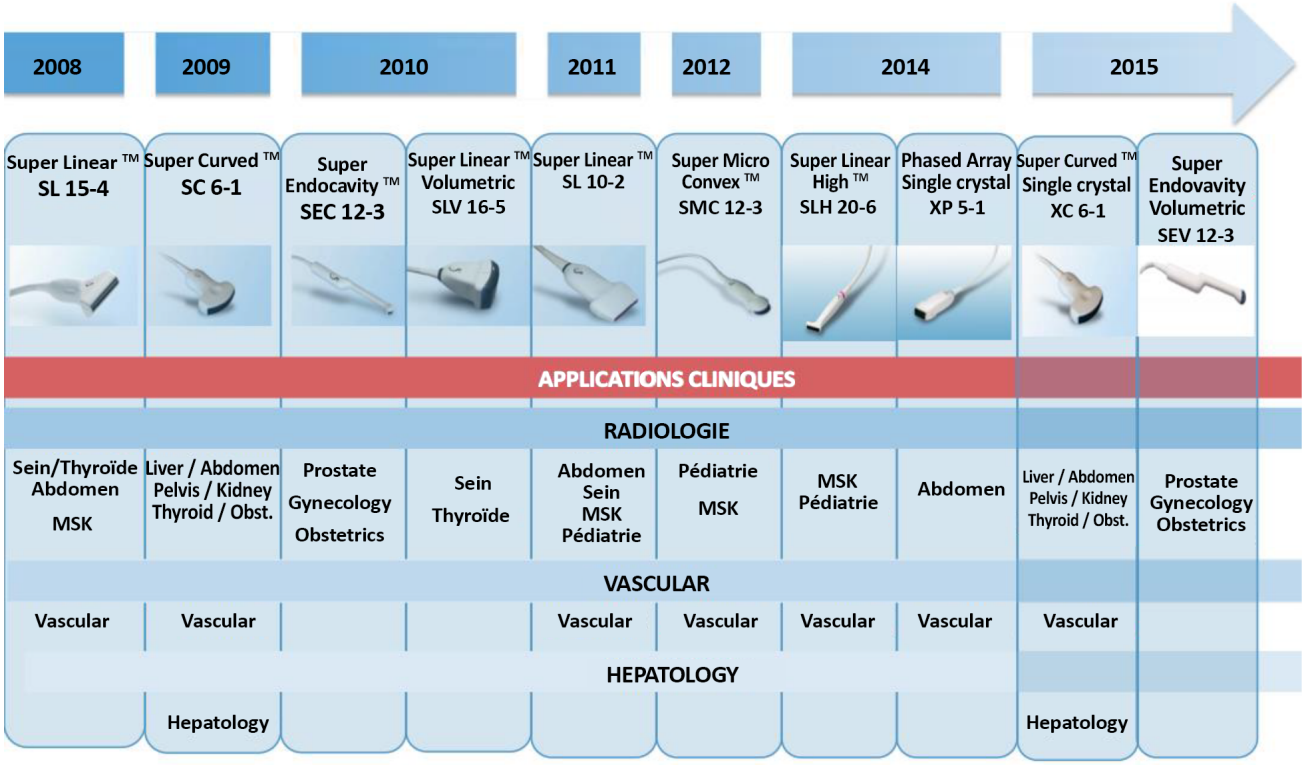
6.5.2. AIXPLORER®: ITS APPLICATIONS

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 imaging market segment.

This increased footprint also allows the Company to capitalize on the installed base by offering existing customers 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, new ultrasound scanners from this new platform should be able to be launched for new market segments, including the cardiac application. 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

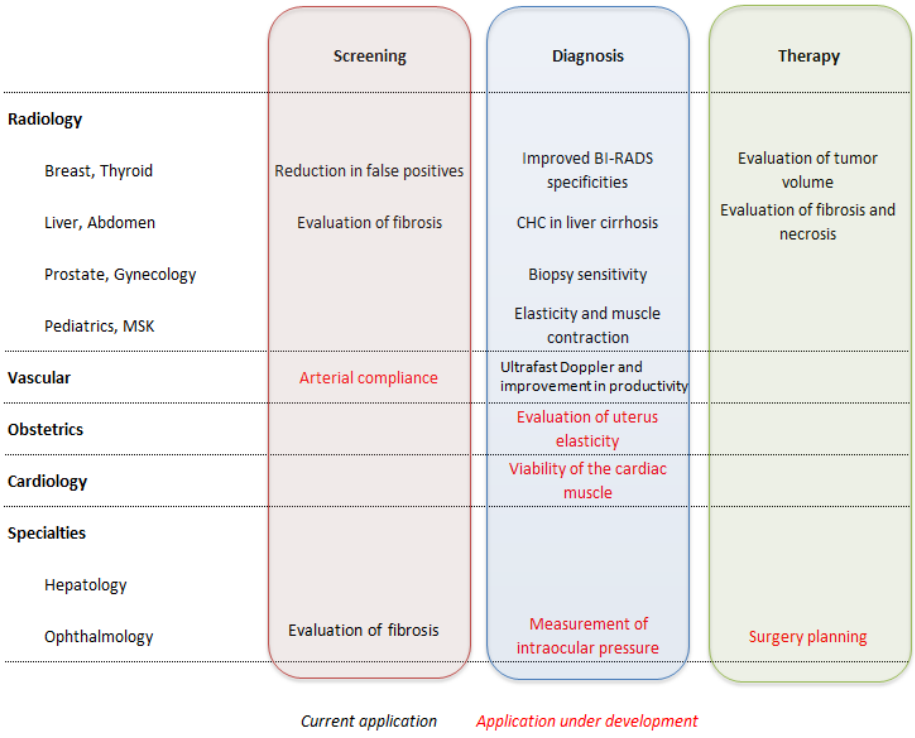
6.6.1. AIXPLORER®: A STRONG CLINICAL POSITIONING

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, good 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 300 scientific publications. SuperSonic Imagine has conducted a major clinical study on the breast. Health 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**

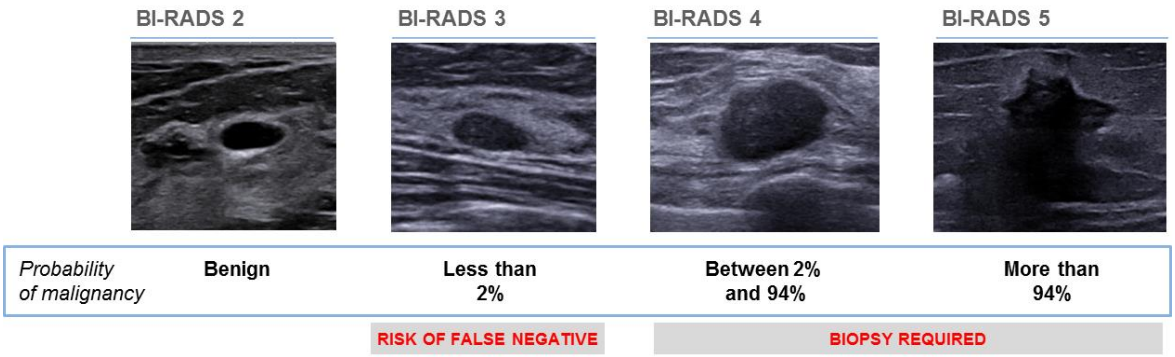
Thanks to its excellent sensitivity (around 80% for the specific breast application - see the results of the multi-site study described in Section 6.6.3.2. below), its reproducibility and the standardization of this examination, mammography is the reference examination for the screening of breast cancers. 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 it in more depth 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 the lesions classed as probably benign), are not biopsied but subsequently prove to be cancers.

For assessing breast lesions detected by mammography and characterized by ultrasound imaging systems, 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 SHEARWAVE™ ELASTOGRAPHY

- **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 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 physicians in the field of breast imaging, the BE1 study evaluated the clinical benefits of ShearWave™ Elastography in the context of ultrasonographic diagnosis of breast lesions.

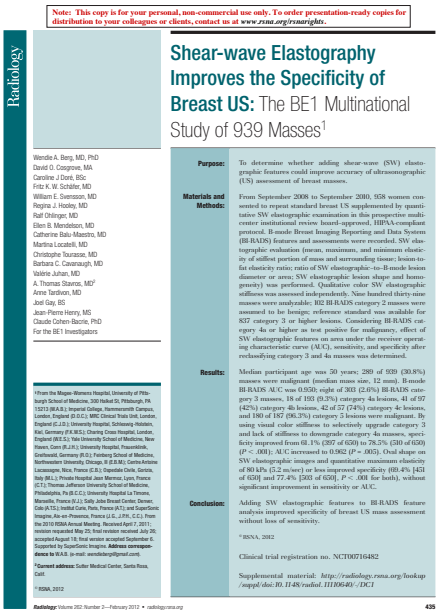
The study had two objectives:

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

Throughout this study, numerous presentations 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 March 1, 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[2]
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 2008 to September 2010, 958 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; 289 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 650) to 78.5% (510 of 650) ($P < .001$); 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% [451 of 650] 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.

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Clinical trial registration no. NCT00716482

Supplemental material: http://radiology.rsna.org/lookup/suppl/doi:10.1148/radiol.11110640/-/DC1

From the Magee-Womens Hospital, University of Pittsburgh School of Medicine, 300 Halket St, Pittsburgh, PA 15213 (W.A.B.); Imperial College, Hammersmith Campus, London, England (D.O.C.); MRC Clinical Trials Unit, London, England (C.J.D.); University Hospital, Schleswig-Holstein, Kiel, Germany (F.K.W.S.); Charing Cross Hospital, London, England (W.E.S.); Yale University School of Medicine, New Haven, Conn (R.J.H.); University Hospital, Frauenklinik, Greifswald, Germany (R.O.); Feinberg School of Medicine, Northwestern University, Chicago, Ill (E.B.M.); Centre Antoine Lacassagne, Nice, France (C.B.); Ospedale Civile, Gorizia, Italy (M.L.); Privata Hospital Jean Mermoz, Lyon, France (C.T.); Thomas Jefferson University School of Medicine, Philadelphia, Pa (B.C.C.); University Hospital La Timone, Marseille, France (V.J.); Sally Jobe Breast Center, Denver, Colo (A.T.S.); Institut Curie, Paris, France (A.T.); and SuperSonic Imagine, Aix-en-Provence, France (J.G., J.P.H., C.C.). From the 2010 RSNA Annual Meeting. Received April 7, 2011; revision requested May 23; final revision received July 29; accepted August 18; final version accepted September 6. Supported by SuperSonic Imagine. Address correspondence to W.A.B. (e-mail: wendieberg@gmail.com).

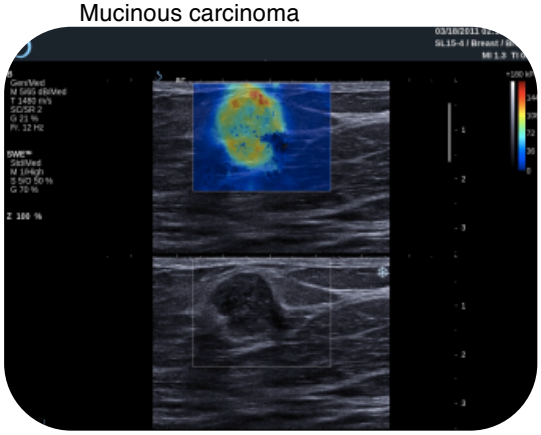
Current address: Sutter Medical Center, Santa Rosa, Calif.

The study conducted resulted in a significant improvement in the BI-RADS classification of breast lesions thanks to the better specificity of ShearWave™ Elastography. In fact, the study focused on the classification of breast lesions in the BI-RADS® 3 and 4 categories, and therefore referring patients for medical follow-up or for a biopsy.

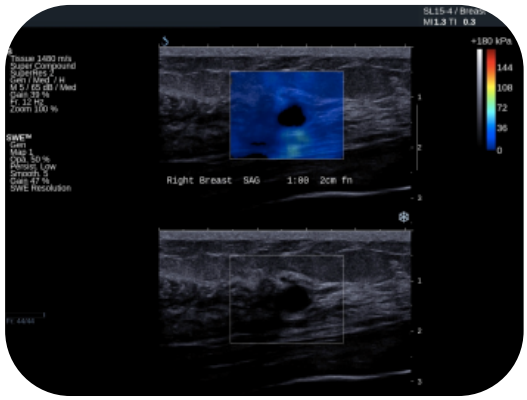
Clinical results 1: the accuracy and reproducibility of ShearWave™ Elastography has been proven;
Clinical results 2: ShearWave™ Elastography has been shown to increase the specificity and Positive Predictive Value (PPV) of breast ultrasound imaging.

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. All the clinical publications, classified by application, can be found on the Company's website.

In 2016, the Company completed a study similar to the BE1 study in China across over 20 sites. This study, involving more than 2,000 patients, covered 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 from the 2nd edition of BI-RADS Atlas on the assessment of elasticity: "Elasticity can be used as a descriptive characteristic for masses 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, intermediate, 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 systems as a complement to mammography for reducing mortality in the context of screening.
As discussed in the preceding section "6.6.3.3. Other studies conducted on the breast", the Group is in the process of finalizing a study of unparalleled scale designed to highlight the clinical benefits of the Group's technology.

That being said, this detection of additional cancers currently 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.

6.6.5. 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;
- CT scans are 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 chronic or 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 sites, 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®: NON-INVASIVE SCREENING 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™ Elastography 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 the monitoring of patients who received transplants and identification from four weeks post-transplant any graft rejections and recurrences of chronic disease.

An effort of international scope to collect clinical information is currently underway with Aixplorer® and ShearWave™ Elastography users. The results of this retrospective study involving 1,300 patients were presented at the ECR (European Congress of Radiology) in April 2015. A press release regarding this presentation can be found on the Company's website.

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.

6.6.6. 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 Meeting 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 stiffness 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-fast 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.

Dr. Stéphanie Franchi-Abella of Kremlin Bicêtre Hospital in Paris, who specializes in pediatric examinations, willingly says that the use of UltraFast™ Doppler 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 for the 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 system, thanks to shear wave elastography, enables radiologists to retrieve diagnostic information for fibrosis even during the ultrasound imaging 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.

6.7. 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 competent national authorities.

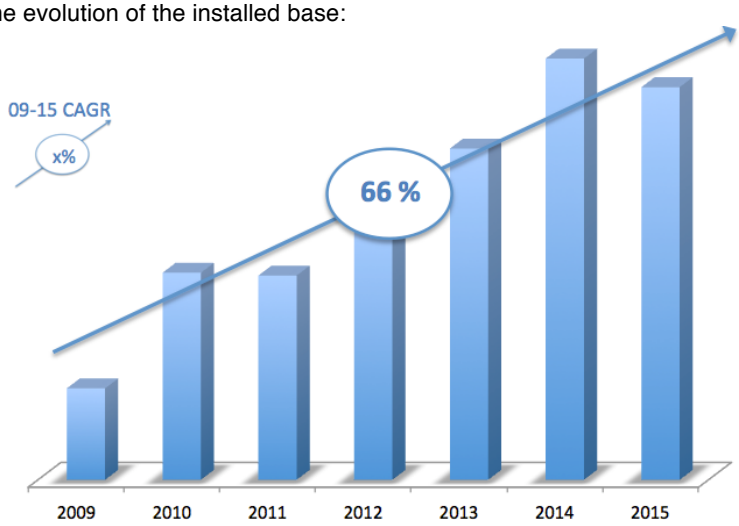
As of the date of this report, the Group has marketing authorization:

- in 55 countries where authorization has been obtained;
- in eight countries for which no authorization is required;
- for one country where an application was made and is currently being reviewed.

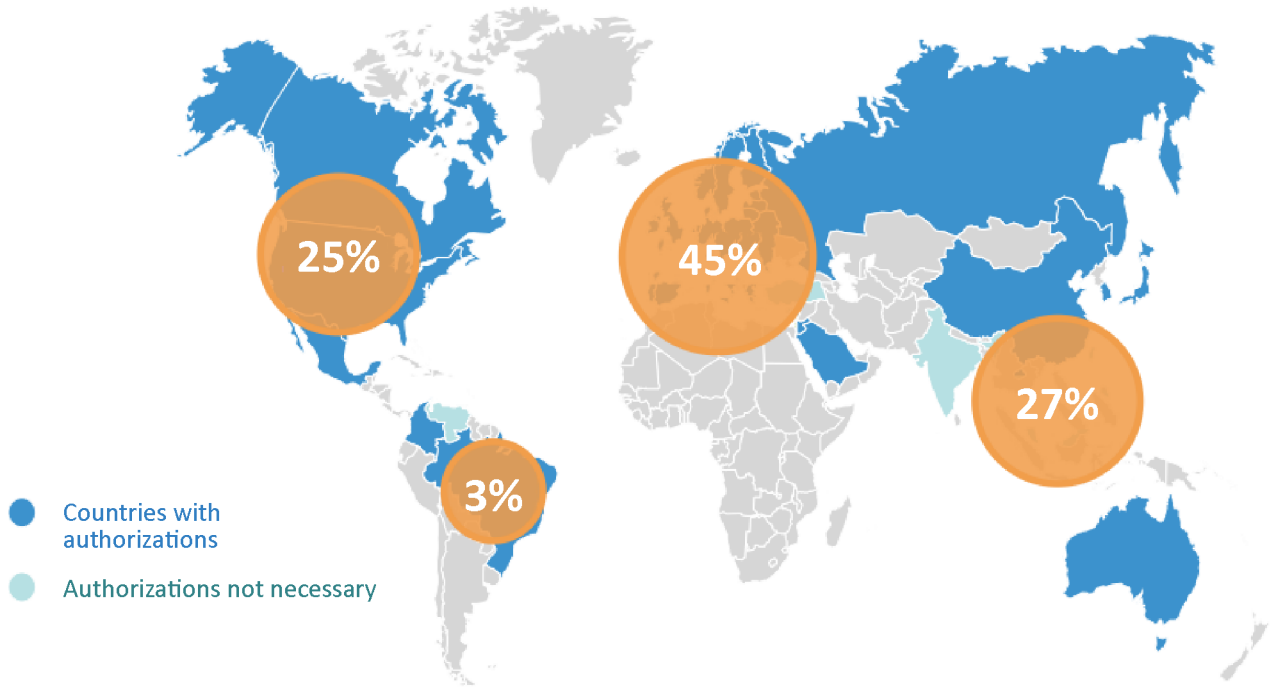
6.7.2. A CURRENT INSTALLED BASE OF MORE THAN 1,300 UNITS WORLDWIDE

With the CE mark obtained in March 2009 and FDA "510(k)" clearance in August 2009, over 1,300 Aixplorer® devices had been sold as of December 31, 2015, namely within five years, through a commercial organization that covers the major countries in the world.

The graph below shows the evolution of the installed base:



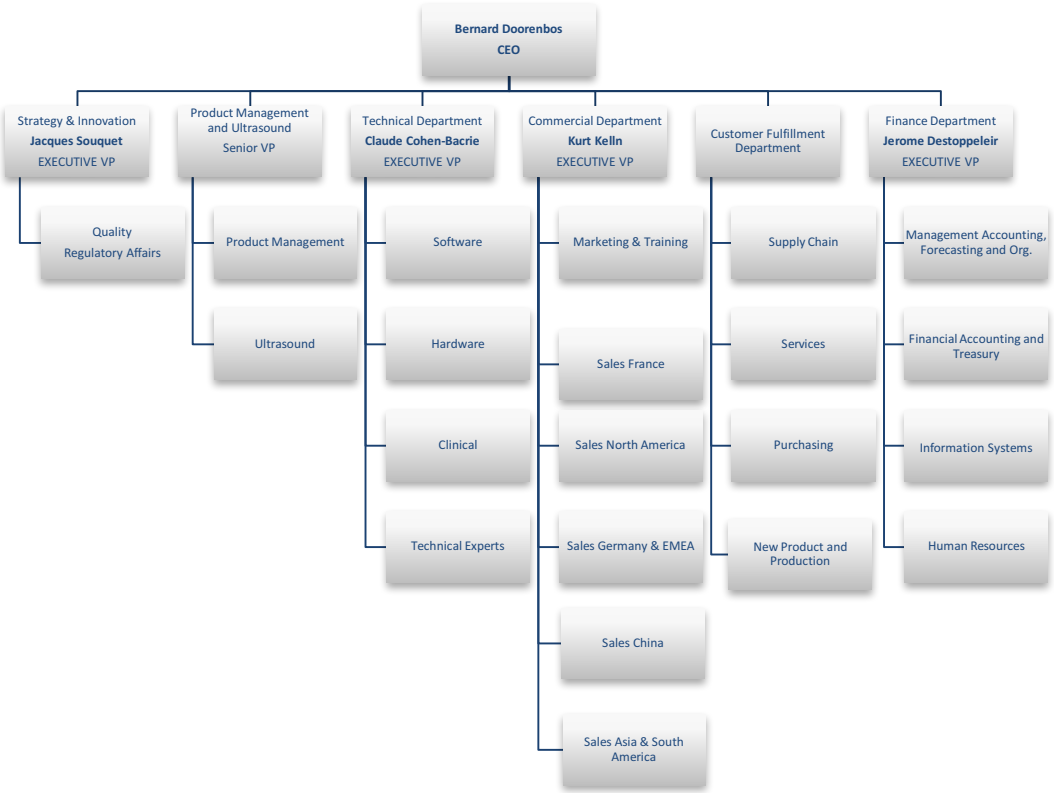
By geographical area, the installed base broke down as follows at December 31, 2015:



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

- In Europe:
  - France: Georges Pompidou European Hospital, La Pitié Salpêtrière Hospital in Paris, Grenoble University Hospital Center, Timone Hospital in Marseilles, Tours University Hospital Center, Lacassagne Cancer Center 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.
- In the United States: University of South California in Los Angeles, Mayo Clinic, Thomas Jefferson University in Philadelphia, Northwestern Hospital in Chicago, 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 next-generation ultrasonic wave medical imaging system and it brought together a strong engineering team appointed to the R&D department, which had 51 staff members as of December 31, 2015.
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 next generation of the ultrasound scanner as well as targeted collaborative projects (see Chapter 11 of this document).

➢ **The "Ultrasound" division**

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

➢ **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 "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.

➢ **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.

6.8.2. DIRECT AND INDIRECT DISTRIBUTION

Since it began marketing Aixplorer®, the Group has implemented a roll-out strategy based on the combination of several approaches, depending on the specificities and potential of each target country and based on a model that has been widely tested in the medical device sector.

Three models coexist today:

- A direct approach in France, the United States and Germany;
- An indirect approach comprised of a network of distributors;
- A specific approach in China through a representative office in Beijing.

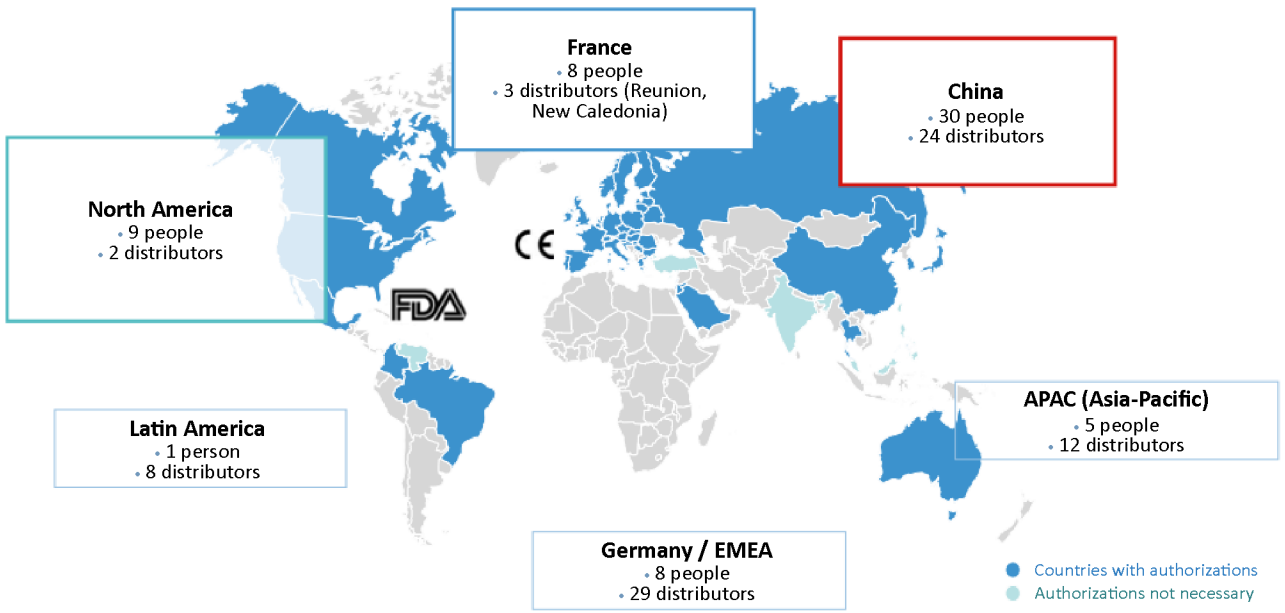
6.8.2.1. THE CURRENT SALES NETWORK

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 demonstrations in target medical centers.
- At December 31, 2015, the global sales network was as follows, covering 63 countries (including French overseas departments and territories) and was divided into six geographical areas:

At December 31, 2015, the global sales network was as follows, covering 63 countries:



Strengthening the sales network is one of the Company's short- and medium-term priorities, so as to implement a strategy of wide-scale roll-out 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).

6.8.2.2. 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.

The Group also has after-sales engineers based in China, the United States and Germany.

6.8.3. TARGETED MARKETING

6.8.3.1. OPERATIONAL MARKETING

With five employees dedicated 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 Meeting 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. In addition, an increasing number of 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 trade press, but also develops relationships with the general public, with recent articles in *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 €1.8 million in 2015.

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 components, such as printed circuit boards or plastic parts. It is the largest manufacturer of electronic medical devices worldwide 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 very high-end level of quality.

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. At constant exchange rates, this should lead to an improvement in the gross margin on sales of equipment, which the Company estimates at over 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 qualify 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 manufacturing 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 the power supply, 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 service 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 outside body that issued the ISO 13485 certificate is LNE/G-MED, which is based in Paris, France. The most recent certificate is dated November 22, 2013. The production line is certified by certification renewal audits (every three years) or monitoring (annually). 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.

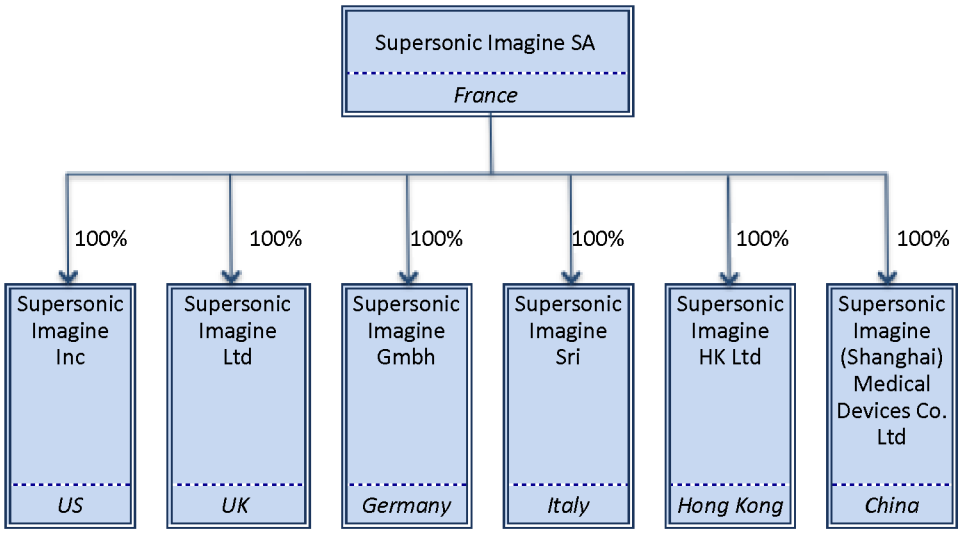
The Group has also implemented a process of monitoring and evaluation of its suppliers. The critical subcontractors (which supply products "on contract" or have a strong influence on the quality and safety of the products) are committed to a contractual relationship with the Company. They are required to comply with the specifications established by the Group and to notify or submit for approval any change in their manufacturing chain (raw materials, manufacturing 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 currently has six subsidiaries:
SuperSonic Imagine, Inc.: US subsidiary incorporated in March 2007 and headquartered in Bothell (Washington – United States of America). This entity conducts mostly commercial activity in the United States as well as research and development and marketing. Represented by Bernard Doorenbos, this subsidiary had 15 employees as of December 31, 2015.

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 December 31, 2015.

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 three employees as of December 31, 2015.

SuperSonic Imagine Ltd: incorporated in March 2008, it is represented by Jacques Souquet, and had three employees as of December 2015.

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.

SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd: Chinese subsidiary incorporated in December 2015, to develop direct sales in the country. This entity is represented by Bernard Doorenbos and had no employees as of December 31, 2015.

Key figures for the subsidiaries are as follows:

In thousands of euros		SuperSonic Imagine Inc	SuperSonic Imagine Ltd	SuperSonic Imagine, GmbH	SuperSonic Imagine Srl	SuperSonic Imagine (HK) Ltd	SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd
Share capital		10,396	1	25	10	1	0
Equity other than share capital		(23,006)	(1,787)	(2,208)	(25)	122	0
Percentage of share capital held		100%	100%	100%	100%	100%	100%
Carrying amount of shares held	Gross	11,209	1	25	10	1	-
	Net	-	-	-	-	1	-
Loans and advances provided and outstanding, net		-	-	-	-	(151)	-
Securities and guarantees provided by the company		-	-	700	12	-	0
Revenue 2015		3,894	77	2,523	0	566	-
2015 net income (loss)		(2,779)	(43)	608	(8)	50	N/A
Dividends received by the company		-	-	-	-	-	-

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 agreements

An agreement for services was entered into on January 1, 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 January 1, 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 December 31, 2015, the Company invoiced the following amounts to each of its subsidiaries under this agreement:
- €1,483,000 to SuperSonic Imagine Inc.;
- €302,000 to SuperSonic Imagine GmbH;
- €36,000 to SuperSonic Imagine Limited.

b) Cash management agreement

A cash management agreement was entered into on January 1, 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 December 31, 2015, the Company charged the following interest to each of its subsidiaries:

- €124,000 to SuperSonic Imagine Inc.;
- €42,000 to SuperSonic Imagine GmbH;
- €26,000 to SuperSonic Imagine Limited;
- 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 January 1, 2011 between the Company and its subsidiary SuperSonic Imagine Inc. covers the provision of staff to the Company by its US subsidiary.

An amendment to the said agreement was agreed on January 1, 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 December 31, 2015, 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 €710,000.

d) Commercial services and support agreement

A commercial services and support agreement was agreed on January 1, 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 January 1, 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 December 31, 2015, SuperSonic (HK) Limited billed the Company the amount of €566,000.

e) Services and marketing agreement

A commercial and marketing services agreement was entered into on December 21, 2015 between the Company and its subsidiaries SuperSonic Imagine GmbH and SuperSonic Imagine Limited.

This agreement covers the services provided by the sales and marketing force of the subsidiaries to other Group companies.

As such, during the financial year ended December 31, 2015, SuperSonic (GmbH) Limited billed the Company €725,000 and the Company billed UK -€319,000.

In addition to these agreements, eight agreements described in Section 16.2 of this Registration 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 related-party agreements set out in Section 19.3 of this Registration 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.

The lease agreement signed on July 18, 2008 for a period of nine 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 €286,000 excluding charges. A guarantee deposit of €65,000 was paid in cash upon signing the lease agreement.

On June 11, 2015, the company signed a new nine-year lease for a building at 730, rue René Descartes in Aix-en-Provence, which is adjacent to the first two. The lease is for a 410 m^2 ground floor, with annual rent of €51,250 (exceptionally reduced to €47,150 for the first year and €49,200 for the second year).

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 of 4,372 sq. ft. (approx. 406 m^2) 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 had been entered into on January 14, 2010 for a 60-month term as from March 3, 2010 to March 31, 2015. The monthly rent increased over the period 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 still 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 management. A commercial lease agreement was entered into on January 6, 2015 for a 39-month term as from March 1, 2015 to March 31, 2018. The monthly rent is increasing over the period to 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 (November 1, 2014 to October 31, 2015) and the rent was set at USD 1,700 including tax per month (about €1,500).

c. 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 from a third party, who has no tie with the Company and its management, under the terms of a lease agreement dated October 15, 2013 covering the period from December 3, 2015 to December 2, 2016 at an annual rent of RMB 493,000, i.e. approximately €70,000. A guarantee deposit of RMB 78,000 (about €9,000) was paid in cash.

d. Shanghai office: On April 1, 2015, the company signed a two-year lease agreement in Shanghai. Covering an area of about 160 m², these offices are leased from a third party, who has no tie with the Company and its management, from April 11, 2015 to April 10, 2017. The annual rent is RMB 326,000, i.e. around €45,000. A guarantee deposit of RMB 7,000 was paid.

The other Group entities only have a postal address.

8.2. ENVIRONMENTAL AND CORPORATE ASPECTS

8.2.1. CORPORATE INFORMATION

For this second 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 undertakes to expand its scope of reporting in the coming years.

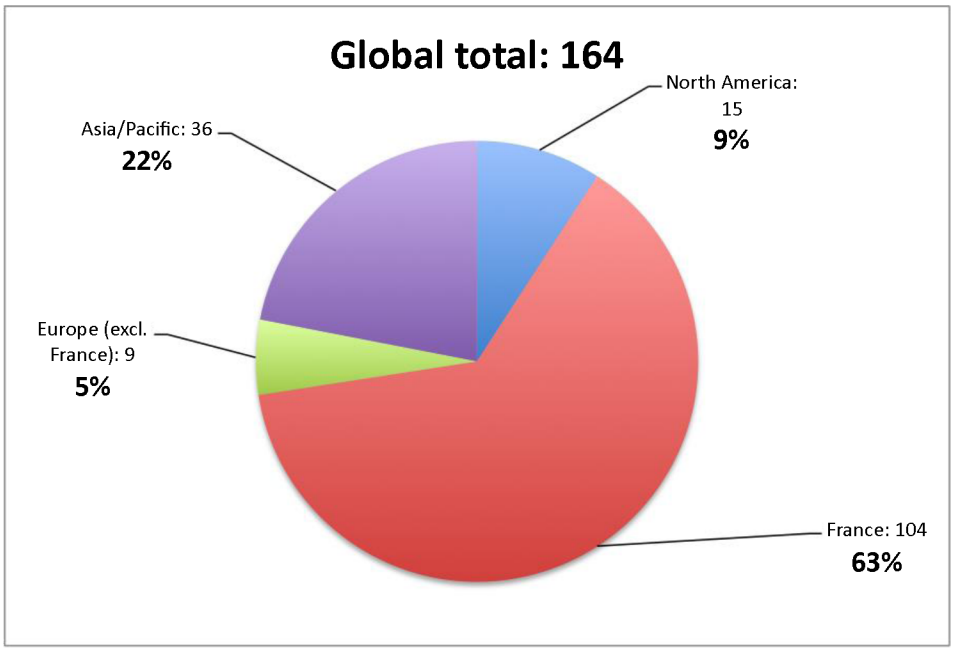
1.1 Employment

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

With its international footprint, the Group employs people of various nationalities, cultures and languages.

As of December 31, 2015, a total of 164 employees contributed to the Group's business activity worldwide (corresponding to 163.60 full-time equivalent employees), compared to 149 at December 31, 2014, excluding contracts to acquire professional certification and temporary workers.

Distribution of employees by region at December 31, 2015

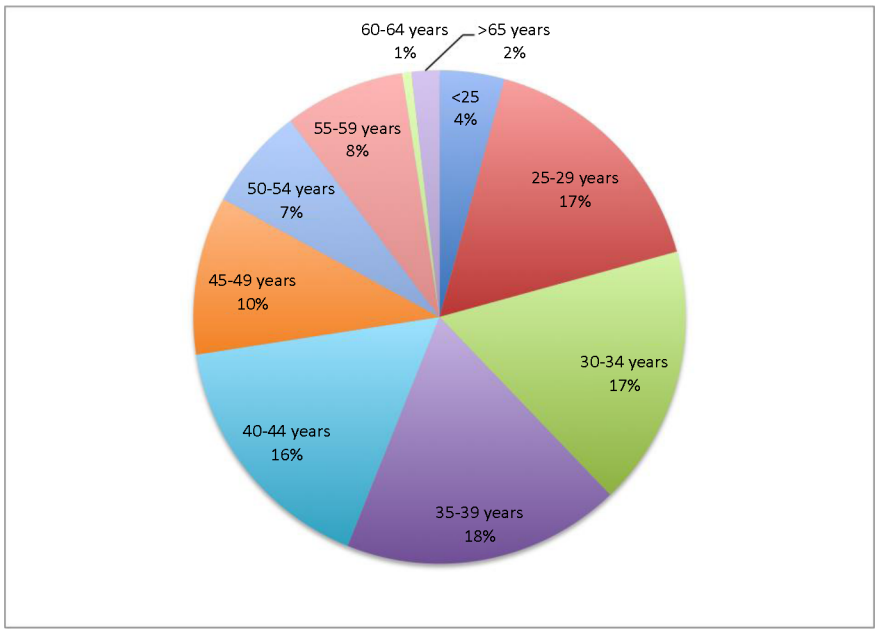


	Dec. 31, 2015	Dec. 31, 2014
Number of open-ended employment contracts (or local equivalent by country)	157	146
Number of fixed-term employment contracts (France only)	7	3
Total	**164**	**149**
Men	109	101
Women	55	48
% women	33.54%	32.21%

Distribution of employees by age	**Dec. 31, 2015**	**Dec. 31, 2014**
Under 25 years old	7	7
Between 25 and 29 years old	27	22
Between 30 and 34 years old	28	23
Between 35 and 39 years old	30	31
Between 40 and 44 years old	27	27
Between 45 and 49 years old	17	14
Between 50 and 54 years old	11	13
Between 55 and 59 years old	13	8
Between 60 and 64 years old	1	1
Over 65 years old	3	3
Total	**164**	**149**

The average age of employees is 39, and 35% of employees are between 30 and 39 years old.
More specifically, the average age of employees in Europe is 39, in the United States 51 and in Asia-Pacific 33.

Worldwide distribution by age group



1.1.2 New hires and departures

	Dec. 31, 2015	Dec. 31, 2014
Hires	35	41
Departures	28	22

In 2015, the group hired 35 people, 83% of which were under open-ended contracts.

Of the 15 people departing, most of them resigned, accounting for 54% of all these departures. Three departures were due to layoffs (11%), four people completed their fixed-term contract (14%), while four people had their contract terminated (14%). The rest includes the ending of test periods at the company's initiative and a retirement.

Departure rate[1]	2015	2014
Group worldwide	18.79%	17.32%

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 compensation 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 an incentive agreement established in 2014 (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 2015, the basic average annual fixed gross salary, excluding the Management Board, rose 3.09% overall.

In thousands of euros	2015	2014
Total payroll	11,917	11,120
Revenue	20,064	19,761
Total payroll/Revenue ratio	**59%**	**56%**

1.2 Work organization

1.2.1 Organization of working time

[1] Departure rate: number of departures during the period compared to the total workforce at the beginning of the period

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 a trial basis. Following positive feedback from employees and line managers, the telecommuting agreement was made permanent in 2015.

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 rose slightly between 2014 and 2015, with the arrival of two new employees who requested this arrangement and the departure of a part-time employee.
Part-time employees at SuperSonic Imagine work part-time on a voluntary basis.

	Dec. 31, 2015	**Dec. 31, 2014**
Number of part-time employees	3	2
Total workforce	164	149
Percentage of part-time employees	1.83%	1.34%

1.2.2 Absenteeism

This indicator is monitored and controlled locally at each subsidiary. For this second report, the Company determined this indicator for France only in order to ensure consistency for comparison purposes.
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 2015
Illness	39	358
Maternity, Paternity	6	166
Workplace accident	1	0
Of which commuting accident	*1*	*0*
Total		524

The rate of absenteeism was 1.40% in 2015, compared to 0.74% in 2014. Although higher, this figure remains below the national absenteeism rate in France, which is over 4%.

No absence was due to a workplace accident, commuting accident or occupational illness, and the sole commuting accident 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 four representatives and one alternate. The members of the DUP serve as both employee representatives and works council members.
Partial elections were held in 2015 following the departure of certain members of the DUP from the company.

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. Its purpose is to combine a need for flexibility and operational efficiency and improve the separation between private life and professional life.

  Following positive feedback from those benefiting from the arrangement and their superiors, it was decided in 2015, in consultation with the DUP, to make it permanent.

- 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 goals are to: (i) improve operating profit and (ii) grow Group revenue.

In 2015, a new agreement was signed with employee representatives:

- an agreement on the carrying over of paid leave.

  As indicated above, given that the work organization at SuperSonic Imagine is based on a very flexible model, employees regularly ask the company to carry over their paid leave that hasn't been taken at the end of the reference period.
  As a result, given that the company wanted to move its employees further into line with public policy on paid leave, which applies to both employers and employees, it decided, in agreement with employee representatives, Works Council members, to establish an agreement on the carrying over of paid leave, governed by the provisions of Article L. 3141-21-1 of the French Labor Code.
  The choice of carryover method was based on the desire to involve all company employees in the company's goals and to provide them with the greatest possible flexibility as to when they take their leave.

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 live equipment have been issued an “Electric Certification” certificate after special training. These courses are monitored by the Human Resources Department so that retraining 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.

- Finally, 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. Following the completion of the ergonomist’s report on working conditions, which analyzed office layout, the flow of people and operational constraints, the Company invested in additional office space and undertook significant refurbishment work. This work started in summer 2015 and continued in 2016.

- 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 therefore organize their time freely, the only restriction being that business-related obligations are observed.

  What is more, the Company also made the telecommuting agreement permanent in 2015, following a trial in 2014. 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 Workplace accidents and occupational diseases

The figures set out below relate to France only.

SuperSonic Imagine experienced one workplace accident but no occupational disease in 2015.
The workplace accident was a commuting accident involving serious damage to the employee’s vehicle but not requiring the employee in question to take sick leave.

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 keep abreast of developments, learn new methods, or build expertise.
An increasing amount of training also covers the improvement of sales techniques and of the marketing strategy.

Furthermore, the Company is 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 to 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

While the training plan more specifically covers France, the company nevertheless occasionally pays for training for employees of foreign entities depending on their needs.

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 Group's total workforce.

In 2015, 1,413.75 hours of training were provided in the French Company to train 77 people, or 74% of the French entity's employees.
In 2015, the average number of hours devoted to training is 18.36 hours per trained employee.

Employee training:

	2015	2014
Number of employees trained in France	77	52
Number of hours of training	1,413.75	1,036
Percentage of employees trained in France	74%	55%
Average number of hours of training per employee trained	18.36	20

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 December 31, 2015, 33.54% of the Company's employees were women (32.21% at December 31, 2014).

Women accounted for 31% of hires in 2015. 54% of these were managers (or equivalent abroad).

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 with disabilities, 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 year of publication of information relating to the Grenelle II Law, environmental indicators are reported for France only. The Company undertakes to expand 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 into the environment or greenhouse gases.

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 best cooling/heating management practices, recycling of certain 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 has installed containers for collection of paper/cardboard and printer cartridges on its site in Aix-en-Provence:
Three dumpsters for paper/cardboard sorting are in place:

- two dumpsters set up by VEOLIA are managed by the ASL (Association Syndicale Libre) for the whole business park where the Company is based at Aix-en-Provence (which has five buildings, of which two are occupied by the company).
- one dumpster, 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	2015	2014
Common Industrial Waste	14.43 T	Not available
Recyclable waste	1.29 T	3.03 T

Despite an awareness campaign for Company employees and regular reminders, over 50% of waste other than cardboard/plastic continues to be placed in the 13RECYCLAGE bin, which results in a reclassification of the waste as "Common Industrial Waste".

The Company will undertake a new awareness campaign in 2016, in order to avoid this type of downward spiral, but will also look at putting in place notices or a second dumpster to clearly identify the different types of waste.

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.

In 2015, each department was supplied with a charger and a set of batteries to ensure better rotation and optimal management having regard to battery usage.

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.

	2015	2014
Consumption of water distributed to common areas (estimate)	1,212 m3	1,505.53 m3

2.3.2 Consumption of raw materials

The main raw material consumed is paper. As with water, employees are made aware of the need for smart consumption and awareness campaigns are regularly run within the Company.

	2015	2014
Paper consumption (in Metric Tons)	19.85	16.40

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.

	2015	2014
Energy consumption	341,524 kWh	294,783 kWh

The clear increase in energy consumption is largely due to the Company's expansion and the leasing of additional premises from June 2015.
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 activities are located in two buildings situated in a business park.
The total area of the premises is around 2,092 m2 (two buildings of 843 m2 and 842 m2 and a ground floor of 410 m2).

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.

	2015	2014
CO2 emissions from power consumption (*CO2 emission factor for electricity according to ADEME (V7.3) is 0.072 kg eq/kWh*)	24,589	21,224 kg

CO2 emissions from air travel from January 1 to December 31, 2015:
⇒ 314,012 kg CO2 equivalent (versus 69,259 kg at December 31, 2014)

For 2015, the calculation of CO2 emissions encompasses flights operated by all airlines for France, whereas in 2014 it only covered certain airlines, which explains the sharp increase in 2015.
Nevertheless, this only includes travel booked via the reservation system made available to France employees.

In order to expand the scope of the analysis provided by the system used within the Company, a new travel booking system was rolled out in early 2016 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 164 people of different nationalities on different sites, most of whom are trained in France.
Despite having experienced strong growth over the last 10 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 dialog 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, 60601-1-2, 60601-1-6, 60601-2-37, ISO 62304, EN 62366, etc.)
- Maintaining our laboratory SMT 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, KFDA, 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

Importance of outsourcing and consideration of social and environmental responsibility in relationships with suppliers and subcontractors

Purchases (including changes in inventory) in 2015 totaled €8.668 million, i.e. 43% of 2015 revenue.

SuperSonic Imagine has established a procedure governing the selection and (re)qualification of suppliers/subcontractors. This procedure contains a matrix that defines SuperSonic Imagine's demands depending on the criticality of these suppliers. For SuperSonic Imagine, critical supplier means:

- a supplier of Aixplorer® parts with a potential impact on the safety and effectiveness of the finished product; and/or
- a single source supplier.

The criteria applied include: quality certification (ISO9001, 13485, 14001), compliance with certain directives (RoHS, REACH), the HSE policy, the anti-corruption policy, etc.

Purchasing managers systematically verify the best practices of suppliers and ensure, with the support of the Quality team, that the procedure is followed.

SuperSonic Imagine is ISO 13485 certified, and complies with US, Canadian, Taiwanese, Brazilian, Japanese and South Korean requirements.

The scope of certification covers the whole value chain, from design to after-sales service.

SuperSonic Imagine outsources some of these activities and takes all necessary steps to control them. All critical suppliers/subcontractors are, in addition to regular visits and conference calls, audited at least every 3 years on the basis of the criteria set out in the above paragraph.

The Company has established an internal auditing team, so that it can conduct regular audits within the company and with subcontractors and distributors. Supplier and subcontractor audits were carried out in 2015 and this will continue in 2016.

The Aixplorer®, SuperSonic Imagine's sole medical device at present, is manufactured by a Malaysian subcontractor. 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 Malaysian site, quality audits are carried out and weekly conference calls held.

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.

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 long-standing 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.

Furthermore, in order to have a proactive anti-corruption approach, at end-2015 the company launched an e-learning module to raise awareness among employees and distributors. The module combines theory, activities and case studies. To date, 150 people have been enrolled in this training with a further 20 shortly, representing 170 in total. Of these 170, 93 are SuperSonic Imagine employees (only those dealing with customers) and 77 are distributors (all). A completion rate of 100% is expected for mid-2016.

When creating this e-learning module, a whistleblowing system was established by the company, so that employees or distributors can report any unethical behavior or behavior that contravenes anti-corruption rules. These whistleblowing alerts are effected by emailing a secure email address, which is only read by the CFO and the Head of Human Resources.

SuperSonic Imagine complies with all global anti-corruption laws, including the OECD Convention on Combating 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, the health and safety of patients and users are at the heart of SuperSonic Imagine's requirements.

The Company is ISO 13485 certified and was successfully inspected by the FDA (US Food and Drug Administration) in 2014. Our manufacturing is audited at least every six months as part of US/Canadian and Brazilian inspections. Our laboratory is also accredited (SMT). All these audits and inspections make it possible to ensure that the design and manufacturing of our device is done in an environment and on the basis of a methodology that are well-controlled.

Aixplorer® is designed by our teams in Aix in accordance with a strictly defined process (expression of needs, technical and functional specifications, prototyping, verification / validation, transfer to Production and Service).

Before being released into the field and the renewal of any registration, Aixplorer® is certified by an external accredited body, which guarantees the safety and performance of our product in electrical, mechanical, acoustic, electromagnetic compatibility, software validation and usability terms. This certification is recognized worldwide (CB scheme).

Aixplorer® has the most reliable safety guarantees because it has received the CE mark and 510k registration in the USA and in over 60 countries worldwide.

In addition, procedures for handling customer complaints, Post-production monitoring, and medical device reporting are in place at SuperSonic Imagine.

It should be mentioned that we have not had an instance of medical device reporting (FCA level 1), recall since 2012.

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 information for the financial year ended December 31, 2015 presented in Chapter 8 of the management report, 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 Management 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 reference guides used by the Company (hereinafter the "Reference Guides"), which are summarized in the introduction to Section 8.2 of the management report.

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 inclusion 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 Reference Guides (Reasoned opinion on the accuracy of CSR Information).

Our work was conducted by a team of two people from November 2015 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 May 13, 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 inclusion 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.
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 covered 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 of the management report, in particular publication for a scope limited to France (63% of the workforce) of environmental information and certain corporate information such as rates of absenteeism and the number of training hours.

[1] Scope of accreditation available at www.cofrac.fr
[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical information*

Based on this work, 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, purchasing and financial departments and for the information gathering process and for internal control procedures and risk management in order to:

- assess the appropriateness of the Reference Guides 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;

- at a representative sample of entities selected by us[2] 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 63% 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 Reference Guides.

Paris-La Défense, March 12, 2016

The Independent Body
ERNST & YOUNG et Associés

Christophe Schmeitzky — Sustainable Development Partner

Bruno Perrin — Partner

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[2] **Societal and environmental information:**

- *Indicators (quantitative information)*: **energy consumption, GHG emissions, waste generated and 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 dialog, 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).

[2] the parent company SuperSonic Imagine

9. REVIEW OF THE COMPANY'S RESULTS AND FINANCIAL POSITION

9.1. GENERAL OVERVIEW

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 Section 20.1 of this Registration Document and must be read in conjunction with the rest of the Registration Document.

It should be noted that the following information can be found in Sections:

- 20.1: the procedures for preparing the consolidated financial statements;
- 20.1 and 6: description of the company's business;
- 20.1: details of the nature of the various line items;
- 6.3.3: the Group's breakthrough technology.

9.1.1. PRO FORMA FINANCIAL STATEMENTS

None.

9.1.2. 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 offering 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 55 countries (and there are 8 for which no authorization is required). The investments linked to the commercial roll-out, primarily relating to the time required to ramp up the sales force, will continue to impact the Group's results.

The significant share of the revenue 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 revenue is regularly recorded during the fourth quarter of the corporate year.

9.2. TWO-YEAR COMPARISON

As regards research and development, in 2015 the Group began marketing the new innovation AngioPlus®, an ultra sensitive Doppler that makes it possible to visualize the vascularization of micro-vessels, and thereby better characterize the images.

On an operational front, the Group derives full benefit from the transfer of the production of its ultrasound imaging devices to Malaysia, which was completed in 2014. The sharp appreciation in the dollar over the period nevertheless reduced the expected impact on the cost of products purchased in dollars from the Malaysian producer.

9.2.1. BREAKDOWN OF OPERATING INCOME (LOSS)

9.2.1.1. REVENUE AND OTHER OPERATING REVENUES

BREAKDOWN OF REVENUE BY TYPE

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014	Change Amount	Change %
Revenue	20,064	19,761	303	2%
Other income	1,655	1,819	-164	-9%
Total revenue	**21,719**	**21,580**	**139**	**1%**

Taking into account the other revenue, which consists primarily of income from access to the Group's technology, non-recurring in nature, total SuperSonic Imagine revenue for 2015 totaled €21.7 million, representing an increase of 1% compared to December 31, 2014.

Total Group revenue, which was €20.1 million in 2015, was up 2% from 2014.

REVENUE BY TYPE

In thousands of euros	Dec. 31, 2015	%	Dec. 31, 2014	%
Sale of goods	18,309	91%	18,132	92%
Sale of services	1,755	9%	1,630	8%
Total	**20,064**	100%	**19,761**	100%

Sales of goods and services accounted for €18.3 million and €1.8 million, respectively 91% and 9% of revenue over the year.

➢ **Sales of goods: +1% growth in revenue from sales of goods**

Revenue from products grew by 1% to €18.3 million in 2015, compared to €18.1 million in 2014. In 2015, the impact of the €/$ exchange rate represented a gain of €1.4 million on equipment sales.

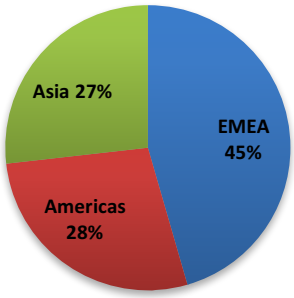
➢ **Sales of services and spare parts: +8% growth in revenue from services and spare parts**

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.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014	Change Amount	Change %
Maintenance agreements	987	664	323	49%
Spare parts/Software updates	768	966	(198)	-20%
Revenue from services	**1,755**	**1,630**	**125**	**8%**

Revenue from services rose 8% to €1.8 million in 2015 versus €1.6 million in 2014. The growth was driven by maintenance contracts, amounting to +49% or close to €1.0 million in revenue. This sharp growth stems from the expansion of the installed base (+24% see chart below), plus sustained efforts to generate such revenue.

In 2015, the installed base was comprised of over 1,300 systems worldwide, up 24% on the previous year, and broke down as follows:

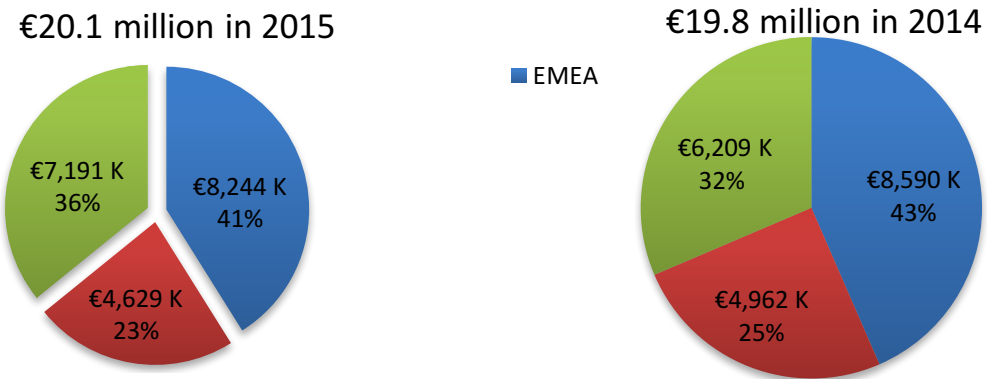


Sales of spare parts and software updates totaled €0.8 million in 2015 (-20%). This line item is mainly comprised of sales of spare parts to distributors in order to have the necessary inventory to provide prompt customer service, and as their demand for such parts is not linear in nature, there may be significant differences in this source of revenue between two periods.

The impact of the €/$ exchange rate on sales of services remains very limited, impacting growth by +1 percent.

GEOGRAPHICAL DISTRIBUTION OF SALES

The Group's consolidated revenue by geographical region for the financial years ended December 31, 2015 and 2014 is as follows:



Despite a drop in revenue in this region (-4%), EMEA remains the largest market with €8.2 million, representing 41% of total revenue.

Sales in Asia grew the fastest to €7.2 million (+16%) and their proportion increased to 36% of total revenue in 2015, versus 32% in 2014.

The share generated by the Americas amounted to €4.6 million (-7%) and represented 23% of total revenue compared to 25% in 2014.

➢ **EMEA (Europe Middle East & Africa):**

In thousands of euros	Dec. 31, 2015	%	Dec. 31, 2014	%
France	3,646	44%	4,014	47%
EMEA	4,598	56%	4,576	53%
Total EMEA	**8,244**	100%	**8,590**	100%

✓ *France*

In 2015, revenue in France accounted for €3.6 million, representing 44% of the region's total revenue.

Whereas 2014 saw a major expansion in the private sector, the economic climate was particularly challenging in 2015 and sales in France fell 9%.

✓ *Other EMEA (Europe Middle East & Africa):*

In 2015, revenue in the EMEA region excluding France remained constant at €4.6 million. This performance reflected the ongoing economic challenges in this region. For example, for equivalent sales in Russia, growth in the region would have exceeded 10%.

➢ **Americas (USA, Canada, South America):**

The Americas region earned total revenue of €4.6 million in 2015, down 7% compared to 2014. The United States generated the largest share at €4.3 million, representing 92% of total revenue, down 7%.

	Dec. 31, 2015	%	Dec. 31, 2014	%
USA	4,280	92%	4,625	93%
Other Americas	349	8%	337	7%
Total	**4,629**	100%	**4,962**	100%

The decline in revenue in the US was the result of the company's termination of its exclusive distribution partnership for the breast market. The company put in place a new sales strategy, based on expanding its direct sales force, which started to pay off insofar as direct sales in the region rose 30%.

Other countries do not have significant change or amount for the Americas.

➢ **Asia**

Asia posted the strongest growth between 2014 and 2015 with revenue rising from €6.2 million to €7.2 million, up 16%.

	Dec. 31, 2015	%	Dec. 31, 2014	%
China	4,637	64%	3,163	51%
Other Asia	2,555	36%	3,046	49%
Total Asia	**7,191**	100%	**6,209**	100%

✓ *China*

In 2015, revenue in China totaled €4.6 million, versus €3.2 million in 2014, an increase of 47%. This sharp growth in sales reflects the investments made in this region, which had 30 employees and 24 distributors at December 31, 2015.

- ✓ *Asia excluding China*

Asia (excluding China) saw sales decline (-16%), with revenue going from €3.0 million in 2014 to €2.6 million in 2015.

BREAKDOWN OF TOTAL REVENUE BY SALES CHANNEL

Revenue by distribution channel is as follows:

In thousands of euros	Dec. 31, 2015	%	Dec. 31, 2014	%
Direct	7,483	37%	6,868	35%
Indirect	12,581	63%	12,893	65%
Total	**20,064**	100%	**19,761**	100%

Direct sales accounted for 37% of revenue in 2015, an increase of 9%, primarily driven by the growth in US sales. Indirect sales accounted for the largest proportion of the market with 63% of revenue, namely €12.6 million.
Indirect sales were down 2% on 2014, mainly impacted by the end of the distribution agreement in the US.

9.2.1.2. OPERATING EXPENSES AND OPERATING INCOME (LOSS)

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Revenue	20,064	19,761
Other income	1,655	1,819
Revenue	**21,719**	**21,580**
Cost of sales	(12,194)	(12,364)
Gross margin	**9,526**	**9,216**
Gross margin on revenue [(1)]	**7,871**	**7,397**
Gross margin as a % of revenue [(2)]	***39.2%***	***37.4%***
Research and development expenses	(3,510)	(2,629)
Selling and marketing expenses	(11,700)	(11,248)
General and administrative expenses	(5,743)	(5,073)
Other operating income/(expenses)	(213)	254
Current operating income (loss)	**(11,640)**	**(9,480)**
Other non-current operating income/(expense)	(900)	(1,305)
Operating income (loss)	**(12,540)**	**(10,784)**

[1] Gross margin on revenue = Revenue – Cost of sales
[2] Percentage gross margin on revenue = Gross margin on revenue/Revenue

9.2.1.3. COST OF SALES

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Revenue from Products	18,309	18,132
Revenue from Services	1,755	1,630
Other income	1,655	1,819
Total revenue	**21,719**	**21,580**
Cost of sales	12,194	12,364
Gross margin on total revenue	**9,526**	**9,216**
Gross margin as a % of total revenue	*43.9%*	*42.7%*
Gross margin on revenue	**7,871**	**7,397**
Gross margin as a % of revenue	*39.2%*	*37.4%*
of which cost of equipment sales	10,391	10,803
Gross margin equipment sales	**7,918**	**7,329**
Gross margin as a % of product revenue	*43.2%*	*40.4%*
of which activity from Services	1,802	1,561
Gross margin from services	**(47)**	**68**
Gross margin as a % of services revenue	*-2.7%*	*4.2%*

The gross margin on total revenue rose 1.2 percent to 43.9% in 2015, from 42.7% in 2014. The gross margin corresponds to total revenue (€21.719 million) minus the cost of sales (€12.194 million).

The gross margin on revenue corresponds to revenue (€20.064 million) minus the cost of sales. The cost of equipment sales includes:

- product cost (purchase of components and assembly);
- cost of the Group's "Production" department: insofar as system assembly takes place in Malaysia, the Production department is responsible for the supply chain, customer configuration of systems as well as inventory management. This structure makes it possible to limit the fixed costs of production, and thereby reduce their proportion in the overall purchase cost of a system;
- provision for warranties;
- royalties due;
- provisions for write-down of inventory due to obsolescence and scrapping.

The percentage gross margin on revenue rose 1.8 percent to 39.2% in 2015, from 37.4% in 2014. This improvement was mainly driven by:

- A broadly positive effect from the strengthening of the dollar during the year: the Group invoices 44% of its revenue in dollars, whereas it has lower costs in this currency;

- A positive effect from the Group's efforts to grow margins over the long-term, primarily by transferring production from Scotland to Malaysia, with a full-year effect in 2015 (vs. on only the second half in 2014).

The gross margin on services was minus €47,000 (-2.7%), whereas it had been positive for the first time in 2014 at €68,000 (+4.2%).

Revenue from services increased 8% over the period, from €1.630 million in 2014 to €1.755 million in 2015. Business costs over the period rose €0.2 million from €1.561 million in 2014 to €1.802 million in 2015. This improvement was firstly driven by a €0.1 million increase in the revenue in question, but also by the following inverse changes:

- +€0.4 million in structural costs due to the increase in the installed base and hence in travel expenses, spare parts shipping costs, and the cost of strengthening the dedicated team;

- -€0.2 million positive impact on the cost of spare parts, thanks to a special effort to return spare parts from customers and distributors;

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 2015:

In thousands of euros	R&D expenses	Capitalized expenses	Total Expenditure
Personnel	1,293	3,447	4,740
Fees, External Services	858	918	1,775
Travel expenses and entertainment	151	104	255
Depreciation, amortization & provisions	1,166	479	1,646
Purchases and consumables	118	220	338
Others	323	142	466
Subtotal expenses	**3,909**	**5,309**	**9,218**
Operating grants	(31)	-	(31)
Research tax credits	(369)	(1,854)	(2,223)
Subtotal income	**(399)**	**(1,854)**	**(2,254)**
Total	**3,510**	**3,455**	**6,964**

In 2014:

In thousands of euros	R&D expenses	Capitalized expenses	Total Expenditure
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 credits	(444)	(1,437)	(1,881)
Subtotal income	**(1,147)**	**(1,443)**	**(2,590)**
Total	**2,629**	**2,540**	**5,168**

Following the initial public offering in April 2014 and the capital increase of €50 million (net), the Group has increased the pace of its research and development with €9.2 million spent in 2015 and €7.8 million in 2014, up 18%.

The Company obtains grants and tax credits (RTC – Research Tax Credit, Innovation Tax Credit, Job Competitiveness Tax Credit), which reduces the cost of research and development. The research tax credit represents the bulk of tax credits obtained and is calculated on the basis of R&D-related expenditure.

The capitalized amounts, which consist primarily of personnel costs, are inherent in the successive development of Aixplorer® versions V3 to V11, as well as those relating to the next generation of ultrasound imaging devices. The portion capitalized as intangible assets amounted to €2.540 million in 2014 and €3.900 million in 2015 (corresponding to €3.455 million in capitalized internal development costs and €439,000 in non-current assets acquired in the course of these projects).
Payroll was the largest expense item, in particular compared to "Fees/external services/subcontracting", reflecting the company's in-house expertise. The 16% increase in payroll (before capitalization) relates to the accelerated development of future products (next generation of ultrasound device, and version of Aixplorer®.

Over the periods being compared, the RTC recognized by the Company is equal to €1.881 million for 2014 and €2.223 million for 2015, or +18%, which is in line with the increase in R&D expenses between the two years (+19% to €9.218 million).

9.2.1.5. SALES AND MARKETING EXPENSES

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Personnel	5,933	5,648
Fees, External Services	1,755	1,941
Travel expenses and entertainment	2,799	2,515
Depreciation, amortization & provisions	405	367
Others	809	777
Total	**11,700**	**11,248**

Total sales and marketing expenses, which consist mainly of dedicated staff expenses, increased significantly during the period in question. The 4% growth in these expenses between 2014 and 2015 is mainly explained by:

- A €285,000 increase in Sales and Marketing payroll (+5%), mainly due to the expansion of the sales teams (Salespeople and "Application Specialist"). They increased by 10% to 56 employees at December 31, 2015 from 51 at December 31, 2014.

- The "Fees/external services/subcontracting" line item fell 10%. 2014 had been affected by legal fees due to the dispute with the Chinese distributor;

- Travel expenses and entertainment increased by 11%, thus demonstrating the intensive work of the sales forces around the world.

9.2.1.6. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Personnel	2,498	2,738
Fees, External Services	2,467	1,696
Travel expenses and entertainment	287	196
Depreciation, amortization & provisions	251	246
Others	239	197
Total	**5,743**	**5,073**

In 2015, general and administrative expenses rose 13%, mainly in the form of fees and external services. The increase in this line item was mainly due to (i) expenses directly attributable to the company's listing on a regulated market (legal fees, more expensive shareholders' meeting, financial communication, statutory bodies, etc.), (ii) the cost of a study conducted by a specialized private office on a range of strategic opportunities, which resulted in the Group repositioning itself on breast and liver clinical applications.

9.2.1.7. OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Customer provisions	(217)	(129)
Miscellaneous	1	(23)
Other operating expenses	**(216)**	**(152)**
Reversal of unused customer provisions	6	403
Miscellaneous	(3)	2
Other operating income	**3**	**405**
Other operating income and expenses	**(213)**	**254**

In 2015, allocations to provisions for doubtful accounts rose from €129,000 in 2014 to €217,000 in 2015, mainly due to the provision for the receivable due from the Brazilian distributor.

In parallel, the reversal of provisions for doubtful accounts totaled €6,000 in 2015.

9.2.1.8. CURRENT OPERATING INCOME (LOSS)

At December 31, 2015, there was current operating loss of €11.6 million, compared to a loss of €9.5 million in 2014.

9.2.1.9. NON-CURRENT OPERATING INCOME (LOSS)

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Depreciation of receivables		(1,002)
Personnel	(648)	(276)
Fees, commissions and royalties	(252)	(904)
Travel	-	(68)
Equipment	-	(12)
Others	-	(44)
Other non-recurring operating expenses	**(900)**	**(2,307)**
Receivables	-	1,002
Other non-recurring operating income	**-**	**1,002**
Other non-current operating income and expenses	**(900)**	**(1,305)**

In 2015, non-current operating expenses included changes in Management Board membership over the year (new member, departure and hiring costs). The main cost related to the departure of the Chairman of the Management Board in December 2015, which totaled €360,000.

In 2014, they primarily included:

- the costs of transferring production of ultrasound imaging 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.

9.2.2. NET INCOME (LOSS)

9.2.2.1. FINANCIAL INCOME (LOSS)

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Foreign currency exchange losses	(71)	-
Interest	(588)	(592)
Financial expenses	**(659)**	**(592)**
Foreign currency exchange gains	522	227
Interest	66	146
Financial income	**588**	**373**
Financial income (loss)	**(71)**	**(219)**

Financial income improved €148,000, mainly on the back of:

- ✓ Higher foreign exchange gains, which rose from €227,000 in 2014 to €451,000 in 2015, close to 100%. The US dollar represents the Group's main foreign currency exposure with 44% of revenue invoiced in this currency. The sharp rise in the USD over the period benefited both annual revenue and foreign exchange gains and losses, and particularly the latter.

- ✓ Interest expenses totaled €522,000 in 2015 compared to €446,000 in 2014.

9.2.2.2. INCOME TAX

Given the losses recorded for the last two years, the Company has not recorded any income tax with the exception of a flat tax in China totaling €147,000 in 2015, versus €105,000 in 2014. It obtained a research tax credit, which is deducted from research and development expenses in the IFRS consolidated financial statements (see Section 9.2.1.4 above).

At December 31, 2015, unrecognized deferred tax assets amounted to €39.860 million, versus €35.482 million at December 31, 2014.

9.2.2.3. NET INCOME (LOSS) AND NET EARNINGS (LOSS) PER SHARE

The consolidated net loss totaled €12.758 million in 2015, compared with €11.108 million in 2014. In the absence of non-controlling interests, the net loss attributable to the equity holders of the parent company is equal to the net loss.
The net loss per share issued (weighted average number of shares outstanding) was €0.79 in 2015 and €0.76 in 2014.

9.3. BALANCE SHEET ANALYSIS

The balance sheet total at December 31, 2015 was €62.4 million compared to €71.9 million at December 31, 2014.

ASSETS

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Total non-current assets	13,907	11,251
Cash and cash equivalents	29,476	42,204
Total current assets	48,518	60,664
Total assets	**62,424**	**71,915**

LIABILITIES

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Total equity	38,063	51,062
Total non-current liabilities	6,636	6,643
Total current liabilities	17,726	14,210
Total liabilities and shareholders' equity	**62,424**	**71,915**

9.3.1. NON-CURRENT ASSETS

Net non-current assets break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	10,112	7,464
Property, plant and equipment	1,481	1,280
Other non-current assets	2,313	2,509
Total non-current assets	**13,907**	**11,251**

The increase in non-current assets was mainly attributable to:

- ✓ +€2.6 million increase in intangible assets due to:
  - +€3.5 million increase in capitalized development costs for 2015;
  - +€0.4 million increase in intangible assets acquired as part of R&D projects;
  - -€1.3 million in the amortization of these intangible assets.

- ✓ A €201,000 increase in property, plant and equipment as follows:
  - +€1.0 million increase in the acquisition of research equipment, capitalization of Aixplorer® systems for use in research, production equipment (test bench, controls, various tools, etc.) and also office and computer equipment;
  - -€0.8 million in depreciation;
  - -€0.03 million following the transfer of ultrasound imaging 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 mainly consist of cash and shares pledged, in which there was no material year-on-year change.

9.3.2. CURRENT ASSETS

Net current assets break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Inventories	5,952	4,234
Trade receivables	8,343	8,417
Other current assets	4,747	5,809
Cash and cash equivalents	29,476	42,204
Total current assets	**48,518**	**60,664**

The changes in the main items can be analyzed as follows:

- **Inventories:**

The €1.7 million increase in net inventories between 2014 and 2015 was the result of:

- +€1.7 million in inventories of raw materials, spare parts, goods in process and finished goods and demonstration equipment during the period. This increase was due to an expanding range of probes for which inventory had to be built up, as well as the lower than anticipated volume of system sales, unsold systems being kept in inventory.

- Inventory impairment remained unchanged and was offset by (i) the €0.2 million increase in the impairment of demonstration equipment and (ii) the equivalent decline in inventory impairment as a result of improved management.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Raw materials & spare parts	3,772	2,613
WIP and finished goods	2,015	1,843
Demonstration equipment	1,560	1,171
Total gross inventories	**7,347**	**5,627**
Provisions for loss on inventories	(1,396)	(1,393)
Total Net Inventories	**5,952**	**4,234**

- **Trade receivables:**

The change in the trade receivables line item reflects the change in sales, gross trade receivables growing 2% versus 1% for revenue.

The impairment of receivables rose €0.3 million, half of which was due to a reclassification in the short-term (the portion of the receivable due from the former Brazilian distributor at more than one year at December 31, 2014 was reclassified as non-current, it was in current at December 31, 2015), half due to new provisions, mainly those for the new Brazilian distributor, as detailed in Section 20.1 in Note 12.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Trade receivables	9,562	9,331
Provisions for doubtful accounts	(1,219)	(915)
Trade receivables, net	**8,343**	**8,417**

At December 31, 2015, the impairment of receivables consisted mainly of the impairment of the receivable of a Chinese distributor for €515,000, of the former Brazilian distributor for €339,000 and of the new Brazilian distributor for €131,000 (see Note 12 to the consolidated financial statements in Chapter 20.1 of this Registration Document).

➢ **Other current assets:**

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Research tax credit receivable	2,336	3,691
VAT receivable	1,448	1,023
Prepaid expenses	313	331
Prepayments	279	248
Operating grants receivable – current portion	340	466
Other receivables	32	50
Total other current assets	**4,747**	**5,809**

The main changes in "Other current assets" break down as follows:

- **Research tax credit receivable**, down €1.4 million: Given its status as an SME in EU terms, receivables relating to the research tax credit (RTC) are repaid in the year following their recognition. By way of exception, the RTC for 2013 was not reimbursed in 2014, due to the tax audit then underway. It was reimbursed in full in 2015, along with the RTC for 2014. The receivable at December 31, 2015 was mainly for the RTC for 2015, in addition to the Innovation Tax Credit.
- **VAT receivable**: this line item rose €0.4 million, as a result of (i) sourcing ultrasound imaging devices in Malaysia, generating VAT at import (the company obtained a VAT exemption for 2016 and as a result will reduce the cash allocated to this line item) and (ii) the decline in sales in France.

➢ **Cash and cash equivalents**

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Cash on hand	12,032	5,575
Marketable securities	17,445	36,630
Cash and cash equivalents	**29,476**	**42,204**

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.
€2.0 million in cash was reclassified as non-current assets (see Section 9.3.1 of this document).

A detailed net cash flow analysis is presented in Section 10.2 below.

9.3.3. SHAREHOLDERS' EQUITY

Shareholders' equity stood at €38.1 million at December 31, 2015, compared with €51.1 million the previous year. This €13.0 million decline was mainly due to the losses for the period (€12.8 million).
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 LIABILITIES

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Financial debt - Long-term portion	5,561	5,562
Retirement obligations	411	364
Provisions and other non-current liabilities	664	716
Total non-current	**6,636**	**6,643**

Non-current liabilities break down as follows:

- **Financial debt – Long-term portion** consisted, as of December 31, 2015, of (i) the long-term portion of the €5.0 million bond issue (€4.9 million net of issuance costs) plus (ii) the non-current portion of a €0.7 million repayable advance from Bpifrance (formerly OSEO).
- **Pension commitments** amounted to €0.4 million at December 31, 2015.
- **Provisions and other non-current liabilities** at December 31, 2015 consisted of €0.4 million for future payments discounted for fixed minimum charges on acquired patents and licenses, and €0.2 million in deferred income corresponding to maintenance contracts. These two line items were unchanged year-on-year.

9.3.5. CURRENT LIABILITIES

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Financial debt - Short-term portion	5,955	3,021
Trade payables	5,900	4,525
Provisions and other current liabilities	5,871	6,664
Total current liabilities	**17,726**	**14,210**

Current liabilities break down as follows:

- **Financial debt – Short-term portion**, mainly comprised of two short-term overdraft facilities for €4 million, RTC pre-financing of €1.6 million. At December 31, 2014, it was comprised of a single short-term overdraft facility for €3 million.
- **Trade payables** were up 30% (+€1.4 million), mainly due to €0.8 million in additional payables for Royalties (licensing agreement entered into in 2014 on the basis of an annual payment) as well as to the increase in payables owed to suppliers of systems, probes and shipping for €0.4 million.
- **Provisions and other current liabilities** were down 12% (-€0.8 million), and broke down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Social security costs	2,697	3,190
Deferred revenue - current portion	1,005	1,713
Operating grant repayable	790	804
Provisions for other current liabilities	460	456
Tax debt	908	376
Advances received on orders	0	110
Miscellaneous	14	14
Total other current liabilities	**5,871**	**6,664**

  - **social security costs** were down €0.5 million, namely -15%, mainly due to the decline in provisions for bonuses, in particular those for the Management Board, which will not be allocated variable compensation for the past

year, as well as an extraordinary expense in 2014 of €0.3 million (tax on stock options granted to a senior manager).

- **deferred revenue** fell €0.7 million year-on-year, mainly due to deferred revenue related to Other income;
- **operating grants to be repaid** (€0.8 million) only include the excess portion of the 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 portion of the grant received for expenses that ultimately were not incurred (and not recognized as income by the company);
- **provisions for other current liabilities**: linked to the provision for warranty on equipment sold.
- **tax liabilities** rose €0.6 million as a result of an increase in the VAT payable.

9.4. SUMMARY OF THE CORPORATE FINANCIAL STATEMENTS

For the year ended December 31, 2015:
- net revenue before tax amounted to €19.453 million, compared to €19.394 million a year earlier;
- total operating profit amounted to €25.447 million, compared to €26.008 million the previous year;
- operating expenses for the year amounted to €37.862 million, compared to €34.667 million the previous year;
- the operating loss amounted to €12.415 million, compared to a loss of €8.660 million the previous year;
- wages and emoluments totaled €8.391 million, compared to €7.456 million the previous year;
- payroll taxes amounted to €3.127 million, compared to €3.145 million the previous year;
- depreciation and amortization amounted to €2.080 million, compared to €1.552 million the previous year;

The salaried workforce at December 31, 2015 was 110, versus 95 the previous year.

Given a financial loss of €4.293 million primarily related to the impairment of receivables from its subsidiaries, the before-tax current loss amounted to €16.708 million, compared to a loss of €15.872 million the previous year.

In light of the above, an exceptional loss of €306,000, an income tax credit of €2.076 million, which mostly represents the amount of the research tax credit, and the tax for the Chinese representative office, there was a loss of €14.938 million for the year, compared to a loss of €14.581 million 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 December 31, 2015, Group shareholders' equity amounted to €38.063 million, versus €51.062 million at the end of 2014.

10.1.1. INFORMATION ON CASH AND CASH EQUIVALENTS BALANCES

At December 31, 2015, the total amount of cash and cash equivalents held by the Group totaled €29.476 million, compared to €42.204 million at the end of 2014.

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 committed to maintaining a minimum account balance of €2 million for as long as the bond issue is not fully repaid.

At December 31, 2015, financial debt consisted of:

- debts related to repayable advances granted by Bpifrance, formerly OSEO,
- a bond with equity warrants issued in December 2013,
- **short-term borrowings corresponding to overdraft facilities and pre-financing of the 2015 RTC, by means of a Dailly-type assignment of receivables, as described in Note 35.4.**

(In thousands of euros)	Dec. 31, 2015	Dec. 31, 2014
Cash in banks	12,032	5,575
Marketable securities	17,445	36,629
Total	**29,476**	**42,204**
Current financial liabilities	5,955	3,021
Financial debt - current (A)	**5,955**	**3,021**
Non-current financial liabilities	5,561	5,562
Financial debt - Non-current (B)	**5,561**	**5,562**
Financial debt (A)+(B)	**11,516**	**8,583**
Net financial debt	**(17,960)**	**(33,621)**

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 innovation policy 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 bond 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 December 31 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	58,157	**166,516**
2015	97	3,585(a)	242	275	-	5,615	9,814	**176,330**
Total	**140,755**	**13,459**	**2,261**	**6,240**	**5,000**	**8,615**		**176,330**

(a) For further details, see Section 10.1.2.3.

10.1.2.1. EQUITY FINANCING

At December 31, 2015, the Company had received a total of €140.755 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)	Number of shares	Price per share
Total equity financing at December 31, 2013			**85,842**	**11,337,376**	
04/09/14	Cash	Ordinary	50,000	4,273,504	11.70
04/09/14	Creation of free shares	Ordinary	-	29,065	-
05/09/14	Cash	Ordinary	4,771	407,783	11.70
06/30/14	Exercise of stock options	Ordinary	1	6,500	0.10
12/31/14	Exercise of BSPCE	Ordinary	45	5,000	8.85
12/31/14	Exercise of stock options	Ordinary	1	5,000	0.10
12/31/14	Exercise of warrants	Ordinary		4,000	0.10
Total equity financing at December 31, 2014			**140,658**	**16,068,228**	
06/30/15	Exercise of stock options	Ordinary	0	153	0.10
06/30/15	Exercise of BSPCE	Ordinary	13	2,200	2.37
06/30/15	Exercise of warrants	Ordinary	2	22,000	0.74
12/31/15	Exercise of stock options	Ordinary	0	2,500	0.10
12/31/15	Exercise of BSPCE	Ordinary	12	25,680	2.37
12/31/15	Exercise of warrants	Ordinary	70	96,418	0.74
Total equity financing at December 31, 2015			**140,755**	**16,217,179**	

Details of subscriptions during the two financial years can be found in Section 20.1 in Note 16.1.2.

10.1.2.2. FINANCING BY BOND ISSUE

In December 2013, the Company issued a bond with a nominal value of €5 million 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 can be found in Note 17.2 to the consolidated financial statements prepared under IFRS for the 2015 financial year.

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 €2.128 million at December 31, 2015 was as follows:

(In thousands of euros)

B/S receivable as at Dec. 31, 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 Dec. 31, 2013	**1,699**
+ 2014 RTC recorded over the period	1,846
+ TTCE recorded over the period	66
- 2013 RTC payment received	-
Foreign tax debt	81
B/S receivable as at Dec. 31, 2014	**3,691**
+ 2015 RTC recorded over the period	2,128
+ TTCE recorded over the period	86
+ 2015 ITC	80
- 2013 RTC payment received	(1,739)
- 2014 RTC payment received	(1,846)
- 2014 TTCE payment received	(66)
Foreign tax debt	3
B/S receivable as at Dec. 31, 2015	**2,336**

From its inception until the end of 2015, the Group obtained a total Research Tax Credit refund of €13.459 million (see detailed table in Section 10.1.2 above).

The cumulative total (including the 2015 receivable) thus amounts to €15.587 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 December 31, 2015, consolidated financial debt included repayable advances from Bpifrance (formerly OSEO) and the IMPULSE incubator.

The Company currently benefits from the five following repayable grants:

Completed projects:

- **1st repayable advance received from the IMPULSE incubator**;
- **2nd repayable advance from Bpifrance (formerly OSEO) (HIFU-Brain Therapy project);**
- **3rd repayable advance from Bpifrance, formerly OSEO (Prostate)**

Project ongoing

- **4th grant from Bpifrance, formerly OSEO (Portion relating to the collaborative project – TUCE)**: on December 4, 2008, the Group was granted a financial package 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 €8.522 million in grants awarded, the share attributable to the Company totaled €1.615 million, of which €1.208 million in subsidies and €407,000 in repayable advances.

  In accordance with an amendment dated December 20, 2010, the start date for the R&D work was moved from June 30 to December 31, 2009, thus pushing back the end date of the 60 month program to December 31, 2014.

In accordance with a second amendment dated November 30, 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 December 31, 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., December 31, 2011;
- €0 at the completion of Key Stage 3 as defined in the agreement, i.e., December 31, 2012;
- €51,000 at the completion of Key Stage 4 as defined in the agreement, i.e., December 31, 2013;
- €191,000 at the completion of Key Stage 5 as defined in the agreement, i.e., December 31, 2014;
- €27,000 at the completion of Key Stage 6 as defined in the agreement, i.e., December 31, 2015;
- the balance of €60,900 at the end of the program, on December 31, 2016.

On June 26, 2012, the Company received the first installment of €77,000 and €242,000 on July 1, 2015. 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 revenue once €1.5 million has been achieved 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 May 6, 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 obtained grants of €7.296 million, including €5.876 million attributable to the Company and broken down into a total of €2.837 million in subsidies and €3.038 million in repayable advances.

  The project is expected to take about 60 months. Project launch was postponed from September 15, 2009 to May 15, 2010.

  Regarding the repayable grant provided 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 in equity:
  - €515,000 upon signing;
  - €734,000 at the completion of Key Stage 1, as defined in the agreement, i.e., August 15, 2011;
  - €1.078 million at the completion of Key Stage 2 as defined in the agreement, i.e., June 15, 2012;
  - €255,000 at the completion of Key Stage 3 as defined in the agreement, i.e., June 15, 2013;
  - the balance, €456,000, at the completion of the program, i.e., September 15, 2014.

At December 31, 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 revenue, 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, the Company was 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 grant 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 planned 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 December 31, 2013 as short-term liabilities.
Final repayment should take place in 2015. It will definitely take place in 2016.

Repayable advances at December 31, 2015 are summarized as follows:

Repayable grants (In thousands of euros)	OSEO THERAPY	OSEO ICARE	OSEO TUCE	Total
Debt as at December 31, 2013	**338**	**657**	**77**	**1,072**
+ payments received	-	-	-	-
- repayments	-	-	-	-
- discounting	-	-	-	-
+ accretion	-	25	-	25
- Cancellation of the debt	-338	-	-	-338
+/- change in assumption	-	-	-	-
Debt as at December 31, 2014	**-**	**682**	**77**	**759**
+ payments received	-	-	242	242
- repayments	-	-	-	-
- discounting	-	-	-	-
+ accretion	-	25	-	25
- Cancellation of the debt	-	-	-	0
+/- change in assumption	-	-	-	-
Debt as at December 31, 2015	**-**	**707**	**319**	**1,026**

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).

10.1.2.1. 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 received				Amount of grant on contract	Balance receivable
In thousands of euros	Pre-2014	2014	2015	Cumulative total		
ICARE - OSEO	1,775			**1,775**	**2,838**	**1,063(1)**
DARMUS- DGA	645			**645**	**645**	
CARDIO -ANR	215			**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		126	**181**	**186**	**4**
PLIK -OSEO	40	14		**54**	**133**	**79**
PLIK –Pays d'Aix	24	1		**25**	**80**	**55**
PLIK - PACA					**80**	**80**
BITHUM -ANR	71	24		**94**	**118**	**24**
IDITOP -OSEO	100	167		**268**	**335**	**67**
IDITOP - PACA		59	93	**152**	**250**	**98**
Cartographics - INCA INSERM	106		27	**133**	**133**	
Capacity - BPI		62	(62)	**0**		
Ultra Fast 4D-ANR			92	**92**	**306**	**214**
Total	**4,626**	**340**	**275**	**5,241**	**7,106**	**1,865**

(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 December 31, 2015, the Group had received a total of €6.240 million, €5.241 million of which was in grants and €1.0 million various bonuses.
€802,000 in grants are still outstanding (it should be noted that the Group will repay the excess on the ICARE grant in 2016 for an amount of €807,000 - see Section 10.1.2.4 above).

10.1.2.2. OTHER SHORT-TERM FINANCING

At December 31, 2015, the Group had short-term credit approval of up to €7.5 million. These lines had been partly drawn down at December 31, 2015 (see details in Note 14), in particular in connection with the pre-financing of the Research Tax Credit for the past year.

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 2015.

10.2. CASH FLOWS

For the period presented, changes in cash by type of cash flows were as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Net cash flows provided from/(used in) operating activities	(10,747)	(8,717)
Net cash flows provided from/(used in) investing activities	(3,999)	(5,145)
Net cash flows provided from/(used in) financing activities	2,172	51,589
Changes in net cash flow	**(12,574)**	**37,727**
Cash and cash equivalents opening balance	42,204	6,437
Reclassification of cash as non-current assets		(2,000)
Impact of foreign exchange on cash and cash equivalents	(155)	41
Cash and cash equivalents closing balance	**29,476**	**42,205**

10.2.1. CASH FLOW RELATED TO OPERATING ACTIVITIES

Cash consumption related to operating activities for the financial years ended December 31, 2015 and 2014 amounted respectively to €10.747 million and €8.717 million.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Net income (loss)	(12,758)	(11,108)
Amortization and depreciations of assets	2,118	1,533
Changes in the provisions for contingencies	4	73
Changes in the provision for retirement commitments	68	75
(Income)/Expenses linked to share-based payments	30	309
(Income)/Interest expenses, net	516	589
Changes in contingent advances	-	(338)
Gains on disposal of cash equivalents	-	(147)
Income tax expense	147	105
Cash flow linked to operating activity, before changes in WCR	**(9,875)**	**(8,910)**
Inventories	(1,687)	(842)
Trade receivables	74	(1,712)
Other receivables	(410)	(831)
Tax credit for research and operating grants	796	(557)
Suppliers and other liabilities	480	4,158
Taxes on paid income	(125)	(23)
Net cash flows provided from/(used in) operating activities	**(10,747)**	**(8,717)**

Cash flow from operations (CFO) (net consumption of cash from operating activities before changes in the working capital requirement) for the financial years ended December 31, 2015 and 2014 amounted respectively to (€9.875 million) and (€8.910 million).

This year-on-year deterioration in CFO of nearly €1 million was mainly due to a net accounting loss, which increased by €1.6 million over the period.

2015 saw a deterioration in the working capital requirement of €0.9 million, mainly due to the slowdown in growth over the financial year: as sales in the final quarter were lower than expected, inventory was that bit higher, in the same way as trade receivables were lower.

10.2.2. CASH FLOWS FROM INVESTING ACTIVITIES

Cash consumption related to investing activities for the financial years ended December 31, 2015 and 2014 fell by nearly €1.1 million and totaled €3.999 million and €5.145 million respectively.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Acquisitions of property, plant and equipment	(998)	(758)
Acquisitions and production of intangible assets	(5,816)	(4,421)
Receipt of research tax credit allocated to capitalized R&D expenses	2,658	-
Receipt/Disbursement of financial assets	91	(112)
Income from interest received and capital gain on disposals of treasury instruments	66	147
Net cash flows related to investment operations	**(3,999)**	**(5,145)**

The main change (€2.6 million) relates to receipt of the research tax credits for 2013, 2014 and 2015 in 2015.

The intangible assets break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Capitalized R&D expenses	5,748	4,375
Licenses and patents		
Others (software, etc.)	68	46
Total acquisitions of intangible assets	**5,816**	**4,421**

The "Capitalized R&D expenses" line item is for expenses incurred over the financial year that meet the requirements for capitalization (€5.309 million of spending incurred for R&D and subsequently capitalized, and €439,000 directly capitalized for the same projects).

Property, plant and equipment break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Equipment	652	580
Office and IT equipment	160	167
Others	187	11
Total acquisitions of property, plant and equipment	**999**	**758**

The equipment is primarily related to R&D equipment and production.
The others line item mainly corresponds to the €129,000 on the acquisition of various fixtures and fittings following the opening of new offices leased from July 2015.

10.2.3. CASH FLOWS FROM FINANCING ACTIVITIES

Net cash flow from financing activities totaled €2.172 million in 2015 and €51.589 million in 2014.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Profit from transactions on share capital	97	54,816
Expenses related to capital increases	-	(4,495)
Incurment of financial debt	5,857	3,000
Repayment of financial debt	(3,000)	(829)
Deposits into partner current accounts	-	-
Interest disbursed	(507)	(515)
Acquisitions of treasury shares	(275)	(388)
Net cash flows provided from/(used in) financing activities	**2,172**	**51,589**

Net cash flows from financing activities have as major components:

- **Changes to the capital:**

In 2015, the Group made no changes to its capital, other than those resulting from the exercise of previously granted instruments.
In April 2014, as part of the company's initial public offering, €50.3 million had been raised (€54.8 million minus €4.5 million in related expenses).

- **The Group's short-term financing policy:**

The Group had arranged a short-term €3 million credit facility, fully used at December 31, 2014 and repaid in 2015.
In 2015, the Group used two types of short-term financing: two overdraft facilities for €4 million, fully drawn down, as well as pre-financing of 80% of the 2015 RTC totaling €1.6 million.

- €0.5 million in **interest**, representing financial expenses on the convertible bond issue subscribed in December 2013.

- Finally, through the liquidity agreement arranged in May 2014 and described in Section 21.1.3, the Group accessed an additional €0.3 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 Aix-en-Provence business premises. This pledge was given for a period of nine years and ends on July 18, 2017.

Pledge of bank accounts
As security for the bond issue, the Company has granted the holders of bonds with share warrants (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

The cash available at December 31, 2015 was €29.5 million compared to €42.2 million at December 31, 2014.

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 imaging 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 (such as cardiology, hepatology, urology and endocrinology).

From 2005 to 2015, the majority of the Company's resources was dedicated to the development of Aixplorer®. For 2015 alone, the total gross expenditure on research and development eligible for the Research Tax Credit for those years amounted to €7.6 million and the net amount of grants received was €275,000 (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 staff of the Company's R&D department (51 employees as of December 31, 2015) are spread across 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 compensation 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.

Biographies of the committee members can be found on the company's website at the following address: http://www.supersonicimagine.fr/SuperSonic-Imagine/Comite-scientifique

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. These applications and the resulting patents are intended to protect inventions covering improved versions of existing products and modes or new products or modes.

The Company's current intellectual property portfolio includes:

- 22 families of patents (which it either owns, co-owns or holds under exclusive licensing agreements) including 17 imaging patents listed below and 5 in therapy;
- 5 licensing agreements (including one in the process of renewal).

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

These relate to families covering the following imaging innovations:

- **EP 2249708 family**: a device that allows simultaneous display on the main screen and on an additional screen in order to facilitate use of the ultrasound imaging system, which is owned by the Company;
- **EP 2160597 family**: a method providing imaging of all the visco-elastic properties of an area (elasticity and viscosity), which is owned by the Company;
- **EP 2101191 family**: a synthetic and ultrafast method of image formation based on plane waves and applicable to all ultrasonic wave imagery modes (B, Doppler, SWE, contrast), which is owned by the Company;
- **EP 1546757 family**: shear wave elastography 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 film of the displacement of the wave, which is owned by the Company; and
- **EP 2790584 family:** Ultrasound acquisition and processing device based on GPU clusters, which is owned by the Company;
- **EP 1998680 family**: 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), which is owned by the Company;
- **EP 2069821 family**: 1.5D probe designed for an optimal shear wave elastography mode for high imaging rate, which is owned by the Company;
- **EP 2084702 family**: effective method for shear wave generation based on radiation pressure on an acoustic interface, which is owned by the Company;
- **EP 1866667 family**: 3D visco-elastic imaging patent with a specific determining treatment method for reliability of results, which is owned by the Company;
- **EP 1531729 family:** ultrasound wave focusing method by iterative learning, which is owned by the Company;
- **EP 2146640 family**: 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, which is owned by the Company;
- **EP 2437666 family**: imaging procedure and device for assessing heart contractility based on shear wave elastography, which is owned by the Company;
- **EP 2459071 family**: 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), which is co-owned by the Company;
- **EP 2561380 family**: generation and summation method of shear waves by radiation force that increases the distance of the wave propagation in complex areas, which is co-owned by the Company;
- **WO/2014/128519 family**: device for selection and activation of ultrasound probes without mechanical relays, which is owned by the Company;
- **EP 2673657 family**: new ultrafast imaging method for a spatially limited area without loss of image quality due to the spheroidal base, which is owned by the Company;
- **WO/2015/110583 family**: use of a contrast agent imaging method employing a phase shift, which is owned by the Company.

Other patents within the focused ultrasound therapy domain. The patent portfolio is unchanged on previous years:

- **EP1326536 family**: method of focusing the ultrasound beam in the brain based on time reversal, which is owned by the Company;
- **EP2210128 family**: Insonification device with a three-dimensional network of spiral emitters able to generate a beam of high-intensity focused waves, which is owned by the Company;
- **EP2257942 family**: insonification device with an internal cooling chamber, which is owned by the Company;

- **US7837623 family**: non-invasive method of obtaining a pre-determined acoustic wave field in an essentially uniform medium which is concealed by a bone barrier, imaging method and device for carrying out said methods, which is owned by the Company;

- **US7679988 family**: procedure and device for focusing sound waves, under license.

The Company is of the view that all of its intellectual property is properly protected.

11.2.3. LICENSING AGREEMENTS

Up to December 31, 2015 the Company had six licenses, which has dropped to five since January 1, 2016. Similar to the patents and patent applications, they may be broken down into three sub-groups according to their relative importance.

Therefore, the two major licenses relate to the patent families/patent applications directly concerning Aixplorer®. These licenses have been granted by Mr. Armen Sarvazyan (20th family) and Verasonics Inc. (21st family).

First licensing agreement: on December 19, 2008, the Company signed an agreement 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 agreement 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 was valid until the expiration date of the underlying patents, i.e. until November 2015. The Company has, since its incorporation, filed patents that protect the implementation of innovations covered by these patents and these patents now enable it to protect these innovations despite the fact that the patents covered by this agreement have entered the public domain.

A second license granted by SEISME concerns patent families/patent applications currently being used as part of ongoing research programs and development.

Second licensing agreement: on July 20, 2011, the Company entered into a licensing agreement with Elastographie Impulsionnelle pour les Systèmes de Mesures de l'Elasticité (SEISME), valid until the expiration date of the relevant patent WO2000055616 held by the latter, 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 third license granted by LRT for several patent applications that have not been exploited to date in Aixplorer® but which cover fundamental aspects of its research.

Third licensing agreement CNRS AUTOFOC, this agreement is discussed in Chapter 22.

Fourth and fifth 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 also owns 49 domain names, which are usually renewable every year or every two years and indefinitely, allowing it to cover the main TLDs (.fr .com .us .cn, etc.) as well as the Group's main key words (supersonicimagine, Aixplorer).

12. TRENDS

12.1. RECENT DEVELOPMENTS SINCE THE 2015 BALANCE SHEET DATE

This chapter summarizes the major developments of 2016 up through the date of this report. The major developments in 2015 are detailed in Section 6.1.

The Group signed an **exclusive distribution agreement with Sandhill Scientific** to distribute Aixplorer® in the United States to gastroenterologists and hepatologists. This agreement came into effect on March 14, 2016.
SuperSonic Imagine's direct sales force in the United States will now focus on radiology and breast applications and other clinical applications.

On April 19, 2016, the Group published its revenue for Q1 2016, which was up 21% on Q1 2015 at €3.9 million. Including other income, total revenue stood at €4.1 million, up 22% on the same period the previous year.

12.2. STRATEGY

Having mainly concentrated its efforts on R&D work and the clinical validation of its product, in 2012 the Group began a commercial roll-out 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 will be based on three drivers: commercial, technological and financial connected with the optimization of production.

Commercial driver validated by promising results

The Group's commercial strategy is built around accelerating the worldwide roll-out of its offering to 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.

To accomplish this, the Group plans to significantly strengthen its commercial footprint by maintaining a three-fold commercial approach which relies on a direct sales force, an indirect sales force (operating through a network of distributors) and lastly a sales representative office in China. From 2016, China will also be served directly via a new subsidiary.

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.

The commercial strategy is to focus on breast and liver applications where the clinical benefits have been broadly proven in multicenter clinical studies in Europe, the US and China. By becoming a leader in these high potential clinical applications and by capitalizing on this major differentiation vis-à-vis market leaders, this will enable the Group to penetrate the general imaging segment in radiology departments.

In China, the representative office has demonstrated the validity of this specific approach over its initial years, with average annual revenue growth of 53% since it was established in 2012. 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 be intensified with both a sharp increase in the number of distributors and an expansion in the type of distributors (sole distributor for certain areas, non-exclusive distributors in larger areas, etc.) and the creation of two new offices to supervise and coordinate these various distribution networks, which have been adapted to each local province.

In order to build its positioning in China, the Group has set up a subsidiary there with a view to expanding its direct sales force and thereby bid on government calls for tenders. 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. This subsidiary was registered

in Shanghai on December 21, 2015. The administrative process is ongoing and the company should start selling at the end of the first half of 2016.

The direct and indirect sales forces in China should also benefit from the expected clinical validation of the large-scale study currently being undertaken in 21 hospital centers across China (12 dedicated to the breast, 9 to the liver), the results of which are being analyzed (see Section 6.6.3.3. Other studies conducted on the breast).

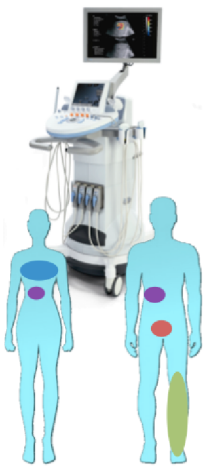
Until March 2015, the indirect approach to the breast ultrasound imaging system sector was favored in the United States through an exclusive distribution agreement for Aixplorer®, a contract since terminated by the company. Since then, the Group has strengthened its direct approach to the breast and, in March 2016, entered into an exclusive partnership agreement in the United States for the liver, with gastroenterologists and hepatologists. The United States is thus targeted indirectly for the liver and directly in other areas.

Technological lever for commercial expansion

The sales force established will rely on technological innovation to increase its productivity, thanks to an upcoming expansion of commercial outlets. The growing penetration of SuperSonic Imagine on the ultrasonic wave imaging market is structured around two successive phases, each supported by an ambitious technological "roadmap."

2013/2016: pursuit of expansion in ultrasound imaging within its current confines

The priority of this initial stage is to finalize the current offering for the Group's priority markets:
Since end-2015, the Group has chosen to **refocus its priority markets on the breast and liver, higher added value areas in which SuperSonic Imagine is in a better position to leverage its technology and use it to set itself apart from the competition**. The Group will obviously continue to address the other markets in which it already has a strong clinical positioning, and in particular the major radiology applications:



Breast	Reduce the number of unnecessary biopsies
Liver	Make it possible to assess fibrosis without biopsies
Prostate	Effective management/guiding of biopsies
Vascular	Quantitative measurement of vascularization
Muscular-skeletal	Visualization in real-time and during exercise of anatomical and functional images of muscles

Since 2014, ShearWave™ Elastography has been accessible for the "musculotendinous" system thanks to a special probe and transcranial Doppler application added to the vascular product range. In 2015, the scope of vascular applications was broadened with the introduction of ANGIO PL.U.S. making it possible to visualize micro-vessels.

In 2016, other innovations are expected to expand the scope 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.

In light of the disappointing results in the 2015 financial year, the Group took active measures to optimize the internal organization. This resulted in particular in a new organizational structure, presented in Section 7.1 of this document.

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 into the market launch of two new systems by the end of 2017-2020, the result of a new generation of the Aixplorer® platform which will offer 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 imaging systems, considerably expanding the market that the Company can address to cardiology, urology and gastroenterology. The market that can be addressed by the Group will thus rise 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 ongoing for Asia), liver and even the prostate sectors, which are considered to be priority sectors clinically given the prevalence of the pathologies concerned.

Financial driver based on outsourcing 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 that should achieve 5% average annual growth through 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 production costs and a rise of the services activity thanks to a growing installed base, and an EBITDA margin of approximately 20% of revenue. 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
- to reach break-even in terms of EBITDA within five years from the Company's initial public offering (IPO).

At present, and in light of the disappointing results in 2015, the Group is no longer on track with the objectives set in the IPO. Nevertheless, it still expects to achieve them, being more than ever on the lookout for new partnerships both on the sales and technological fronts.

13. FORECAST OR ESTIMATES OF INCOME

The Group does not plan 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. As of the date of this report, it had five 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 December 31, 2016. Any member of the Management Board is re-eligible for a new term.

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
Bernard Doorenbos (a):	Chairman of the Management Board	Corporate officer of: - SuperSonic Imagine Inc - SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd	Date of first appointment: December 10, 2015 Date of expiration of term: December 31, 2016
Jacques Souquet	Member of the Management Board	Director of Strategy and Innovation Corporate officer of: SuperSonic Imagine, GmbH: SuperSonic Imagine HK SuperSonic Imagine Ltd SuperSonic Imagine Srl	Date of first appointment: March 12, 2005 Term renewed on: December 1, 2008; and December 14, 2012 Date of expiration of term: December 31, 2016

(a) As discussed in Section 6.1, Tom Egelund was Chairman of the Management Board, appointed on April 1, 2015 and ended on December 10, 2015.

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: March 12, 2005 Term renewed on: December 1, 2008; and December 14, 2012 Date of expiration of term: December 31, 2016
Kurt Kelln	Member of the Management Board	Executive Vice President and Chief Business Officer	Date of first appointment: April 19, 2012 Date of most recent renewal of term: February 14, 2014 Date of expiration of term: December 31, 2016
Jérôme Destoppeleir	Member of the Management Board	Executive Vice President and Chief Financial Officer	Date of first appointment: May 29, 2015 Date of expiration of term: December 31, 2016

The members of the Management Board have the Company's headquarters as their professional address: 510, rue René Descartes – Les Jardins de la Duranne Bât E et Bât F, 13857 Aix-en-Provence Cedex 3, France.
The 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 seven members, four of whom are independent.
The Supervisory Board members serve a term of three years, which expires at the end of the 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 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, insofar as possible, have at least two independent members. This number may be reduced to one member if the Board has five or fewer members.

Name	Position	Main offices held outside the Group	Position dates
Hermann Requardt (a):	Chairman of the Supervisory Board and **independent** member	Consultant	Date of first appointment: co-opted on September 22 with effect from October 1, 2015 Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2016
Michael Brock	Vice Chairman and **independent** member of the Supervisory Board	-	Date of first appointment: Supervisory Board meeting of December 16, 2014 Ratification: Next Shareholders' Meeting called to approve the financial statements Date of first renewal of term: N/A Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2016
BPI France (b) represented by Philippe Boucheron	Member of the Supervisory Board	Director of Investments, BPI France Investissement	Date of first appointment: December 14, 2010 Date of first renewal of term: June 27, 2013 Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2015
EDMOND DE ROTHSCHILD INVESTMENT PARTNERS represented by Olivier Litzka	Member of the Supervisory Board	Managing Partner of Edmond de Rothschild Investment Partners	Date of first appointment: October 23, 2008 Date of most recent renewal of term: June 16, 2011, then March 3, 2014 Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2016
MERIEUX PARTICIPATIONS represented by Thierry Chignon	Member of the Supervisory Board	Chief Executive Officer of Mérieux Développement	Date of first appointment: September 27, 2010 Date of first renewal of term: June 27, 2013 Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2015
Alexia Perouse	**Independent** member of the Supervisory Board	Chairwoman Cyann Holding	Date of first appointment: May 29, 2015 Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2017
Sabine Lochmann Beaujour	**Independent** member of the Supervisory Board	Chief Executive Officer of BPI group	Date of first appointment: Supervisory Board meeting of May 28, 2013 Ratification: Shareholders' Meeting of June 27, 2013 Date of first renewal of term: N/A Date of expiration of term: Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2015

*(a) As announced in March 2014, **Johannes Barella**, former Chairman of the Supervisory Board, had said during the second renewal of his term by the Shareholders' Meeting of March 3, 2014, that he did not wish to complete his term for personal reasons. He resigned on May 29, 2015. On the same date, he was succeeded by **Bernard Doorenbos** as interim Chairman of the Supervisory Board and Dr. Hermann Requardt was appointed independent expert to the Supervisory Board and Management Board of SuperSonic Imagine. On October 1, **Dr. Hermann Requardt** was appointed Chairman of the Supervisory Board to succeed Bernard Doorenbos, who had acted as interim Chairman until Dr. Hermann Requardt was fully free of his previous commitments. From that date, Bernard Doorenbos was a member of the Supervisory Board, until December 10, 2015, at which date he agreed to succeed Tom Egelund as Chairman of the company's Management Board.*

(b) Bpifrance SA, which owns Bpifrance Participations SA, which in turn owns Bpifrance Investissement SAS, is jointly owned by EPIC Bpifrance and Caisse des Dépôts et Consignations (CDC).

The terms of Omnes Capital, represented by Alexia Perouse, and NBGI Private Equity Limited, represented by Aris Constantinides, expired at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2014, held on May 29, 2015.

Aris Constantinides was co-opted by the Supervisory Board on May 29, 2015, for a term expiring at the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2016. He resigned from his position on October 1, 2015.

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.

Hermann Requardt, Michael Brock, Sabine Lochmann Beaujour and Alexia Perouse 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 has five men and two women, which means that 29% of its members are women. There are plans to seek more balanced representation in the appointment of new members.

The professional addresses of Supervisory Board members are as follows:

Name	Address
Dr Hermann Requardt	Rudelsweiherstr. 51B - D- 91054 Erlangen - Germany
Michael Brock	Skovringen 31, 2950 Vedbaek - Denmark
BPI France (b) represented by Philippe Boucheron	Bpifrance, 6-8 Bd. Haussmann, 75009 Paris - France
EDMOND DE ROTHSCHILD INVESTMENT PARTNERS represented by Olivier Litzka	Edmond de Rothschild Investment Partners, 47 rue du Faubourg Saint-Honoré, 75008 Paris - France
MERIEUX PARTICIPATIONS represented by Thierry Chignon	Merieux Développement, 17, Rue Bourgelat 69002 Lyon - France
Alexia Perouse	iBionext - 74 rue du Faubourg Saint-Antoine 75012 Paris - France
Sabine Lochmann Beaujour	73 rue de turbigo 75003 Paris - France

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
Bernard Doorenbos	-	-	-
Jacques Souquet	Director Member of the Strategy Committee	MEDIAN TECHNOLOGIES LL TECH	Euronext Paris No
Claude Cohen-Bacrie	Director	EYETECHCARE	No
Kurt Kelln	-	-	-
Jérôme Destoppeleir	-	-	-

Other positions currently held outside the Group			
	Type of position SB: Supervisory Board BD: Board of Directors	Company	Listed Company
Hermann Requardt	Director Director Senior adviser Industrial adviser Member of the Executive Committee Vice President	Bruker Corp. Sivantos Group Boston Consulting Advent Acatech Fraunhofer	NASDAQ No No No No No
Michael Brock	Chairman and CEO Chairman Chairman Chairman Chairman Director Director Director Director	DDD Diagnostic Solum Group Vesicon S.A. Biolid Group Omni-Drive Floating Power Plant Brunata Unisense Ibsen Photonics	No No No No No No No No 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	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	Autonomic Technologies Inc.	No
	Director	PROBIODRUG AG	Euronext, Amsterdam
	Director	JENAVALVE TECHNOLOGY INC	No
	SB member	NOXXON PHARMA AG	No
	Director	ALLECRA THERAPEUTICS Gmbh	No
Mérieux Participations (Thierry Chignon)	Chairman of the BD	AIRINSPACE SE	No
Alexia Perouse	Director	iBionext	No
	Director	Spineguard	Alternext, Paris
	Chairman	Cyann Holding	No
Sabine Lochmann Beaujour	Chairman of the Management Board	BPI SAS	No
	Chairman	BPI Holding	No

Other positions held during the last five financial years which have now ended (outside the group)

Positions held outside the Group during the last five financial years which have now ended			
	Type of position	**Company**	**Listed Company**
Bernard Doorenbos	Chairman	Sulzer Turbo Services	No
	Director	Alewijnse Industrie	No
	Chairman	Sulzer Eldim	XETRA, Zurich
	Chairman	Sovitec	No
	Chairman	Spirotech	No
Jacques Souquet	-	-	-
Claude Cohen-Bacrie	-	-	
Kurt Kelln	-	-	
Jérôme Destoppeleir	Member of the Management Board	Homair Vacances	Alternext, Paris

(a) as stated in Section 6.1, Gordon Waldron resigned his position on April 15, 2015

Other positions held outside the Group during the last five financial years *but which have now ended*			
	Type of position BD: Board of Directors SB: Supervisory Board	**Company**	**Listed Company**
Hermann Requardt	Chairman Director	Siemens Healthcare Software AG	DAX No
Michael Brock	Chairman and CEO Chairman of the BD Chairman of the SB	BK Medical Reson DDD Diagnostic	No No No
BPI France Investissements (Philippe Boucheron)	SB member SB member SB member SB member Director	LIBRAGEN CRYOLOG TXCELL AUREUS PHARMA INTETRAGEN	No No Euronext Paris No Alternext, Paris
Edmond de Rothschild Investment Partners (Olivier Litzka)	Director Director Member of the Management Committee Director Member of the Management Board	ENDOSENSE SA NOVEXEL SA PARVULUS SAS SAPIENS STEERING BRAIN STIMULATION GMBH EdRIP	No No No No No
Mérieux Participations (Thierry Chignon)	Permanent representative Director Director Chairman of the SB Vice Chairman of the SB Director Director Director Director	MATIGNON INVESTISSEMENT ET GESTION ANTEIS ARTERIAL REMODELLING TECHNOLOGIES AIRINSPACE (Chairman of the Board) MAPI (Vice Chairman of the Board) MEDICREA NANOBIOTIX ORTEQ VISIOMED	No No No No No Euronext, Paris Euronext, Paris No Euronext, Paris
Alexia Perouse	-	-	-
Alexia Perouse, Representing OMNES CAPITAL	Director Director Director	EOS IMAGING SA STENTYS CIRCULITE Inc acquired by Heartware Inc.	Euronext, Paris Euronext, Paris Nasdaq, US
Sabine Lochmann Beaujour	CEO CEO CEO	DEPUY France ETHICON CORDIS	No No 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 five 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, including by designated professional bodies.

14.1.5. BIOGRAPHIES OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

The biographies are available on the Company's website:

- for Management Board members in the SuperSonic Imagine / Management Team section: http://www.supersonicimagine.com/SuperSonic-Imagine/Executive-Committee.
- for Supervisory Board members in the SuperSonic Imagine / Supervisory Board section: http://www.supersonicimagine.com/SuperSonic-Imagine/Supervisory-Board.

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).

Related-party transactions are described in Note 36 to the consolidated financial statements in Section 20.1, "Consolidated financial statements prepared under IFRS for the financial year ended December 31, 2015" and the related-party agreements entered into by the Company are described in Section 19.3 "Reports by the Statutory Auditors on the related-party agreements entered into for the financial year ended December 31, 2015".

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 April 10, 2015.

15. COMPENSATION AND BENEFITS

15.1. COMPENSATION 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 Executive Director		
In euros	FY 2015	FY 2014
Bernard Doorenbos - Chairman of the Management Board		
Compensation payable for the year	51,364	
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**51,364**	
Jacques Souquet – Employee and member of the Management Board (3) (5)		
Compensation payable for the year	220,000	290,500
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**220,000**	**290,500**
Claude Cohen-Bacrie – Employee and member of the Management Board (3)		
Compensation payable for the year	177,272	253,472
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**177,272**	**253,472**
Gordon Waldron – Employee and member of the Management Board (3) (6)		
Compensation payable for the year	258,824	269,700
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**258,824**	**269,700**
Bradley Garrett - Employee and member of the Management Board (3) (7)		
Compensation payable for the year	66,654	226,000
Value of warrants and options granted during the year (1)		
Value of performance shares granted during the year		
Total	**66,654**	**226,000**
Kurt Kelln - Employee and member of the Management Board (3)		
Compensation payable for the year	266,792	339,777
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**266,792**	**339,777**
Jérôme Destoppeleir- Employee and member of the Management Board (3) (6)		
Compensation payable for the year	**117,338**	
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**117,338**	
Philippe Lutman - Employee and member of the Management Board (3) (7) (8)		
Compensation payable for the year	**112,306**	
Value of options granted during the year (1)		
Value of performance shares granted during the year		
Total	**112,306**	
Tom Egelund - Employee and member of the Management Board (2)(5)		
Compensation payable for the year	273,250	136,433
Settlement	275,000	
Value of options granted during the year (1) (4)	30,000	379,000
Value of performance shares granted during the year		
Total	**578,250**	**515,433**

Total	**1,848,799**	**1,894,882**

(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 July 11, 2014. He was appointed Chairman of the Management Board, succeeding Jacques Souquet, on April 1, 2015. He was succeeded on December 10, 2015 by Bernard Doorenbos.
(3) These Management Board members are not compensated for their offices, but for their employment contract, which is separate from their corporate office.
(4) This amount corresponds to the portion recognized as an expense for 2015. Following Tom Egelund's departure in December 2015, the valuation of the remainder of his plan which was to be staggered over a number of years was canceled given that exercise was subject to continued employment.
(5) As discussed in Section 6.1, since April 1, 2015, as Tom Egelund was appointed Chairman of the Management Board, he is no longer compensated under an employment contract. As of that date, Jacques Souquet became a member of the Management Board and holds the position of Director of Strategy and Innovation, under the employment contract signed on April 1, 2015, in order to devote himself entirely to strategy issues and innovation policy and focus on innovative concepts for medical ultrasound imaging and their clinical applications. Tom Egelund was succeeded on December 10 by Bernard Doorenbos, who was Chairman of the Management Board as of the date of this report.
(6) As discussed in Section 6.1, Gordon Waldron resigned his position on April 15, 2015. Jérôme Destoppeleir succeeded Gordon Waldron in May 2015.
(7) On April 30, 2015, Bradley Garrett retired.
(8) Philippe Lutman resigned as Director of Operations and member of the Management Board on December 15, 2015.

Table no. 2: table summarizing the compensation of each Executive Director
The following table presents the compensation payable to Executive Directors for the financial years ended December 31, 2015 and 2014 and the compensation received by these same individuals during these same periods.

Summary of compensation granted to each Executive Director				
	FY 2015		FY 2014	
In euros	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Bernard Doorenbos - Chairman of the Management Board				
Fixed annual compensation (13)	11,364	11,364		
Variable compensation (1)				
Extraordinary compensation (2)	40,000	22,911		
Directors' attendance fees				
Benefits in kind				
Total	**51,364**	**34,275**		
Jacques Souquet - Member of the Management Board				
Fixed annual compensation (12) (8)	220,000	220,000	195,000	195,000
Variable compensation (1)		74,000	74,000	43,000
Extraordinary compensation			21,500	21,500
Directors' attendance fees				
Benefits in kind				
Total	**220,000**	**294,000**	**290,500**	**259,500**
Claude Cohen-Bacrie - Member of the Management Board				
Fixed annual compensation (3) (8)	175,000	175,000	167,500	167,500
Variable compensation (1)		62,200	62,200	43,000
Extraordinary compensation			21,500	21,500
Directors' attendance fees				
Benefits in kind (9)	2,272	2,272	2,272	2,272
Total	**177,272**	**239,472**	**253,472**	**234,272**
Gordon Waldron - Member of the Management Board				
Fixed annual compensation (4) (8)	109,449	109,449	185,000	185,000
Variable compensation (1)	23,125	85,325	62,200	45,000
Extraordinary compensation (15)	126,250	126,250	22,500	22,500
Directors' attendance fees				
Benefits in kind				
Total	**258,824**	**321,024**	**269,700**	**252,500**
Bradley Garrett - Member of the Management Board				
Fixed annual compensation (5)	66,654	66,654	150,000	150,000
Variable compensation (1)		55,400	55,400	41,240
Extraordinary compensation			20,600	20,600
Directors' attendance fees				
Benefits in kind				
Total	**66,654**	**122,054**	**226,000**	**211,840**
Kurt Kelln - Member of the Management Board				
Fixed annual compensation (6)	249,475	249,475	228,077	228,077
Variable compensation (1)		74,000	74,000	48,500
Extraordinary compensation			24,000	24,000
Directors' attendance fees				
Benefits in kind (10)	17,318	17,318	13,700	13,700
Total	**266,792**	**340,792**	**339,777**	**314,277**
Jérôme Destoppeleir - Member of the Management Board				
Fixed annual compensation (14) (8)	117,338	117,338		
Variable compensation (1)				
Extraordinary compensation				
Directors' attendance fees				
Benefits in kind (10)				
Total	**117,338**	**117,338**		
Philippe Lutman - Member of the Management Board				
Fixed annual compensation (15) (8)	96,889	96,889		
Variable compensation (1)				
Extraordinary compensation (16)	15,417	15,417		
Directors' attendance fees				
Benefits in kind				
Total	**112,306**	**112,306**		
Tom Egelund - Member of the Management Board				
Fixed annual compensation (7)	261,250	261,250	73,333	73,333
Variable compensation (1)		27,100	27,100	
Settlement	275,000	288,714	32,000	18,286
Directors' attendance fees				
Benefits in kind (11)	12,000	12,000	4,000	4,000
Total	**548,250**	**589,064**	**136,433**	**95,619**
Total	**1,818,799**	**2,170,324**	**1,515,882**	**1,368,008**

(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 person, 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, representing 75% and 25% of variable compensation.
For example, the objectives could concern the launch of new versions of Aixplorer, a minimum revenue growth in certain priority geographical areas, the securing of financing or the signing of new distribution agreements. Management Board members waive their variable compensation for the 2015 financial year.

(2) Golden hello.

(3) Compensated pursuant to an employment contract signed with Supersonic Imagine SA as Director of Research and Development entered into on July 1, 2005.

(4) Compensated pursuant to an employment contract as Chief Financial Officer and Executive Vice President entered into with Supersonic Imagine SA on September 1, 2010. As discussed in Section 6.1, Gordon Waldron resigned his position on April 15, 2015. He was succeeded by Jérôme Destoppeleir.

(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 February 27, 2007. On April 30, 2015, Bradley Garrett retired.

(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 April 15, 2012.

(7) Compensated pursuant to an employment contract as Director of Operations signed on July 7, 2014 with Supersonic Imagine SA.
This contract was terminated on April 1, 2015 following his appointment as Chairman of the Management Board (see Section 6.1). From that date to December 10, 2015, Tom Egelund was compensated solely for his office.

(8) 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 compensation 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 effective departure from the Company.

(9) Company vehicle.

(10) Company vehicle and health insurance.

(11) Contribution to housing costs.

(12) As indicated in Section 6.1, from April 1, 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, in order to 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 to this table).

(13) In December 2015, Bernard Doorenbos was appointed CEO and Chairman of the Management Board, to succeed Tom Egelund until December 31, 2016. Bernard Doorenbos has been a member of the Supervisory Board since May 2015, and has been interim chairman for a number of months. His annual compensation was set at €200,000 gross.

(14) Compensated pursuant to an employment contract entered into with Supersonic Imagine SA, in his capacity as CFO and Executive Vice President, entered into with Supersonic Imagine SA on May 15, 2015.

(15) Compensated pursuant to an employment contract entered into with Supersonic Imagine SA, in his capacity as Director of Customer Operations, entered into with Supersonic Imagine SA on June 15, 2015. This contract was terminated on December 14, 2015.

(16) Pay in lieu of notice

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		
Non-Executive Directors	**FY 2015 Amounts paid**	**FY 2014 Amounts paid**
Johannes Barella		
Directors' attendance fees		
Other compensation (1)	16,657	40,000
Bernard Doorenbos		
Directors' attendance fees		
Other compensation (2)(3)	41,667	
Michael Brock		
Directors' attendance fees		
Other compensation (2)	37,500	
Sabine Lochmann Beaujour		
Directors' attendance fees	2,500	
Other compensation (2)	30,000	14,000
Total	**128,324**	**54,000**

(1) In 2015, €17,000 was paid in respect of his office as Chairman of the Supervisory Board, which ended on May 29, 2015.

(2) Fees paid under consultancy contracts. See Section 19.3.

(3) Fees paid prior to his appointment as Chairman of the Management Board on December 10, 2015.

Table no. 4: stock options granted to each Executive Director by the Company or any Group company during the financial years ended December 31, 2015 and 2014

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 2015						
Jacques Souquet	None					
Claude Cohen-Bacrie	None					
Tom Egelund	None					
Bradley Garrett	None					
Kurt Kelln	None					
Gordon Waldron	None					
Allocations in 2014						
Jacques Souquet	None					
Claude Cohen-Bacrie	None					
Tom Egelund	Options 09-2014 September 19, 2014	Share subscription option	€3.98	411,850	€8.40	from September 19, 2014 to September 18, 2024
Bradley Garrett	None					
Kurt Kelln	None					
Gordon Waldron	None					

Table no. 5: stock options exercised by each Executive Director during the financial years ended December 31, 2015 and 2014

None.

Table no. 6: free shares granted to each Executive Director during the financial years ended December 31, 2015 and 2014

No new free allocation of shares was made during the 2015 and 2014 financial years.

Table no. 7: free shares that became available for each Executive Director during the financial years ended December 31, 2015 and 2014

During 2013, 33,750 of the 54,000 free shares granted to Claude Cohen-Bacrie on September 30, 2011, were fully vested in 2013, and the balance of 20,250 shares were vested in 2014.

Table no. 8: history of equity-linked instruments granted to directors (executive and non-executive)

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 equity-linked financial instruments granted to the 10 employees receiving the highest number of options**

Total number of options granted	Weighted average price	Plan
In 2015:		
None		
In 2014:		
411,850 stock options granted	€8.40	Stock options – 09-2014

Of the 411,850 stock options granted to Tom Egelund, 308,886 lapsed following his departure in December 2015 while 102,964 can still be exercised.

- **Options and other equity-linked financial instruments held by the 10 employees with the highest number of options thus purchased**

Total number of shares subscribed or purchased	Weighted average price	Plan
In 2015:		
3,642 warrants entitling their bearers to subscribe for 36,420 shares	€1.22	Warrants 08-2005
1,932 founders' warrants entitling their bearers to subscribe for 19,320 shares	€2.37	Founders' warrants 08-2005 and 03-2006
2,653 share subscription options	€0.10	2013 ordinary stock options and General Shareholders' Meeting options – 2013 – trade
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

Table no. 10: history of free share awards to directors (executive and non-executive)

There were no free share awards over the past two financial years.

Table no. 11: compensation terms and other benefits granted to Executive Directors

Member of the Management Board	Employment contract		Additional 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 (4)	X (1)	
Claude Cohen-Bacrie	X			X		X (4)	X (2)	
Bernard Doorenbos		X (7)		X		X		
Kurt Kelln	X			X		X (4)		X
Jérôme Destoppeleir	X			X		X (4)	X (3)	
Gordon Waldron	X (6)			X		X	X (3)	
Philippe Lutman	X (9)			X		X	X (3)	
Bradley Garrett	X (8)			X		X		X
Tom Egelund		X (5)(7)		X		X	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 (April 10, 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. Seeing that Jacques Souquet resigned as Chairman of the Management Board from April 1, 2015 (see Section 6.1) and is now a salaried employee, he is subject to a non-compete clause under 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 compensation 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 effective departure from the Company. The Company decided to release Tom Egelund from his non-compete obligation.*

(4) *See Section 1.3.2.1 of the report of the Chairman of the Supervisory Board presented in Chapter 16.4 below.*

(5) *As discussed in Section 6.1, on April 1, 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 a Company employee with an employment contract.*

(6) *As indicated in Section 6.1, Gordon Waldron ended his duties on April 15, 2015.*

(7) As indicated in Section 12.1, in December 2015, Bernard Doorenbos was appointed CEO and Chairman of the Management Board, to succeed Tom Egelund until December 31, 2016.

(8) As indicated in Section 12.1, on April 30, 2015, Bradley Garrett retired.
(9) As indicated in Section 12.1, the employment contract Philippe Lutman entered into with Supersonic Imagine SA on June 15, 2015 was terminated on December 14, 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 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 Section 21.2, "Articles of Incorporation and Bylaws" of this Registration Document.

In 2015, the following changes were made within the Management Board:

- Tom Egelund was appointed Chairman of the Management Board, succeeding Jacques Souquet, on April 1, 2015. He was succeeded on December 10, 2015 by Bernard Doorenbos, who was a member of the Supervisory Board up to the same date.
- Jacques Souquet stopped being Chairman of the Management Board as of April 1, 2015 but remains on the Management Board and since that date has been Director of Strategy and Innovation.
- Gordon Waldron resigned as CFO and from the Management Board on April 15, 2015 and was succeeded by Jérôme Destoppeleir in May 2015.
- Bradley Garrett resigned as Chief Customer Fulfillment Officer and from the Management Board on April 30, 2015 as a result of his retirement.

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 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 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

Claude Cohen-Bacrie entered into a permanent employment contract with the Company regarding his duties as Director of the Research and Development Program, dated July 1, 2005.

Tom Egelund entered into a permanent employment contract with the Company regarding his duties as Director of Operations dated July 7, 2014. Following his appointment as Chairman of the Management Board on April 1, 2015, his employment contract was terminated. On December 10, 2015, he was discharged of his duties as Chairman of the Management Board and succeeded by Bernard Doorenbos.

Jacques Souquet, Chairman of the Management Board until April 1, 2015, had no employment contract until that point. Since that time, he has remained on the Management Board and now works as Director of Strategy and Innovation, and signed a permanent employment contract with the Company relating to this role dated April 1, 2015.

Gordon Waldron entered into a permanent employment contract with the Company regarding his duties as Chief Financial Officer and Executive Vice President dated September 1, 2010. He resigned on April 15, 2015.

Jérôme Destoppeleir entered into a permanent employment contract with the Company regarding his duties as Chief Financial Officer and Executive Vice President dated May 12, 2015.

Kurt Kelln entered into an employment contract under US law with SuperSonic Imagine Inc. regarding his duties as Executive Vice President and Chief Business Officer dated May 22, 2012.

Bradley Garrett entered into an at will agreement with the Group's US subsidiary regarding his duties as Senior Vice President and Chief Customer Fulfillment Officer in charge of production, quality and regulatory affairs, as well as after-sales service, dated February 27, 2007. He resigned on April 30, 2015.

Philippe Lutman entered into a permanent employment contract with the Company regarding his duties as Director of Customer Operations dated June 15, 2015. His trial period was ended on December 14, 2015 and the same day Mr. Lutman resigned from the Management Board.

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 Chapter 14, "Administrative, Management and Supervisory Bodies" and Section 2.1.2, "Articles of Incorporation and Bylaws" of this document.

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.

- 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 July 2, 2009, and updated October 22, 2009, November 25, 2010 and June 4, 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 functioning 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.
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 September 19, 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 September 19, 2014.
The Supervisory Board was not evaluated in 2015.

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: Concurrent holding of employment contracts and directorships	X		
R2: Definition and transparency of compensation to Executive Directors	X		
R3: Golden handshakes	X		
R4: Additional retirement plan	N/A		
R5: Stock options and allocation of free 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 the 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 concurrent holding of employment contracts and directorships: in accordance with this, the Chairman of the Management Board only holds a directorship. The other four 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** regarding the presence of independent members on the Supervisory Board: Hermann Requardt (Chairman), Michael Brock (Vice-Chairman), Sabine Lochmann Beaujour and Alexia Perouse 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 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 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
- Mérieux Participations represented by Thierry Chignon;
- Sabine Lochmann-Beaujour.

To date, 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 providing advice and formulating 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. In any event, it meets prior to the presentation of the annual financial statements by the Management Board to 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 December 31, 2015, the Audit Committee met nine times and the average attendance rate of Audit Committee members was 72%.

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 were:
- Hermann Requardt, Chairman of the Supervisory Board;
- Alexia Perouse;
- Edmond de Rothschild Investment Partners represented by Olivier Litzka.

Hermann Requardt and Alexia Perouse are independent members, thereby representing the majority of this Committee's members.

- **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 plus market practices, 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 December 31, 2015, the Compensation Committee met three times and the average attendance rate of 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 of the Committee's activity during the financial 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 ORGANIZATION AND PREPARATION OF THE WORK OF THE SUPERVISORY BOARD AND ON 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 2015, 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 2015 regarding internal control and risk management. This report was examined by the Audit Committee, which met on March 10, 2016 in the presence of representatives of the Company's Statutory Auditors, and was later approved by the Supervisory Board, which met on March 11, 2016, in the presence of the representatives of the Company's Statutory Auditors.

This report is presented in connection with the Company's Ordinary Shareholders' Meeting called for June 24, 2016.

1. CORPORATE GOVERNANCE

1.1 MANAGEMENT AND SUPERVISORY BODIES

1.1.1 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 Management Board members is described in Section 14.1.5 and is available on the Company's website.
The lists of offices held or that have been held within the Group or in other companies can be found in Sections 14.1.1 and 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 2015 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 December 31, 2015, the Company's Management Board met 14 times.
The main points addressed by the Management Board during the financial year ended December 31, 2015 are detailed in the Management Board's report to the Shareholders' General Meeting.

1.1.2 SUPERVISORY BOARD

1.1.2.1 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.

1.1.2.2 Functioning of the Supervisory Board

The functioning of the Supervisory Board is as described in Chapter 16.3.1 of this document.

1.1.2.3 2015 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 December 31, 2015, the Company's Supervisory Board met nine times and the average attendance rate of Supervisory Board members was 87%. During the financial year ended December 31, 2014, the Company's Supervisory Board met 10 times and the average attendance rate of Supervisory Board members was 82.5%.

The Supervisory Board met on the following dates: January 28, 2015, March 10, 2015, April 1, 2015, May 29, 2015 at 9:00 AM and 6:00 PM, July 10, 2015, September 22, 2015, October 23, 2015 and December 10, 2015.

During the financial year ended December 31, 2015, 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 financial year ended December 31, 2014;
- Presentation of the consolidated financial statements for the last three years ended;
- Review of related party agreements;
- Approval of the 2015 and 2016 budgets;
- Review of the Company's financial, commercial, production and quality information.

• Evaluation of the Supervisory Board:

The Supervisory Board conducts regular self-assessments of its functioning 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.

An independent evaluation was completed before the Supervisory Board on September 19, 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 September 19, 2014.

1.1.3 SUPERVISORY BOARD COMMITTEES

1.1.3.1 Audit Committee

The composition, powers and functioning of the Audit Committee are described in Chapter 16.3.2.1.

- 2015 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. In any event, it meets prior to the presentation of the annual financial statements by the Management Board to 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 December 31, 2015, the Audit Committee met nine times and the average attendance rate of Audit Committee members was 72%.

During the financial year ended December 31, 2015, the Audit Committee notably addressed the following points:
- Examination of the annual financial statements for the financial year ended December 31, 2014 (parent company and IFRS consolidated financial statements);
- Monitoring of working capital and stock levels;
- Preparation and follow-up of financial communications;
- Monitoring of quality and production issues;
- Corporate risk analysis;
- Examination of interim financial statements.

1.1.3.2 Compensation Committee

The composition, powers and functioning of the Compensation Committee are described in Section 16.3.2.2 of this document.

- 2015 Work:

During the financial year ended December 31, 2015, the Compensation Committee met three times and the average attendance rate of Compensation Committee members was 100%.

During the financial year ended December 31, 2015, the Compensation Committee notably addressed the following points:
- Review of 2014 objectives and setting of 2015 objectives of Management Board members;
- Hiring of senior Company management.

1.1.4 SCIENTIFIC COMMITTEE

- Composition

The Management Board established a Scientific Committee composed of nine members designated by the Management Board from among its members or outside of them for a three-year renewable term.

The Scientific Committee has the following members: Jacques Souquet, Mathias Fink, Claude Cohen-Bacrie, Nicolas Grenier, Gail R. Ter Haar, Prof. David Cosgrove, Prof. James F. Greenleaf, Prof. Jeffrey Colin Bamber and Peter Burns.

Background on all these people can be found on the Company's website.
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.

1.1.5 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, within the past five years, no member of the Management Board or Supervisory Board:
- has been convicted of fraud;
- has been party to a bankruptcy, receivership or liquidation in his/her capacity as a senior executive or director;
- 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 personal interests of the Company's Management Board and Supervisory Board members, and the interests of the Company.

1.1.7 SERVICE CONTRACTS BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS AND THE COMPANY

There are consultancy contracts between certain members of the Company's Supervisory Board. These contracts are described in Section 19.2 of this document.

These contracts were entered into for 2015 with Michael Brock, Hermann Requardt, Sabine Lochmann-Beaujour and with Bernard Doorenbos up to his appointment as Chairman of the Management Board on December 10, 2015. They were put in place as part of the "Supervisory Board - expert team" project intended to provide specific advice to the Group.

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 can be found in Section 16.3.1 of this document.

1.3 MANAGEMENT COMPENSATION

1.3.1 COMPENSATION OF EXECUTIVE DIRECTORS

1.3.1.1 Compensation of Management Board members

- **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 (up to a maximum 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 to change fixed and variable compensation for the employment duties of each Management Board member.

The Group currently has no variable or extraordinary compensation other than what is described above.

- **Breakdown of compensation and benefits in kind of each Management Board member**

Table no. 1, which summarizes the compensation, options and free shares allotted to each Executive Director, is presented in Section 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 Director is presented in Section 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 Supervisory Board members

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.

The Company plans to implement a compensation policy based on attendance fees.

1.3.2 RETIREMENT AND OTHER BENEFITS

1.3.2.1 Items of compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in functions of a corporate officer

The only items of compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in functions of corporate officers are described below; the Company has not provided for them elsewhere.

Mr. Souquet	There are no indemnities or benefits due or likely to be due as a result of termination of Management Board membership or change in function. Only the payment of wages relating to the three months' notice as provided in Mr. Souquet's employment contract in accordance with the applicable collective agreement (Metallurgy) would be due if this contract were 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. Pursuant to the Collective Agreement, in the event of termination (excluding a case of gross negligence or a serious offense), Mr. Souquet would receive no indemnity.
Mr. Cohen Bacrie	There are no indemnities or benefits due or likely to be due as a result of termination of Management Board membership or change in function. Only the payment of wages relating to the three months' notice as provided in the employment contract of Mr. Cohen-Bacrie in accordance with the applicable collective agreement (Metallurgy) would be due if this contract were 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. Pursuant to the Collective Agreement, in the event of termination (excluding a case of gross negligence or a serious offense), Mr. Cohen-Bacrie would receive €69,900 on that date.
Mr. Destoppeleir	There are no indemnities or benefits due or likely to be due as a result of termination of Management Board membership or change in function. Only the payment of wages relating to the three months' notice as provided in Mr. Destoppeleir's employment contract in accordance with the applicable collective agreement (Metallurgy) would be due if this contract were 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. Pursuant to the Collective Agreement, in the event of termination (excluding a case of gross negligence or a serious offense), Mr. Destoppeleir would receive no indemnity.
Mr. Kelln	There are no indemnities or benefits due or likely to be due as a result of termination of Management Board membership 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.

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 July 22, 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 mechanism designed to identify, analyze and handle 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 Group employees, 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 designed to identify, evaluate, rank and handle 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 had conducted a series of individual interviews with members of the Management Board and the managers with critical duties at 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, impact (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. Risk mapping is being prepared and will be presented to the Audit Committee.
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 falls 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) governing quality management relating to medical devices as a whole. 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 production 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
In early 2015, the Group had 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 computerized and archived, including the associated EDM (Electronic Data Management), and may be consulted by this person using the advanced 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 activities 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, ShearWave, 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.

- A Group Intranet, 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 sharing between the various departments and facilitate the integration of new people within the Group.

2.4.5 Management of Internal Control

Internal control is managed at 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,
- 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 Financial Management 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 Board, 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, inventory, 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, UK, 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 managers (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 Board 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 of SuperSonic Imagine

To the Shareholders,

As Statutory Auditors of SuperSonic Imagine, and in application of the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report issued by the Chairman of the Company, in accordance with the provisions of Article L. 225-68 of the French Commercial Code for the financial year ended December 31, 2015.

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 the accounting and financial information that we may have detected during our engagement are covered by any appropriate disclosure 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, March 14, 2016, The Statutory Auditors

ARESXPERT AUDIT	ERNST & YOUNG et Autres
Frédéric Gregnanin	Frédérique Doineau & 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	Dec-31-2015	Dec-31-2014
Research/Development	40	38
Engineering/Production/Quality assurance/After-Sales Service	38	31
Marketing/Commercial duties	66	65
Management, administration	20	15
Total	**164**	**149**
Of which, per country:		
France (including Greece)	105	95
USA	15	18
Germany	5	5
UK	3	1
Italy	0	0
Hong Kong	3	2
China	33	28
Total	**164**	**149**

As of December 31, 2015, a total of 164 employees contributed to the Group's business activity worldwide (corresponding to 163.60 full-time equivalent employees), compared to 149 at December 31, 2014, excluding contracts to acquire professional certification and temporary workers.

17.1.3. EMPLOYEE REPRESENTATION

A Single Staff Delegation was elected on January 30, 2009, which was then renewed on February 14, 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 Group employees who are not Executive Directors with the highest number of rights (total number)	Number of rights exercised / vested by the Group's ten non-Executive Director employees with the highest number of rights (total number)
2015				
Weighted average price			N/A	€1.55
Free shares	None	None	None	-
BSA	None	None	None	3,642 08-2005 warrants (BSA) giving bearers the right to subscribe for 36,420 shares
Founders warrants (BSPCE)	None	None	None	1,712 08-2005 founders' warrants (BSPCE) giving bearers the right to subscribe for 17,120 shares and 220 03-2006 founders' warrants giving bearers the right to subscribe for 2,200 shares
Stock options	None	None	None	1,653 2013 Ordinary Options and 1,000 2013 Exchange Free Shares (AGA) stock options
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 for 4,000 shares
Founders warrants (BSPCE)	None	None	None	500 founders' warrants (BSPCE) 10-2008 entitling bearers to subscribe for 5,000 shares
Stock options	March-03-2014	Sept-19-2014	None	2,000 2013 Ordinary Options and 3,000 2013 Exchange Free Share (AGA) stock options

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 Company equity-linked rights or securities held by them was as follows:

		Securities giving access to the share capital			% capital and voting rights	
	Number of shares held as at December 31, 2015	Number and type of securities allocated (2)	Number of shares likely to result from their exercise (2)	Total (1)	Total held to date	Total fully diluted (3)
Members of the Management board						
Jacques Souquet	116,470	7,700 BSPCE 03-2006	77,000	376,470	0.72%	2.14%
		7,000 BSPCE 10-2008	70,000			
		35,000 ordinary stock options	35,000			
		78,000 free share exchange stock options	78,000			
Claude Cohen-Bacrie	92,320	856 BSPCE 08-05-2005	0	257,320	0.57%	1.46%
		7,500 03-2006 BSPCE	75,000			
		6,000 10-2008 BSPCE	60,000			
		54,000 free shares (4)	0			
		30,000 ordinary stock options	30,000			
Tom Egelund (c)	0	411,850 ordinary stock options	102,960	102,960	0.00%	0.58%
Bradley Garrett (b)	0	500 BSA 10-2008 (2)	0	20,002	0.00%	0.11%
		4,000 BSA 09-2010	2			
		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 exchange free share (AGA) stock options	165,500			
Bernard Doorenbos (c)	0		0	0	0.00%	0.00%
Jérôme Destoppeleir (a)	0		0	0	0.00%	0.00%

(a) as indicated in Section 6.1, Gordon Waldron resigned on April 15, 2015, and has not been a corporate officer since that date. Jérôme Destoppeleir succeeded Gordon Waldron as both a member of the Management Board and CFO in May 2015.
(b) as indicated in Section 6.1, Brad Garrett retired on April 30, 2015, and has not been a corporate officer since that date.

(c) As indicated in Section 6.1, in December 2015, Bernard Doorenbos was appointed CEO and Chairman of the Management Board to succeed Tom Egelund.

		Securities giving access to the share capital			% capital and voting rights	
	Number of shares held as at December 31, 2015	Number and type of securities allocated (2)	Number of shares likely to result from their exercise (2)	Total (1)	Total held to date	Total fully diluted (3)
Members of the Supervisory Board						
Johannes Barella (6)	10	3,000 warrants (BSA) 10-2008 2,700 09-2010 BSA 15,000 BSA 2013	0 0 0	10	0.00%	0%
Michael Brock (5)	0		0	0	0.00%	0%
Bpifrance Investissement (formerly CDC Entreprises)	1,505,139		0	1,505,139	9.28%	8.55%
Edmond de Rothschild Partners	1,869,024		0	1,869,024	11.52%	10.61%
Mérieux Participations	766,788		0	766,788	4.73%	4.35%
NBGI Private Equity Ltd	1,280,235		0	1,280,235	7.89%	7.27%
OMNES Capital	1,716,015		0	1,716,015	10.58%	9.75%
AURIGA Partners (5)	1,633,195		0	1,633,195	10.07%	9.28%
Sabine Lochmann Beaujour	0		0	0	0.00%	0%
Herman Requardt (6)	0		0	0	0.00%	0%

(1) These figures take into account the 10-1 stock split decided upon by the Combined General Meeting of Shareholders held on May 16, 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 vested.
(5) Auriga Partners SA, represented by Bernard Daugeras, resigned from its position on the Supervisory Board on December 16, 2014. Following this, Michael Brock was co-opted.
(6) Johannes Barella was succeeded by Bernard Doorenbos as interim Chairman of the Supervisory Board; and Dr. Hermann Requardt was appointed independent expert to the Supervisory Board and Management Board of SuperSonic Imagine.
On October 1, Dr. Hermann Requardt was appointed Chairman of the Supervisory Board to succeed Bernard Doorenbos, who had acted as interim Chairman.

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) held 0.67% of the Company's share capital.

17.5. INCENTIVE AND PROFIT-SHARING 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/her 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, on an undiluted base:

	At Dec. 31, 2015				At Dec. 31, 2014			
	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	**445,225**	**2.7%**	**445,225**	**2.8%**	**437,810**	**2.7%**	**437,810**	**2.7%**
EPIC Bpifrance / CDC Group [(a)]	3,107,818	19.2%	3,107,818	19.3%	3,107,818	19.3%	3,107,818	19.4%
EDRIP	1,869,024	11.5%	1,869,024	11.6%	1,869,024	11.6%	1,869,024	11.7%
Auriga Partners	1,633,195	10.1%	1,633,195	10.1%	1,633,195	10.2%	1,633,195	10.2%
Omnes Capital	1,335,860	8.2%	1,335,860	8.3%	1,716,015	10.7%	1,716,015	10.7%
NBGI Private Equity	1,280,235	7.9%	1,280,235	7.9%	1,280,235	8.0%	1,280,235	8.0%
Mérieux participations	766,788	4.7%	766,788	4.8%	766,788	4.8%	766,788	4.8%
Major French investors	**9,992,920**	**61.6%**	**9,992,920**	**62.0%**	**10,373,075**	**64.6%**	**10,373,075**	**64.7%**
Others	**5,689,714**	**35.1%**	**5,689,714**	**35.3%**	**5,216,356**	**32.5%**	**5,216,356**	**32.5%**
Treasury shares	**89,320**	**0.6%**	**-**	**0.0%**	**40,987**	**0.3%**	**-**	**0.0%**
Total	**16,217,179**	**100.0%**	**16,127,859**	**100.0%**	**16,068,228**	**100.0%**	**16,027,241**	**100.0%**

(a) Bpifrance SA, which owns Bpifrance Participations SA, which in turn owns Bpifrance Investissement SAS, is jointly owned by EPIC Bpifrance and Caisse des Dépôts et Consignations (CDC). Accordingly, the securities held by Bpifrance Participations and the funds managed and / or advised by Bpifrance Investissement are fully assimilated by EPIC Bpifrance and the CDC, and their respective positions break down as follows:

	EPIC Bpifrance		CDC Group	
	Number of shares	% of the capital	Number of shares	% of the capital
Bpifrance Investissements	1,505,139	9.3%	1,505,139	9.3%
Bpifrance participations	1,387,679	8.6%	1,387,679	8.6%
CDC EVM	-	-	215,000	1.3%
Consolidated position	2,892,818	17.8%	3,107,818	19.2%

On May 18, 2015, Omnes Capital1 SAS (37-41 rue du Rocher, 75008 Paris), acting on behalf of funds it manages, gave notice of having fallen under, on May 12, 2015, the threshold of 10% of the capital and voting rights of SUPERSONIC IMAGINE and holding, on behalf of said funds, 1,605,042 SUPERSONIC IMAGINE shares representing the same number of voting rights, namely 9.99% of that company's capital and voting rights. On October 21, 2015, in accordance with the Company's Bylaws (requiring notification of the crossing of thresholds that are multiples of three), it also gave notice of having crossed under the 9% threshold.

At the date of this document, there was no significant change in the distribution of shareholders.

18.2. VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

At the date of registration of 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 has been established and the Company has no intention of granting one.

18.3. CONTROL OF THE COMPANY

At the date of registration of this document, no shareholder controls the Company pursuant to Article L. 233-3 of the French Commercial Code. Consequently, the Company has not established measures to guard against abuse of such 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 March 10, 2006 as amended became automatically null and void following the Company's IPO in April 2014.

18.4. PLEDGES OF COMPANY SHARES

To the best of the Company's knowledge, none of its shares were pledged by any of its shareholders.

18.5. STOCK INFORMATION

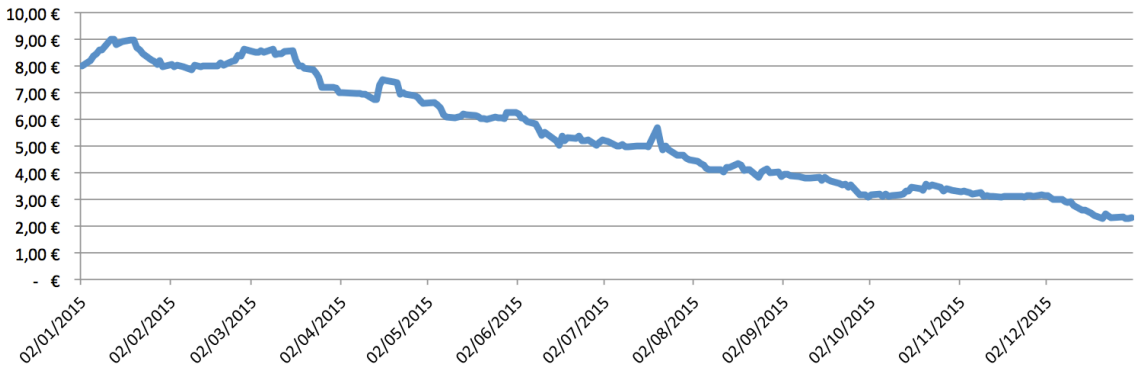
Since April 10, 2014, the Company has been listed on the Euronext regulated market in Paris. Shares are admitted for trading on Compartment C under ISIN code FR0010526814 and ticker SSI.

On December 31, 2015, the share price was €2.30, representing a market capitalization of €37.3 million, compared with a share price of €7.85 and a market capitalization of €126.1 million on December 31, 2014. There was a high of €9.00 and a low of €2.27 during the 2015 financial year.

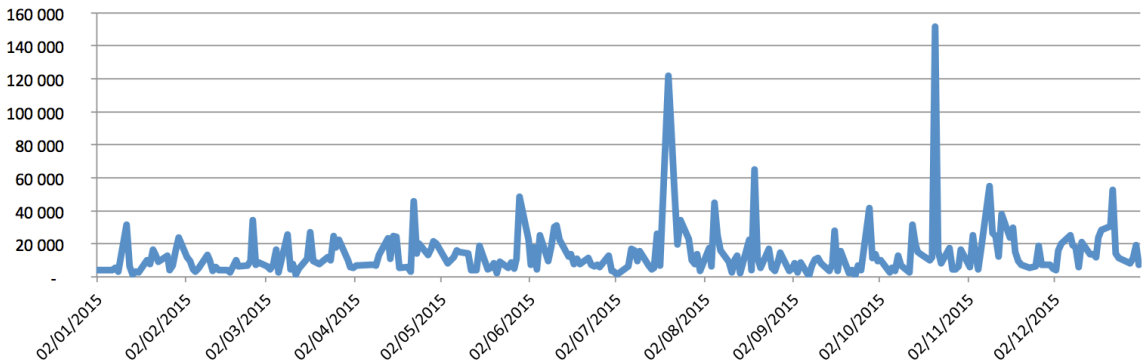
The information concerning the stock values and trades is broken down as follows:

	Average price	Average number of shares traded per day
Jan 2015	8.52	9,110.14
Feb 2015	8.08	8,404.25
Mar 2015	8.07	11,243.68
Apr 2015	7.00	14,819.40
May 2015	6.16	10,791.00
Jun 2015	5.48	13,520.95
Jul 2015	4.95	21,567.09
Aug 2015	4.14	14,741.95
Sep 2015	3.66	9,351.05
Oct 2015	3.30	17,303.73
Nov 2015	3.15	17,198.19
Dec 2015	2.64	17,378.91
Full-year 2015	**5.43**	**13,785.86**

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 December 31, 2015" of this document.

Agreements and commitments authorized during the financial year ended

1. With Jacques Souquet, Member of the Management Board

Nature and purpose
Since April 1, 2015, Jacques Souquet has had a permanent employment contract in his capacity as Director of Strategy and Innovation. Jacques Souquet has been a member of the Company's Management Board since March 12, 2005. Jacques Souquet 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 €220,000 combined with a variable portion of at most 50% of this gross salary, paid according to pre-set objectives that must be attained.

During the financial year ended December 31, 2015, the total gross compensation paid to Jacques Souquet under this employment contract was set at €165,000.

This employment contract includes a non-compete clause, which applies for a term of 12 months from expiration of the employee notice period, and covers the European Union, the United States and China. In consideration for his non-compete obligation, Jacques Souquet 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 6/10ths in the event of a termination that was not due to gross negligence.

Jacques Souquet's employment contract constitutes a related-party agreement under Article L.225-86 of the French Commercial Code, which was authorized prior to signing at the Supervisory Board meeting of April 1, 2015.

2. With Tom Egelund, Member of the Management Board

Nature and purpose
The Supervisory Board meeting of April 1, 2015 appointed Tom Egelund Chairman of the Management Board and authorized the commitment made to Tom Egelund with respect to the payment of a golden handshake.

Were Tom Egelund to leave his position (for any reason other than gross negligence or a serious offense), the latter would be entitled to, subject to the performance conditions set out below, a payment equal to:
- half of the annual fixed gross compensation defined by the Supervisory Board were he to depart before September 1, 2015;
- the annual fixed gross compensation defined by the Supervisory Board were he to depart after September 1, 2015;

The performance conditions must be assessed on an aggregate basis at the end of each financial year on the basis of the following criteria:
- achievement of a 7% share of the ultrasound industry market as defined in 2014;
- the gradual improvement in the EBITDA margin to 20% with the goal of breaking even in 2019.

Performance would be measured each year by the Supervisory Board having regard to the achievement of goals for the previous financial year.

Conditions
On December 10, 2015, Tom Egelund resigned as Chairman of the Management Board. The Supervisory Board found that the performance conditions hadn't been achieved. The aforementioned agreement was not applicable in the financial

year. A settlement was signed on December 22, 2015 between the Company and Tom Egelund following the termination of his Chairmanship of the Management Board. This agreement notably provided for the payment of a settlement of €275,000.

3. With Michael Brock, member of the Supervisory Board

A consultancy agreement was signed on May 29, 2015 between Michael Brock and MB4 Advice, a company controlled by Michael Brock, with retroactive effect to January 1, 2015.

In the financial year ended December 31, 2015, the pre-tax fees paid under the aforementioned consultancy agreement amounted to €30,000.

The aforementioned consultancy agreement constitutes a related-party agreement under Article L.225-86 of the French Commercial Code, which was authorized prior to signing at the Supervisory Board meeting held at 6 PM on May 29, 2015.

For reference, Michael Brock has been a member of the Supervisory Board since December 16, 2014.

4. With Bernard Doorenbos, member of the Supervisory Board

Nature and purpose
A consultancy agreement was signed on May 29, 2015 with Bernard Doorenbos, with retroactive effect to January 1, 2015. Bernard Doorenbos ended his consultancy agreement on December 10, 2015.

For reference, Bernard Doorenbos was co-opted as a member of the Supervisory Board to succeed Hans Barella, who had resigned at the Supervisory Board meeting on May 29, 2015.
On May 29, 2015, the Supervisory Board appointed Bernard Doorenbos as Chairman of the Supervisory Board.
On September 22, 2015, Bernard Doorenbos resigned as Chairman of the Supervisory Board with effect from October 1, 2015.
Bernard Doorenbos resigned from the Supervisory Board on December 10, 2015 and was appointed Chairman of the Company's Management Board the same day.

Conditions
In the financial year ended December 31, 2015, the pre-tax fees paid to Bernard Doorenbos under his consultancy agreement amounted to €41,667.
The aforementioned consultancy agreement constitutes a related-party agreement under Article L.225-86 of the French Commercial Code, which was authorized prior to signing at the Supervisory Board meeting held at 6 PM on May 29, 2015.

5. With Ms. Sabine Lochmann-Beaujour, member of the Supervisory Board

Nature and purpose
A consultancy agreement was signed on May 29, 2015 with Sabine Lochmann-Beaujour, with retroactive effect to January 1, 2015.
For reference, Sabine Lochmann-Beaujour has been a member of the Supervisory Board since May 28, 2013.

Conditions
In the financial year ended December 31, 2015, the pre-tax fees paid to Sabine Lochmann-Beaujour under this consultancy agreement amounted to €30,000.

The aforementioned consultancy agreement constitutes a related-party agreement under Article L.225-86 of the French Commercial Code, which was authorized prior to signing at the Supervisory Board meeting held at 6 PM on May 29, 2015.

6. With Hermann Requardt, member of the Supervisory Board

A consultancy agreement was signed with Hermann Requardt on May 20, 2015 for an assignment commencing on May 30, 2015 and ending on September 30, 2015.

In the financial year ended December 31, 2015, the pre-tax fees paid to Hermann Requardt under his consultancy agreement amounted to €26,800.

The aforementioned consultancy agreement does not constitute a related-party agreement under Article L.225-86 of the French Commercial Code.

Hermann Requardt was co-opted onto the Company's Supervisory Board, with effect from October 1, 2015, to succeed Aris Constantinides, who resigned at the September 22, 2015 Supervisory Board meeting.

On September 22, 2015, the Supervisory Board appointed Hermann Requardt as its Chairman, with effect from October 1, 2015, to succeed Bernard Doorenbos, who resigned at that date.

In accordance with Article L.225-81 of the French Commercial Code, the Supervisory Board decided that Hermann Requardt would receive annual gross fixed compensation of €80,000 for his positions (i.e. €65,000 in respect of his Board Chairmanship and €15,000 in respect of his membership of the Compensation Committee).

Agreements and commitments not previously authorized

1. With Jérôme Destoppeleir, member of the Management Board

Nature and purpose
Since May 15, 2015, Jérôme Destoppeleir has had a permanent employment contract in his capacity as Executive Vice President and Chief Financial Officer. Jérôme Destoppeleir has been a member of the Company's Management Board since May 29, 2015. Jérôme Destoppeleir 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 of at most 50% of this gross salary, paid according to pre-set objectives that must be attained.

During the financial year ended December 31, 2015, Jérôme Destoppeleir's total gross compensation was €117,337.99.

This employment contract includes a non-compete clause, which applies for a term of 12 months from expiration of the employee notice period, and covers the European Union, the United States and China. In consideration for his non-compete obligation, Jérôme Destoppeleir 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 6/10ths in the event of a termination that was not due to gross negligence.

2. With Philippe Lutman, member of the Management Board

Nature and purpose
Since April 27, 2015, Philippe Lutman has had a permanent employment contract in his capacity as Director of Customer Operations. Philippe Lutman joined the Management Board on May 29, 2015. Philippe Lutman was not paid for his duties as a member of the Management Board.
Philippe Lutman left the Company on December 14, 2015.

Conditions
Under his employment contract, his compensation included a gross annual fixed salary of €185,000 combined with a variable portion of at most 50% of this gross salary, paid according to pre-set objectives that must be attained.
During the financial year ended December 31, 2015, Philippe Lutman's total gross compensation was €112,306.

This employment contract included a non-compete clause, which applies for a term of 12 months from expiration of the employee notice period, and covers the European Union, the United States and China. In consideration for his non-compete obligation, Philippe Lutman 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 6/10ths in the event of a termination that was not due to gross negligence.

3. With Bernard Doorenbos, member of the Management Board

Nature and purpose
Bernard Doorenbos has been a member of the Management Board since December 10, 2015. Bernard Doorenbos received a golden hello when he became Chairman of the Management Board.

Conditions
Bernard Doorenbos received a golden hello of €40,000 when he became Chairman of the Management Board, €22,911 of which was paid during the financial year.
Due to an omission by the Supervisory Board, the above agreements and commitments were not previously authorized in accordance with Article L. 225-86 of the French Commercial Code.

Agreements and commitments approved during prior financial years

1. With Kurt Kelln, member of the Management Board

Nature and purpose
Kurt Kelln entered into an employment contract under US law with the Company's US subsidiary SuperSonic Imagine Inc. relating to his managerial functions for global and US sales activity signed on May 22, 2012. Mr. Kelln has been a member of the Company's Management Board since April 19, 2012.

Conditions
Under his contract entered into with the Company's US subsidiary SuperSonic Imagine Inc., his compensation includes a gross annual fixed salary of USD 267,157 combined with a variable portion totaling a maximum of 50% of this gross 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 December 31, 2015, Kurt Kelln's total gross compensation was €340,792.35. This compensation was paid to him by the subsidiary SuperSonic Imagine Inc., and was recharged to your company.

2. With Gordon Waldron, member of the Management Board

Nature and purpose
From September 1, 2010, Gordon Waldron had a permanent employment contract as Executive Vice President and CFO. Gordon Waldron joined the Management Board on September 27, 2010. Gordon Waldron was not paid for his duties as a member of the Management Board. He left the Company on April 15, 2015.

Conditions
Under his employment contract, his compensation included a gross annual fixed salary of €185,000 combined with a variable portion of at most 50% of this gross salary, paid according to pre-set objectives that must be attained.

During the financial year ended December 31, 2015, Gordon Waldron's total gross compensation was €321,024. It includes a severance package in respect of contractual termination.

This employment contract included a non-compete clause, which applies for a term of 12 months from expiration of the employee notice period, and covers the European Union, the United States and China.

3. With Bradley Garrett, member of the Management Board

Nature and purpose
Bradley Garrett left the Company on April 30, 2015, and 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 February 27, 2007. Bradley Garrett was a member of the Company's Management Board from September 27, 2010. Bradley Garrett was not paid for his duties as a member of the Management Board.

Conditions
Under his contract entered into with the Company's US subsidiary SuperSonic Imagine Inc., his compensation included a gross annual fixed salary of USD 200,000 combined with a variable portion totaling a maximum of 50% of this gross salary, paid according to pre-set objectives that must be attained.

During the financial year ended December 31, 2015, Bradley Garrett's total gross compensation was €122,054. This compensation was paid to him by the subsidiary SuperSonic Imagine Inc., and was recharged to your company.

4. With 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 July 1, 2005. Mr. Claude Cohen-Bacrie has been a member of your company's Management Board since December 1, 2008.

Conditions
Under his employment contract, his compensation includes a gross annual fixed salary of €175,000 combined with a variable portion of at most 50% of this gross salary, paid according to pre-set objectives that must be attained.

During the financial year ended December 31, 2015, the total gross compensation paid to Claude Cohen-Bacrie was set at €239,472.

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.

19.3. STATUTORY AUDITORS' REPORTS ON THE RELATED-PARTY AGREEMENTS ENTERED INTO DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

SuperSonic Imagine
General Shareholders' Meeting to approve the financial statements for the financial year ended December 31, 2015

Statutory Auditors' special report on the related-party agreements and commitments

To the 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 characteristics, essential terms and conditions and rationale for the Company of the agreements and commitments of which we were advised, 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 other 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.

Avignon and Paris-La Défense, March 21, 2016
French original signed by the Statutory Auditors

ARESXPERT AUDIT
Frédéric Gregnanin

ERNST & YOUNG et Autres
Frédérique Doineau Franck Sebag

20. FINANCIAL INFORMATION

The parent company and consolidated financial statements for the financial year ended December 31, 2014 as well as the corresponding audit reports, are included by reference in this Registration Document, and appear on pages 307 to 348 and 235 to 305 of the Base Document filed with the AMF under Authorization No. R.15-027, obtained April 28, 2015.
The consolidated financial statements for the financial years ended December 31, 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 March 6, 2014.

20.1. CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

Consolidated income statement

In thousands of euros	Important Notice	Dec. 31, 2015	Dec. 31, 2014
Revenue	6	20,064	19,761
Other income	7	1,655	1,819
Revenue		**21,719**	**21,580**
Cost of sales	23	(12,194)	(12,364)
Gross margin		**9,526**	**9,216**
Gross margin on revenue [1]		**7,871**	**7,397**
Gross margin as a % of revenue [2]		***39.2%***	***37.4%***
Research and development expenses	24	(3,510)	(2,629)
Selling and marketing expenses	25	(11,700)	(11,248)
General and administrative expenses	26	(5,743)	(5,073)
Other operating income/(expenses)	27	(213)	254
Current operating income (loss)		**(11,640)**	**(9,480)**
Other non-current operating income/(expense)	28	(900)	(1,305)
Operating income (loss)		**(12,540)**	**(10,784)**
Financial income		588	373
Financial expenses		(659)	(592)
Financial income (loss)	**31**	**(71)**	**(219)**
Income (loss) before tax		**(12,611)**	**(11,003)**
Income tax expense	32	(147)	(105)
Net income (loss)		**(12,758)**	**(11,108)**
Attributable to:			
Equity holders of the parent company		(12,758)	(11,108)
Non-controlling interests		-	-
Earnings per share:			
Basic (in Euros)	33	(0.79)	(0.76)
Diluted (in Euros)	33	(0.79)	(0.76)

[1] Gross margin on revenue = Revenue – Cost of sales
[2] Percentage gross margin on revenue = Gross margin on revenue/Revenue

Consolidated statement of comprehensive income

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Net income (loss)	(12,758)	(11,108)
Other comprehensive income (loss):		
Actuarial gains/(losses) on retirement benefit obligations	20	58
Tax effect on actuarial gains and losses	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**20**	**58**
Currency translation differences	(115)	83
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(115)**	**83**
Other comprehensive income (loss)	**(94)**	**141**
Total comprehensive income (loss)	**(12,852)**	**(10,967)**
Comprehensive income (loss) attributable to equity holders of the Company	(12,852)	(10,967)
Non-controlling interests	-	-

Statement of financial position

Assets

In thousands of euros	Important Notice	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	8	10,112	7,464
Tangible assets	9	1,481	1,279
Other non-current assets	10	2,313	2,509
Total non-current assets		**13,907**	**11,251**
Inventories	11	5,952	4,234
Trade receivables	12	8,343	8,417
Other current assets	13	4,747	5,809
Cash and cash equivalents	14	**29,476**	**42,204**
Total current assets		**48,518**	**60,664**
Total assets		**62,424**	**71,915**

Statement of financial position

Liabilities

In thousands of euros	Important Notice	Dec. 31, 2015	Dec. 31, 2014
Share	15.1	1,622	1,607
Share premiums	15.1	59,006	58,924
Consolidated reserves	15.4	(9,807)	1,640
Non-controlling interests		-	-
Net income (loss) for the year		(12,758)	(11,108)
Total equity	**15**	**38,063**	**51,062**
Financial debt - Long-term portion	17	5,561	5,562
Retirement obligations	18	411	364
Provisions and other non-current liabilities	19	664	716
Total non-current liabilities		**6,636**	**6,643**
Financial debt - Short-term portion	17	5,955	3,021
Trade payables and related accounts	20	5,900	4,525
Provisions and other current liabilities	21	5,871	6,664
Total current liabilities		**17,726**	**14,210**
Total liabilities		**24,362**	**20,853**
Total liabilities and shareholders' equity		**62,424**	**71,915**

Consolidated statement of changes in 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 net income(loss) attributable to equity holders of the Company	**Total**		
Balance at January 1, 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	16	**-**	**-**	**-**	310	310	-	310
Allocation of losses to the share premium		**-**	(22,550)	**-**	22,550	-	**-**	-
At December 31, 2014		**1,607**	**58,924**	**323**	**(9,792)**	**51,062**	**-**	**51,062**

In thousands of euros	Important Notice	Group share					Non-controlling interests	Total equity
		Share capital	Share premiums	Currency translation reserves	Consolidated reserves and net income(loss) attributable to equity holders of the Company	**Total**		
Balance at January 1, 2015		**1,607**	**58,924**	**323**	**(9,792)**	**51,062**	**0**	**51,062**
Actuarial profits (losses)		-	-	-	20	**20**	-	20
Change in currency translation differences		-	-	(115)	-	**(115)**	-	(115)
Total, other comprehensive income (loss)		**-**	**-**	***(115)***	***20***	***(94)***	**-**	***(94)***
Profit (loss) for the year		-	-	-	(12,758)	**(12,758)**	-	(12,758)
Comprehensive income (loss)		**0**	**0**	**(115)**	**(12,738)**	**(12,852)**	**-**	**(12,852)**
Capital operations	15	15	82	**-**	-	**97**	-	97
Cancellation of treasury shares		**-**	**-**	**-**	(275)	**(275)**	**-**	(275)
Share-based payments	16	**-**	**-**	**-**	30	**30**	-	30
At December 31, 2015		**1,622**	**59,006**	**208**	**(22,774)**	**38,063**	**-**	**38,063**

* for retirement commitments

Consolidated cash flow statement

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Net income (loss)	(12,758)	(11,108)
Elimination of items with no impact on cash		
Amortization and depreciations of assets	2,118	1,533
Changes in the provisions for contingencies	4	73
Changes in the provision for retirement commitments	68	75
(Income)/Expenses linked to share-based payments	30	309
(Income)/Interest expenses, net	516	589
Changes in contingent advances	-	(338)
Gains on disposal of cash equivalents	-	(147)
Income tax expense	147	105
Cash flow linked to operating activity, before changes in WCR	**(9,875)**	**(8,910)**
Inventories	(1,687)	(842)
Trade receivables	74	(1,712)
Other receivables	(410)	(831)
Tax credit for research and operating grants	796	(557)
Suppliers and other liabilities	480	4,158
Taxes on paid income	(125)	(23)
Changes in working capital requirements:	(872)	192
Net cash flow linked to operating activities	**(10,747)**	**(8,717)**
Investment operations:		
Acquisitions of tangible assets	(998)	(758)
Acquisitions and production of intangible assets	(5,816)	(4,421)
Receipt of research tax credit allocated to capitalized R&D expenses	2,658	-
Receipt/Disbursement of financial assets	91	(112)
Income from interest received and capital gain on disposals of treasury instruments	66	147
Net cash flows related to investment operations	**(3,999)**	**(5,145)**
Financing operations:		
Profit from transactions on share capital	97	54,816
Expenses related to capital increases	-	(4,495)
Incurment of financial debt	5,857	3,000
Repayment of financial debt	(3,000)	(829)
Interest disbursed	(507)	(515)
Acquisitions of treasury shares	(275)	(388)
Net cash flows related to financing operations	**2,172**	**51,589**
Changes in net cash flow	**(12,573)**	**37,727**
Cash and cash equivalents opening balance	42,204	6,437
Reclassification of cash in Non-current assets	-	(2,000)
Impact of the change in exchange rate on cash	(155)	41
Cash and cash equivalents closing balance	**29,476**	**42,205**

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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.

In 2009, it put on the market a 3rd generation ultrasound device called Aixplorer®, with a radically new, entirely software-based architecture that integrates several technological innovations. For this purpose it has developed 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).

The Group owns or co-owns numerous patents which were developed by itself, acquired or operated under license.

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, domiciled 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, 6 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;
- Supersonic Imagine (Shanghai) Medical Devices Co. Ltd, China in December 2015.

1.2. Key Events of the Year

1.2.1. Commercial sphere

Revenue for the financial year amounted to €20.1 million, up 2% at current exchange rates, and down 6% at constant exchange rates compared with 2014.

Creation of a subsidiary in China

In December 2015, the Group’s wholly-owned Chinese subsidiary was registered. Supersonic Imagine (Shanghai) Medical Devices Co. Ltd is a WFOE (Wholly Foreign Owned Enterprise), registered in Shanghai.
The Group also has a representative office based in Beijing, comprising a 30-strong team, responsible for coordinating the local distributor network.

The administrative formalities involved in setting up the business are ongoing, and the Group plans to issue its first Chinese invoices in the first half of 2016.

Restructuring of the US sales force

Following the end of the partnership with the US distributor, the Group **restructured its US sales force** which previously consisted of (i) the indirect channel via an exclusive agreement with a local distributor in the breast market, and (ii) the direct channel for the rest of the market.
The Group now only distributes directly, enjoying 30% growth.

1.2.2. Financial developments

Completion of tax audit

On March 17, 2014, the Company was notified of the commencement of a **tax audit** for 2011 and 2012. On March 13, 2015, the tax authority issued its findings, which confirmed the position adopted in the financial statements at December 31, 2014, i.e. no financial impact.

Employee 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 method is based on the desire to involve all employees in the Company's key objectives: (i) improvement of operating income and (ii) revenue growth.
This agreement had no financial impact this financial year.

Arrangement of short-term credit lines

The Group has arranged short-term credit lines for an available total of €7.5 million. These lines were partly drawn down at December 31, 2015 (see details in Note 14), in particular in connection with the pre-financing of the Research Tax Credit for the past year.

1.2.3. Corporate governance

Corporate governance - Management Board

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 68, co-founder and Chairman of the Management Board, wanted to step back a little from operations** to focus on Group innovation. On April 1, 2015, he resigned as Chairman of the Management Board, becoming Director of Strategy and Innovation, and remaining 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 appointed to the French Academy of Technology, where he participates in the development of projects and discussions of medical imaging at a national and European level.

As a result, **Tom Egelund was appointed to succeed Jacques Souquet as Chairman of the Management Board on April 1, 2015**. He had joined the Group in September 2014 as Director of Operations and member of the Management Board.

On April 15, 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.

Jérôme Destoppeleir succeeded Gordon Waldron as both a member of the Management Board and CFO in May 2015. 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.

On April 30, 2015, **Bradley Garrett, Chief Customer Fulfillment Officer, in charge of production, quality, regulatory affairs and after-sales service and member of the Management Board, retired**. He had joined the company during its first year of operation in 2005 and made a remarkable contribution, playing a leading role in the market release of Aixplorer®.
Stéphane Berger, Chief Customer Fulfillment Officer, who joined the Group in 2008, assumes his responsibilities.

Finally, **in December 2015, Bernard Doorenbos was appointed CEO and Chairman of the Management Board, to succeed Tom Egelund**. Bernard Doorenbos has been a member of the Supervisory Board since May 2015, and has been interim chairman for a number of months. He began his career in 1983 at the Medical Systems division of Phillips. He spent most of his subsequent career in executive roles in listed companies, as well as at the helm of a number of industrial companies.

At December 31, 2015, the Management Board had the following members:

	At Dec. 31, 2015	Executive function
Chairman	Bernard Doorenbos	CEO
Member	Claude Cohen-Bacrie	Director of the R&D Program
Member	Jérôme Destoppeleir	Chief Financial Officer
Member	Kurt Kelln	Chief Business Officer
Member	Jacques Souquet	Director of Innovation

Corporate governance – Supervisory Board

As indicated in the Base Document, in March 2014, **Johannes Barella**, Chairman of the Supervisory Board, had said during the second renewal of his term by the Shareholders' Meeting of March 3, 2014, that he did not wish to complete his term for personal reasons. He resigned on May 29, 2015 after six years in office, making an invaluable contribution in turning SuperSonic Imagine into a leading player in the field of medical ultrasound imaging.

On the same date, Johannes Barella was succeeded by Bernard Doorenbos as interim Chairman of the Supervisory Board; and **Dr. Hermann Requardt was appointed independent expert** to the Supervisory Board and the Management Board of SuperSonic Imagine, in order to share with it his considerable expertise and industry knowledge. Hermann Requardt, aged 60, began his career in 1984 at the Siemens Group, before being appointed head of Siemens Healthcare and of the Corporate Technology Department in 2008.

On October 1, **Dr. Hermann Requardt was appointed Chairman of the Supervisory Board** to succeed Bernard Doorenbos, who had acted as interim Chairman until Dr. Hermann Requardt was fully free of his previous commitments.

2. Basis for Preparing the Company's Consolidated Financial Statements under IFRS

On March 11, 2016, the Management Board issued the consolidated financial statements, which were presented to the Supervisory Board on the same date. These financial statements will only be final after they are approved by the General Shareholders' Meeting, called for June 24, 2016.

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 December 31, 2015. 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 financial year ended December 31, 2014, with the exception of the adoption of the new mandatory standards described below.

On December 31, 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 January 1, 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. The Group 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 million will allow the Company to finance upcoming years.

- The Company's available cash at December 31, 2015 was €29.5 million.

3. Summary of Significant Accounting Policies

The new standards, amendments and interpretations adopted by the European Union, which must be applied by the Group as from January 1, 2015 are as follows:

- IFRIC 21 - Levies
- 2011-2013 Annual Improvements Cycle

The application of these new standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements.

Standards for which application is not mandatory in 2015:
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 2015, or because their application was not anticipated in the Group's 2015 financial statements:

Standard / Interpretation	IASB anticipated date of application (financial years beginning on or after)	EU date of application (financial years beginning on or after)
IFRS 9 – *Financial Instruments*	January 1, 2018	Endorsement expected in H1 2016
Employee Contributions to Defined Benefit Plans (Amendments to IAS 19)	July 1, 2014	February 1, 2015
2010-2012 Annual Improvements Cycle	July 1, 2014	February 1, 2015
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Endorsement expected in Q2 2016
Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants	January 1, 2016	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined	Suspended
2012-2014 Annual Improvements Cycle	January 1, 2016	January 1, 2016
Amendments to IAS 1: Disclosure Initiative	January 1, 2016	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	January 1, 2016	Endorsement expected in Q2 2016

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 recognized 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 non-controlling interests or holdings in an entity requiring equity accounting.

3.2. Segment Reporting

The Group, which only 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 Company's products 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 "Financial income" or "Financial expenses" line items.

(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 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 translated 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.

(b) 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.

(c) 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 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:

- Fixtures 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 of these assets 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 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.

(b) 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.

(c) 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.

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 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.

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 OSEO), for which the Group does not have reasonable assurance that the advances will be repaid;
- bonds with share warrants (OBSA);
- the use of short-term credit lines and RTC pre-financing.

(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 share 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 variations in value are recorded in the income statement as either 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 this advance results in a reduction in future payments or a cash refund.

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 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) 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, 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.

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. Tax Credits and Other Government Grants

Tax credits (Research Tax Credit, Innovation Tax Credit, Job Competitiveness Tax Credit) are provided by the government to give incentives for companies to perform technical and scientific research. These tax credits are presented as a reduction in the expenses recognized 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. Insofar as the Company pays no interest on these advances, they were initially recognized at fair value, that is to say, with a discount equal 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.

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 lessor) 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 rendered in exchange for the granting of options is recognized as an expense, 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 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.

Cash-settled plans:
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.

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% rise in the US dollar, the Group believes that, for the year ended December 31, 2015, the impact in absolute terms on its operating income would have been an expense of approximately €200,000.

Exposure to exchange rate fluctuations is often alleviated naturally by cash inflows and outflows in the same currency. This is even truer since 2014 because the Group relocated its ultrasound device production to Malaysia and in that way generated new purchases denominated in USD.

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 December 31, 2015, 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 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, but in the absence of a reliable estimate of the amount to be paid until 2022, this amount is not recorded in the balance sheet (see also 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	Dec. 31, 2015	%	Dec. 31, 2014	%
Sale of goods	18,309	91%	18,132	92%
Sale of services	1,755	9%	1,630	8%
Total	**20,064**	100%	**19,761**	100%

Revenue by geographic region breaks down as follows:

In thousands of euros	Dec. 31, 2015	%	Dec. 31, 2014	%
EMEA	8,244	41%	8,590	43%
Americas	4,629	23%	4,962	25%
Asia	7,191	36%	6,209	32%
Total	**20,064**	100%	**19,761**	100%

During financial year 2015, the countries in which the Group earned more than 10% of its revenue were China (€4.637 million), the United States (€4.280 million) and France (€3.646 million).

During financial year 2014, the countries in which the Group earned more than 10% of its revenue were the United States (€4.625 million), France (€4.014 million) and China (€3.163 million).

For 2015 and 2014 the Group's top five customers represented a combined 36% and 41% of consolidated revenue, respectively.

Only a single customer, in Asia, represented over 10% of the Group's revenue, with an invoiced amount of €4.444 million. In 2014, the two clients that represented more than 10% of consolidated revenue were in the Americas and Asia, with an invoiced amount of €5.363 million.

Revenue by distribution channel breaks down as follows:

In thousands of euros	Dec. 31, 2015	%	Dec. 31, 2014	%
Direct	7,483	37%	6,868	35%
Indirect	12,581	63%	12,893	65%
Total	**20,064**	100%	**19,761**	100%

The breakdown of property, plant and equipment and intangible assets by geographic region for the two financial years ended December 31, 2015 and 2014 is as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
EMEA	11,520	8,694
Americas	64	30
Asia	9	18

Total	**11,593**	**8,742**

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	Dec. 31, 2015	Dec. 31, 2014
Other income	1,655	1,819

8. Intangible assets

As at December 31, 2015, aggregate gross development costs amounting to €12.613 million primarily related to developments in Versions V3 to V11 of Aixplorer, as well as capitalized expenses for the next generation ultrasound system on which the Group is working.

Capitalized internal development costs for the current financial year totaled €3.455 million, €1.774 million of which corresponded to new versions of the Aixplorer, and €1.681 million of which corresponded to the next generation ultrasound system. Furthermore, €439,000 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 €3.894 million.

Changes in intangible assets break down as follows over the last two financial years:

In thousands of euros	Patents/licenses	Development Costs	Others	Total
Year ended December 31, 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**
At December 31, 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 thousands of euros	Patents/licenses	Development Costs	Others	Total
Year ended December 31, 2015				
Opening net book amount	1,040	6,395	29	7,464
Acquisitions	-	3,894	68	3,962
Depreciation and amortization	(130)	(1,132)	(50)	(1,313)
Closing net book amount	**909**	**9,156**	**46**	**10,112**
At December 31, 2015				
Gross value	1,864	12,613	1,075	15,552
Cumulative depreciation	(955)	(3,456)	(1,029)	(5,440)
Net book value	**909**	**9,156**	**46**	**10,112**

The capitalized internal development costs break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Personnel	3,447	2,924
Fees, External Services	918	539
Travel expenses and entertainment	104	117
Depreciation, amortization & provisions	479	177
Purchases and consumables	220	60
Others	142	166
Subtotal expenses	**5,309**	**3,983**
Operating grants	-	(6)
Research and innovation tax credit	(1,854)	(1,437)
Subtotal income	**(1,854)**	**(1,443)**
Capitalized R&D costs	**3,455**	**2,540**

There was no impairment as defined under IAS 36 noted during the periods presented.

9. Tangible assets

During financial year 2015, the Group made investments in R&D equipment (use of new versions of Aixplorer for research), production equipment (the Group owns certain production tools, such as the molds for the design of ultrasound systems, which are made available to the subcontractor responsible for their manufacture), as well as IT and transport equipment.

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
Year ended December 31, 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)
Unrealized exchange gains or losses	14	5	24	43
Closing net book amount	**915**	**288**	**78**	**1,280**
At December 31, 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**

In thousands of euros	Tools, plant and technical equipment	Office and IT equipment	Others	Total
Year ended December 31, 2015				
Opening net book amount	915	286	78	1,279
Acquisitions	652	160	187	998
Transfers	(31)	-	-	(31)
Depreciation charge	(538)	(174)	(92)	(805)
Currency translation gains or losses	13	5	22	40
Closing net book amount	**1,011**	**276**	**194**	**1,481**
At December 31, 2015				
Gross value	5,155	1,001	946	7,102
Cumulative depreciation	(4,145)	(724)	(752)	(5,620)
Net book value	**1,011**	**277**	**194**	**1,481**

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	Dec. 31, 2015	Dec. 31, 2014
Securities and cash pledged	2,158	2,158
Deposits paid	117	134
Assets provided for the liquidity agreement	38	112
Income receivable - Operating grants (> 1 year term)		- 105
Total Other non-current assets	**2,313**	**2,509**

Other non-current assets consist of cash and shares pledged:

- within the context of the bond issue dated December 16, 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 July 18, 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 €38,000. The liquidity agreement is described in Note 15.3.

11. Inventories

Inventories break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Raw materials & spare parts	3,772	2,613
WIP and finished goods	2,015	1,843
Demonstration equipment	1,560	1,171
Total gross inventories	**7,347**	**5,627**
Provisions for loss on inventories	(1,396)	(1,393)
Total Net Inventories	**5,951**	**4,234**

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	Dec. 31, 2015	Dec. 31, 2014
At January 1	1,393	847
Provisions for losses on inventories	413	685
Reversals of provisions used	(410)	(139)
At December 31	**1,396**	**1,393**

Reversals of provisions used correspond to fully provisioned inventories that were obsolete or irreparable, and scrapped during the year.

12. Trade receivables

Trade and other receivables break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Trade receivables	9,562	9,331
Provisions for bad debt	(1,219)	(915)
Trade receivables, net	**8,343**	**8,417**

Provision for doubtful trade receivables primarily concerned 3 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 the payment of the amounts due, a total of €474,000.

On October 22, 2009, the Company signed an exclusive distribution agreement with its distributor for some of its products in China (excluding Taiwan, Hong Kong and Macao).
In April 2013, the Company terminated this agreement, in particular noting that its distributor had not achieved its contractual objectives. 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.

In October 2014, the Company won its case and the Chinese distributor was ordered to repay its debt as well as pay €1 million in principal for damage suffered by the Group. Provisions continue to be funded for the related assets (€474,000 in trade receivables and €1.002 million in income receivable), unchanged on December 31, 2014.
At the same time, the distributor's claims were dismissed.

At the balance sheet date of the 2015 consolidated financial statements, proceedings for recovery have been launched and are ongoing.

- **Brazilian distributors:**

The receivables owed by the former Brazilian distributor for a total of €520,000 had been fully provisioned in 2013, the latter facing significant financial difficulties.
The same year, the Company had signed an exclusive agreement with a new distributor for the Brazilian market, which included a repayment schedule for the debt of the former distributor. This schedule was respected until August 2014, and the corresponding provisions returned for a total of €181,000.

In 2015, this new distributor faced cash flow issues, primarily due to the fall in the BRL vis-à-vis the euro (which fell 34% over the financial year), foreign exchange risks being borne by the latter insofar as it is billed by the Group in euros.

The Group is in regular contact with this new distributor, which wants to continue distributing SuperSonic Imagine products once it has been able to clear its debt. To this end, a 50% provision was funded for the debt owed by this new distributor at December 31, 2015.

At December 31, 2015, €3.069 million in receivables were overdue, including €1.219 million provisioned, i.e. a total of €1.85 million in receivables that were past due but not impaired. They relate to customers for which the Company has found that there is no risk of non-collection for these receivables.

At December 31, 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.

The breakdown of these receivables by duration is as follows:

In thousands of euros	Total	Not due	1 to 30 days	30 to 60 days	60 to 90 days	90 + days
2014	9,331	7,618	289	79	182	1,163
2015	**9,562**	**6,493**	**992**	**178**	**260**	**1,639**

The gross carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Euro	5,365	5,113
US Dollar	4,135	4,176
Other	62	42
Total	**9,562**	**9,331**

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	2015	2014
At January 1	(1,009)	(1,283)
Increase in provision for doubtful receivables	217	129
Reversals of provisions used	-	(15)
Reversals of provisions not used	(7)	(388)
At December 31	**(1,219)**	**(1,009)**

The total amount of the provisions for doubtful trade receivables was €1.009 million at December 31, 2014, of which €94,000 had been 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	Dec. 31, 2015	Dec. 31, 2014
Research tax credit receivable	2,336	3,691
VAT receivable	1,448	1,023
Prepaid expenses	313	331
Prepayments	279	248
Operating grants receivable – current portion	340	466
Other receivables	32	50
Total other current assets	**4,747**	**5,809**

Given its status as an SME in EU terms, receivables relating to Tax Credits are repaid in the year following their recognition.

By way of exception, the RTC for 2013 had not been repaid in 2014, due to the tax audit then underway. In fact, the Company was then subject to a tax audit, notably pertaining to the RTC. To that end, it is standard practice for any current payments due to the Company to be suspended, which was the case for the RTC. As discussed in the key events for the period, this audit did not result in any adjustment to the RTC.
The 2013 RTC and 2014 RTC were paid in 2015.

The tax receivable has changed as follows over the last two years:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Tax credit receivables at January 1	3,691	1,699
RTC received	(3,585)	-
RTC for the year	2,128	1,846
Adjustments to prior RTC	-	-
Other tax credits	103	146
Tax receivables at close	**2,336**	**3,691**

The other tax credits primarily corresponded to the Job Competitiveness Tax Credit, the Export Tax Credit and the Innovation Tax Credit.

At December 31, 2015, the amount of RTC for the past financial year was 80% pre-financed. In this respect, the financial statements include a short-term debt of €1.6 million.

14. Cash and cash equivalents

Cash and cash equivalents break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Cash on hand	12,032	5,575
Marketable securities	17,445	36,630
Cash and cash equivalents	**29,476**	**42,204**

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.

At December 31, 2015, the Group had short-term overdraft facilities totaling €7.5 million, €5.6 million of which has been drawn down (including €4 million in short-term credit lines and €1.6 million in 2015 RTC pre-financing through Dailly assignment), see Note 17 on Financial Debt.
At December 31, 2014, the Group had a short-term overdraft facility of €3 million, which was fully drawn down at that date.

15. Shareholders' equity

Since April 10, 2014, the Company's shares have since been admitted for trading on the Euronext regulated market in Paris under the ISIN code FR0010526814 and the mnemonic SSI.

Following this operation, the number of shares went from 11,337 thousand to 16,019 thousand.

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 16,068,228 shares.

For financial year 2015, 149,000 dilutive instruments were exercised, raising the number of shares in circulation to 16,217,179 at December 31, 2015.

15.1. Share Capital

Variations in share capital break down as follows:

	Jan. 1, 2015	Subscription of dilutive instruments			Dec. 31, 2015
		Stock options	Founders warrants (BSPCE)	BSA	
In thousands of shares					
Ordinary shares	16,068,228	2,653	27,880	118,418	16,217,179
Total number of shares	16,068,228	2,653	27,880	118,418	16,217,179
In thousands of euros					
Share Capital	1,607	0.3	2.8	11.8	1,622
Share premium	58,924	-	22	60	59,006

Change in share capital over the last two financial years

Transaction	Share	Share premium	Number of shares
	(In thousands of euros)		
At January 1, 2014	**1,134**	**31,623**	**11,337,376**
Reclassification of reserves below issue premium	-	(22,550)	-
Capital increase in cash - IPO	427	49,573	4,273,504
Costs of IPO	-	(4,441)	-
Creation of free shares	3	-	29,065
Shares created after the over-allotment	41	4,730	407,783
Expenses following the over-allotment	-	(54)	0
Exercise of Stock options	1	-	6,500
Exercise of BSPCE	1	44	5,000
Exercise of Stock options	1	-	5,000
Exercise of warrants	0	-	4,000
At December 31, 2014	**1,607**	**58,925**	**16,068,228**
At January 1, 2015	**1,607**	**58,925**	**16,068,228**
Exercise of Stock options	0	0	2,653
Exercise of BSPCE	3	22	27,880
Exercise of warrants	12	60	118,418
At December 31, 2015	**1,622**	**59,006**	**16,217,179**

15.2. Dividends

The Company has never distributed a dividend and does not intend to do so for financial year 2015.

15.3. Liquidity Agreement

A liquidity agreement was signed with Exane BNP Paribas on April 11, 2014 for a period to conclude on December 31, subject to tacit renewal. The initial payment was €300,000, since raised to €700,000 in March 2015 (two €200,000 payments were respectively made in 2014 and 2015).

At December 31, 2015, within the context of the liquidity agreement, the number of treasury shares held through this agreement was 89,320, in addition to €38,000 in cash.

Changes in shares held under this contract reduced the amount of consolidated equity by €275,000 in financial year 2015.

15.4. Consolidated reserves

Consolidated reserves break down as follows:

In thousands of euros	2015	2014
At January 1	(9,467)	(20,969)
Profit (loss) for the year	(12,758)	(11,108)
Currency translation differences	(115)	83
Share-based payments - Expenses for the year	30	310
Actuarial profits/(losses) on retirement commitments	20	58
Free share delivery	-	(3)
Treasury stock	(275)	(388)
Allocation of negative retained earnings to the share premium	-	22,550
At December 31	**(22,564)**	**(9,467)**
Of which:		
Retained earnings (losses)	(10,711)	398
Loss for the year	(12,758)	(11,108)
Statutory reserve	-	-
Unavailable reserve	-	-
Treasury stock	(662)	(388)
Other comprehensive income	176	270
Share-based payments	1,391	1,361
At December 31	**(22,564)**	**(9,467)**

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;
- non-dilutive instruments based on shares. The latter are described below in Note 16.2.

16.1. Share-Based Dilutive Instruments

16.1.1. Conditions of Plans Allocated

At December 31, 2015, 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 outset *Exercisable at Dec. 31, 2015*	Expiration date
03-2006 BSPCE July 10, 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	269,700 (2) *234,000*	Jul-10-2016
03-2006 BSPCE July 9, 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) *27,500*	Jul-09-2017
10-2008 BSPCE November 5, 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) *218,800*	Nov-05-2019

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated May 16, 2012, each BSPCE entitled bearers to subscribe for 10 shares at the unit exercise price indicated above. To make it easier to understand, the number of instruments granted at the outset was multiplied by 10, thereby reflecting the number of shares in the capital post-split.

Share warrants (BSA):

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at outset *Exercisable at Dec. 31, 2015*	Expiration date
03-2006 BSA July 10, 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*	Jul-10-2016
03-2006 BSA July 9, 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*	Jul-09-2017
10-2008 BSA April 16, 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) *82,500*	Apr-16-2020
09-2010 BSA September 30, 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) *45,502*	Sept-30-2021
2013 BSA October 4, 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 *12,000*	Oct-04-2023

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.

(2) Following the 10-1 stock split dated May 16, 2012, each BSPCE entitled bearers to subscribe for 10 shares at the unit exercise price indicated above. To make it easier to understand, the number of instruments at the outset were multiplied by 10, thereby reflecting the number of shares in the capital post-split.

Ordinary shares / Stock options:

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at outset *Exercisable at Dec. 31, 2015*	Expiration date
Ordinary shares / Stock options:				
2013 Ordinary Options October 4, 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 *372,097*	Oct-04-2023
2013 Exchange free share [AGA] stock options October 4, 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 October 1, 2013. (1)	€0.10	254,500 *249,500*	Oct-04-2023
Options 09-2014 September 19, 2014	Up to 6.25% of options may be exercised at the expiry of each successive 3-month period that has elapsed from the date of allocation, and at the latest within the 10 years following the date of allocation.	€8.40	411,850 *102,964*	Sept-18-2024

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.

16.1.2. Changes in outstandings for dilutive instruments

Share warrants (BSA):

The number of share warrants in circulation and their average exercise price are detailed below:

	2015		2014	
BSA	Average exercise price in € per share	Number of instruments	Average exercise price in € per share	Number of instruments
At January 1	3.96	322,220	3.91	326,220
Granted	-	-	-	-
Null and void	-	-	-	-
Exercised	0.74	-118,418	0.10	-4,000
Expired	4.19	-38,000	-	-
At December 31	4.36	165,802	3.96	322,220
Exercisable	4.36	165,802	3.96	322,220

Since the Company's IPO in April 2014, all share warrants have been 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)	2015		2014	
	Exercise price in € per share	Number of instruments	Exercise price in € per share	Number of instruments
At January 1	6.94	527,880	6.97	534,380
Granted	-	-	-	-
Null and void	-	-	8.85	-1,500
Exercised	2.37	-27,880	8.85	-5,000
Expired	7.6060	-19,700	-	-
At December 31	7.7676	480,300	6.94	527,880
Exercisable	7.7676	480,300	6.94	527,880

Since the Company's IPO in April 2014, all founders' warrants have been exercisable.

Share Subscription Options/Stock Options

The number of stock options in circulation breaks down as follows:

Share Subscription Options (OSA)	2015		2014	
	Exercise price in € per share	Number of options	Exercise price in € per share	Number of options
At January 1	3.40	1,036,100	0.10	635,750
Granted	-	-	8.40	411,850
Null and void	0.10	-308,886	-	-
Exercised	0.10	-2,653	0.10	-11,500
At December 31	0.20	724,561	3.40	1,036,100
Exercisable	0.20	724,561	0.43	649,990

The Extraordinary Shareholders' Meeting of March 3, 2014 had authorized the Management Board to grant the members of the salaried staff as well as corporate officers, options entitling bearers to subscribe for ordinary shares, noting that the total number of options allotted under this authorization cannot entitle bearers to subscribe for more than 963,479 ordinary shares with a nominal value of €0.10 each.

On September 19, 2014, using this delegation, the Management Board allotted 411,850 shares at an exercise price of €8.40.

Following Tom Egelund's departure in December 2015, 308,886 stock options lapsed insofar as they were subject to continued employment.

16.1.3. Plan Valuation

The valuation of share 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 03-2006	B&S	5.838	4.10%	48.09%	10	30.48%	0.803
Founders' warrants – 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 warrants (BSA):							
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	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

No assumption of turnover or dividend distribution was used for the valuation of these instruments.

16.2. Share-Based Dilutive Instruments

On July 1, 2014, the Group granted employees at the Chinese representative office 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 where they were fully vested upon allocation), except in cases of a change in Company control, where all of them would immediately become exercisable. These SARs are exercisable through October 23, 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 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 balance sheet date, the valuation of the SARs allotted was €42,000.

16.2.1. Conditions of Plans Allocated

Plan -- Date of allocation	Vesting conditions	Number of instruments: allocated at outset *Exercisable at Dec. 31, 2015*	Expiration date
Stock Appreciation Right			
07-2014 SAR July 1, 2014	Exercisable in thirds on July 1 of each year (2014, 2015, 2016), or immediately exercisable in the event of a change in control	10,000 *6,600*	Oct-23-2023
07-2014 SAR July 1, 2014	Fully exercisable at July 1, 2014	5,000 *5,000*	Oct-23-2023

16.2.2. Changes in Outstandings for Non-Dilutive instruments

SAR	**2015** Number of instruments	**2014** Number of instruments
At January 1	15,000	-
Granted	-	15,000
Null and void	-	-
Exercised	-	-
Expired	-	-
At December 31	15,000	15,000
Exercisable	11,600	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	2013 and previous	2014	2015	2016 and later	Total
Founders warrants (BSPCE)	599	-	-	-	599
Free shares	19	1	-	-	20
BSA	409	(110)	-	-	299
Stock options	25	418	30	-	473
SAR	-	113	(71)	3	45
Total	1,052	422	(41)	3	1,436

17. Financial Debt

Financial debt breaks down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Non-current		
OSEO repayable advance – Tuce	-	77
OSEO repayable advance – Icare	707	682
Bond issue	4,853	4,803
Total non-current	**5,561**	**5,562**
Current		
OSEO repayable advance – Tuce	319	-
Short-term debt	5,615	3,000
Interest accrued on loan	21	21
Total current	**5,955**	**3,021**

Financial debts are primarily comprised:

- of repayable advances (described below),
- a bond issue (described below),
- short-term borrowings comprising overdraft facilities of €4 million and 2015 RTC pre-financing of €1.6 million, as described in Note 35.4.

17.1. Repayable advances

Within the framework of its development programs, the Company received repayable advances (granted by OSEO at the time, and now under the control of BPI), two of which are still outstanding:

- **Icare repayable advance:**

An unpaid repayable advance was granted, for a total of €3.0 million for the Icare program, including €516,000 which was received on March 8, 2010, and another €347,000 which was received on June 13, 2012. The repayments will be based on future sales of products from this project up to the end of the 2022 financial year. Repayments may therefore exceed the nominal amount, but in the absence of a reliable estimate of the amount to be paid until 2022, this amount is not recorded in the balance sheet (see also Note 35.4).

- **TUCE repayable advance:**

An unpaid repayable advance was granted, for a total of €0.4 million for the TUCE program, including €77,000 which was received on June 26, 2012, and €242,000 which was received on July 1, 2015. The repayments will be based on future sales of products from this project, and may thus 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 (see also Note 35.4).

In thousands of euros	OSEO THERAPY	OSEO ICARE	OSEO TUCE	Total
Debt as at December 31, 2013	**338**	**657**	**77**	**1,072**
+ payments received	-	-	-	-
- repayments	-	-	-	-
- discounting	-	-	-	-
+ accretion	-	25	-	25
- Cancellation of the debt	-338	-	-	-338
+/- change in assumption	-	-	-	-
Debt as at December 31, 2014	**0**	**682**	**77**	**759**
+ payments received	-	-	242	242
- repayments	-	-	-	-
- discounting	-	-	-	-
+ accretion	-	25	-	25
- Cancellation of the debt	-	-	-	0
+/- change in assumption	-	-	-	-
Debt as at December 31, 2015	**0**	**707**	**319**	**1,026**

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	319	319	-	-
ICARE advance	707	-	-	707
Total	**1,026**	**319**	**-**	**707**

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 December 16, 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) for a total nominal amount of €5 million.

The Bonds with Share Warrants (OBSA) are redeemable monthly in arrears 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 on a monthly basis from the month of issue, namely December 16, 2013. In line with the assumption made upon subscription, the Company achieved the revenue target allowing it to benefit from the 36 month grace period, as a result of which the outstanding OBSA are 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 OBSA has a share warrant (the "**BSA**"), totaling 50,000 BSA, granting bearers the right to subscribe for 50,000 ordinary new shares. Each BSA entitles its holder to subscribe for one ordinary share with a €10 subscription value.

Due to the Company's IPO in April 2014, these warrants became exercisable through December 17, 2023.
The value of the bond issue in the balance sheet is as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014	Initial recording
Nominal value of the bond issue	5,000	5,000	5,000
Issuance costs charged to the loan	(147)	(197)	(246)
Equity component (Note 3.12)	-	-	-
Debt component	4,853	4,803	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	4,853	-	4,853	-

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	Dec. 31, 2015	Dec. 31, 2014
Provision for retirement benefit obligations	411	364

Changes in the obligation under the defined-benefit plan during the year are presented below:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
At January 1	**364**	**347**
Cost of services rendered during the period	67	65
Financial cost	7	10
Services paid	(6)	-
Reductions/terminations	-	-
Actuarial gains and losses	(20)	(58)
Currency translation differences	-	-
At December 31	**411**	**364**

The amounts recognized in the income statement are determined as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Cost of services rendered during the period	67	65
Financial cost	7	10
Services paid	(6)	-
Total	**68**	**75**

The main actuarial assumptions used are as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Discount rate	2.0%	2.0%
Rate of increase in salaries	3.0%	3.0%
Inflation rate	2.0%	2.0%
Social security rate: Non-management	43.2%	42.5%
Social security rate: Management	46.1%	46.7%

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 (INSEE table TD/TV 2011 - 2013).
The mobility rates used were determined on the basis of statistics from recent years. This rate represents an average annual mobility rate of 7.1% of employees.

19. Other Non-Current Liabilities

Other non-current liabilities are detailed below:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Trade payables - non-current portion	441	467
Deferred revenue - non-current portion	224	249
Total	**664**	**716**

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 consists of maintenance contracts and income from operating grants recognized as expenses are incurred where this lasts for more than one year.

20. Trade Payables

Trade payables break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Trade payables	**6,341**	**4,992**
Of which current	5,900	4,525
Of which non-current	441	467

21. Other Current Liabilities

Other current liabilities break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Social security costs	2,697	3,190
Deferred revenue - current portion	1,005	1,713
Operating grant repayable	790	804
Provisions for other current liabilities (see details)	460	456
Tax debt	908	376
Advances received on orders	-	110
Miscellaneous	14	14
Total other current liabilities	**5,871**	**6,664**

Deferred revenue concerns a portion of income linked to technology which was not fully recognized when signing the contract, but instead staggered over the period in question, as well as income from operating grants staggered as expenses are incurred, in addition to the provision of services (primarily maintenance, after-sales service, warranty extensions) for which revenue is 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), namely €790,000 in 2015 out of a total of €1.774 million in grants received. To that end, €790,000 was reclassified as short-term debt in the financial statements as of December 31, 2015. See Note 35.4.

During financial year 2015, the Group received €275,000 in grants, compared to €340,000 in 2014.

Current provisions for contingencies break down as follows:

In thousands of euros	Guarantees	Others	Total
At January 1, 2014	383	-	383
- Increase in provision	667	-	667
- Used amounts reversed	(594)	-	(594)
- Unused amounts reversed	-	-	-
Unrealized exchange gains and losses	-	-	-
At December 31, 2014	**456**	**-**	**456**
At January 1, 2015	456	-	456
- Increase in provision	679	-	679
- Unused amounts reversed	-	-	0
- Used amounts reversed	(675)	-	(675)
Currency translation gains or losses	-	-	-
At December 31, 2015	**460**	**-**	**460**

At the balance sheet date, 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.

At December 31, 2015:

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	117	-	117
Trade receivables	8,343	-	8,343
Assets provided for the liquidity agreement	-	38	38
Cash and cash equivalents	-	29,476	29,476
Total December 31, 2015	**8,460**	**31,672**	**40,132**

	Liabilities at fair value through profit and loss	Financial liabilities valuated at amortized cost	Total
Trade payables and related	-	6,341	6,341
Bond issue	-	4,874	4,874
Short-term debt	-	5,615	5,615
Repayable advances	-	1,027	1,027
Total December 31, 2015	**-**	**17,856**	**17,856**

As at December 31, 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 December 31, 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 December 31, 2014	**-**	**13,576**	**13,576**

23. Cost of sales

The gross margin for the previous two years breaks down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Revenues	20,064	19,761
Cost of sales	(12,194)	(12,364)
Gross margin on Revenue	7,871	7,397
Gross margin as a % of revenues	***39.2%***	***37.4%***
Total revenue	21,719	21,580
Cost of sales	(12,194)	(12,364)
Gross margin on total revenue	9,526	9,216
Gross margin as a % of total revenue	***43.9%***	***42.7%***

The gross margin on total revenue represents total revenue (€21.719 million) minus the cost of sales (€12.194 million). It fully benefited from other income (€1.655 million in 2015 versus €1.819 million in 2014), not generating any cost of sales.

The gross margin on revenue represents revenue less cost of sales, i.e. €7.871 million in 2015, and €7.397 million in 2014.
The gross margin on revenue rose 5% over the period to 39.2%. This was due to a positive exchange rate effect due to the strengthening of the dollar against the euro during the year (dollar sales outstripping purchases), as well as thanks to the relocation of production to Malaysia, effective over the full-year versus over half the previous financial year.

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	2015	2014
Personnel	1,293	1,153
Fees, External Services	858	785
Travel expenses and entertainment	151	112
Depreciation, amortization & provisions	1,166	961
Purchases and consumables	118	344
Others	323	420
Subtotal expenses	**3,909**	**3,775**
Operating grants	(31)	(703)
Research and innovation tax credit	(369)	(444)
Subtotal income	**(399)**	**(1,147)**
Total	**3,510**	**2,629**

Total research and development expenses break down as follows including research and development expenses capitalized as intangible assets:

In 2015:

In thousands of euros	R&D expenses	Capitalized expenses	Total Expenditures
Personnel	1,293	3,447	4,740
Fees, External Services	858	918	1,775
Travel expenses and entertainment	151	104	255
Depreciation, amortization & provisions	1,166	479	1,646
Purchases and consumables	118	220	338
Others	323	142	466
Subtotal expenses	**3,909**	**5,309**	**9,218**
Operating grants	(31)	-	(31)
Research and innovation tax credit	(369)	(1,854)	(2,223)
Subtotal income	**(399)**	**(1,854)**	**(2,254)**
Total	**3,510**	**3,455**	**6,964**

In 2014:

In thousands of euros	R&D expenses	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	**3,776**	**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**

25. Selling and marketing expenses

Selling and marketing expenses break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Personnel	5,933	5,648
Fees, External Services	1,755	1,941
Travel expenses and entertainment	2,799	2,515
Depreciation, amortization & provisions	405	367
Others	809	777
Total	**11,700**	**11,248**

26. General and administrative expenses

General and administrative expenses break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Personnel	2,498	2,738
Fees, External Services	2,467	1,696
Travel expenses and entertainment	287	196
Depreciation, amortization & provisions	251	246
Others	241	197
Total	**5,743**	**5,073**

27. Other operating income / (expenses)

Other operating income (expenses) break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Customer provisions	(217)	(129)
Miscellaneous	1	(23)
Other operating expenses	**(216)**	**(152)**
Reversal of unused customer provisions	6	403
Miscellaneous	(3)	2
Other operating income	**3**	**405**
Other operating income and expenses	**(213)**	**254**

28. Other non-current operating income/(expense)

Other non-current operating income/(expenses) are recognized using the methods described in Note 3.24 for the determination of non-current operating income.

In 2015, they include expenses related to changes in Management Board membership over the year (new member, departure and hiring costs). The main cost related to the departure of the Chairman of the Management Board in December 2015, which totaled €360,000.

In 2014, they primarily included:

- the costs of transferring production of ultrasound imaging 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	Dec. 31, 2015	Dec. 31, 2014
Depreciation of receivables		(1,002)
Personnel	(648)	(276)
Fees, commissions and royalties	(252)	(904)
Travel	-	(68)
Equipment	-	(12)
Others	-	(44)
Other non-recurring operating expenses	**(900)**	**(2,307)**
Receivables	-	1,002
Other non-recurring operating income	**-**	**1,002**
Other non-current operating income and expenses	**(900)**	**(1,305)**

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	Dec. 31, 2015	Dec. 31, 2014
Purchases including inventory variations	8,668	8,817
Depreciation and amortization	1,644	1,537
Salaries and other short-term employee benefits	9,187	8,492
Social security costs	2,730	2,628
Taxes	545	518
Subcontracting	304	200
External services	2,380	2,056
Travel expenses and entertainment	2,623	2,298
Buildings and office leases	722	670
Advertising, promotion and trade shows	945	851
Fees, commissions and royalties	3,462	2,848
Grants and tax credits	(399)	(1,147)
Additions and reversals of provisions	268	1,297
Others	1,178	1,302
Total	**34,258**	**32,365**

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	Dec. 31, 2015	Dec. 31, 2014
Salaries and other short-term employee benefits	9,228	8,070
Social security costs	2,730	2,628
Share-based payments	(41)	422
Retirement obligations	68	75
Total	**11,985**	**11,195**

At December 31, 2015, the Group employed 164 people, compared to 149 at December 31, 2014.

31. Financial Income and Expenses

Financial income and expenses break down as follows:

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Foreign currency exchange losses	(71)	-
Interest	(588)	(592)
Financial expenses	**(659)**	**(592)**
Foreign currency exchange gains	522	227
Interest	66	146
Financial income	**588**	**373**
Financial income (loss)	**(71)**	**(219)**

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 for the reasons set out in the table below.

Unrecognized deferred tax assets at December 31, 2015 amounted to €39.860 million (compared to €35.482 million at December 31, 2014). They include €30.101 million from the tax effect of the French entity's loss carry-forwards, and €8.984 million from loss carry-forwards by foreign subsidiaries, primarily 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.

In thousands of euros	Dec. 31, 2015	Dec. 31, 2014
Income (loss) before tax	(12,616)	(11,003)
Tax calculated based on the tax rate applicable at the parent company (34.43%)	(4,344)	(3,788)
Tax effect on:		
Loss carry-forwards for the period not capitalized and assets not recorded for temporary differences	4,376	6,080
Research tax credit not subject to income tax	(760)	(636)
Non tax deductible share based payment	(14)	145
Flat-rate taxation of the representation office in China	1,172	6
Capital increase expenses allotted to the share premium	0	(1,548)
Other permanent differences	(92)	(54)
Differences in tax rates	(194)	(100)
Effective income tax	145	105

33. Earnings per Share

(a) Basic

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the year:

	Dec. 31, 2015	Dec. 31, 2014
Loss attributable to equity holders of the Company (in thousands of euros)	(12,758)	(11,108)
Weighted average number of shares outstanding	16,105,943	14,710,493
Net profit (loss) per share (in Euros)	**(0.79)**	**(0.76)**

(b) Diluted

Potentially dilutive instruments are described in Note 16.1 (breakdown of the remaining number outstanding, as well as the number exercisable at December 31 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, stock options, 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.

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.

The Group is currently committed to paying royalties, the amount of which is indexed to a portion of its revenue, with the expense being recorded under the Cost of Sales line item.

34.2. Licenses Granted

On March 3, 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 accordance with IFRS, all these royalties were recognized in “Other income” in 2014. This player also agreed not to enforce the ultrasound medical imaging patents that it owns against the Company.

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	Dec. 31, 2015	Dec. 31, 2014
Less than 1 year	363	355
Between 1 and 5 years	286	609
More than 5 years	-	-
Total	**649**	**964**

35.3. Pledge of bank accounts

As security for the bond issue, the Company has granted the holders of bonds with share warrants (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 €158,000 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 July 18, 2017.

ICARE program repayable advance and grant:
The Company received a repayable OSEO 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. Repayments may therefore exceed the nominal amount received.

At the balance sheet date, the Company was in discussions with OSEO, 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 draw down the full 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 2016, €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). To that end, €790,000 were reclassified in Other current liabilities as at December 31, 2015.

TUCE program repayable advance:
On June 26, 2012, the Company also received the first installment, for €77,000, of a repayable advance for the Tuce program. The Company subsequently received €242,000 on July 1, 2015. 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:
The assignment of receivables under a Dailly-type agreement arranged in December 2015 with a banking institution enabled the pre-financing of 80% of the 2015 RTC at December 31, 2015, for a total of €1.6 million.

35.5. Commitments Received

The amount of trade receivables at the balance sheet date is subject to a reservation of title clause included in the general terms and 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
	Pre-2014	2014	2015	Cumulative total		
ICARE – OSEO (1)	1,775			**1,775**	**2,838**	**1,063**
DARMUS- DGA	645			**645**	**645**	
CARDIO -ANR	215			**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		126	**181**	**186**	**4**
PLIK -OSEO	40	14		**54**	**133**	**79**
PLIK –Pays d'Aix	24	1		**25**	**80**	**55**
PLIK - PACA					**80**	**80**
BITHUM -ANR	71	24		**94**	**118**	**24**
IDITOP -OSEO	100	167		**268**	**335**	**67**
IDITOP - PACA		59	93	**152**	**250**	**98**
Cartographics - INCA INSERM	106		27	**133**	**133**	
Capacity - BPI		62	(62)	**0**		
Ultra Fast 4D-ANR			92	**92**	**306**	**214**
Total	**4,626**	**340**	**275**	**5,241**	**7,106**	**1,865**

(1) See Note 35.4: not only does the Group not intend to seek the outstanding amount of this grant, but it will refund 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	Balance at December 31, 2015	Amount of grant on contract	Outstanding amounts to be received
ICARE - OSEO	863		**863**	**3,039**	**2,176**
TUCE - OSEO	319		**319**	**407**	**88**
TOTAL	**1,182**		**1,182**	**3,446**	**2,264**

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	Dec. 31, 2015	Dec. 31, 2014
Salaries and other short-term employee benefits	1,855	1,525
Directors' attendance fees	5	40
Fees for advice and expertise	109	-
Share-based payments	30	267
Total	**2,000**	**1,832**

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

None

38. Consolidated Entities

The consolidated financial statements at December 31, 2015 include the accounts of SuperSonic Imagine, the parent company, and the following entities:

Country	Company	Dec. 31, 2015	Dec. 31, 2014
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 (Shanghai) Medical Devices Co. Ltd	100%	-
China	SuperSonic Imagine (H.K.) Limited	100%	100%

During the last two financial years, the Group did not acquire any companies. The only change in scope related to the establishment of the Chinese subsidiary SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd, which was registered in December 2015. At the balance sheet date, the capital still hadn't been called or operations commenced, and administrative formalities are ongoing (opening of bank accounts, various registrations).

There is no restriction on the auditing of subsidiaries which are fully owned and entirely controlled by the parent company.

The statutory accounts of the UK subsidiary SuperSonic Imagine Ltd will not be audited for their annual balance sheet date at March 31, 2016. In fact, the company will make use of the audit exemption in the UK, pursuant to S479A of the Companies Act 2006, which it is permitted to use insofar as the accounts of the SuperSonic Imagine Ltd subsidiary are consolidated in these financial statements, which are audited by the Group's auditors.

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 & impairment	December 31, 2015 (Net)	December 31, 2014 (Net)
Intangible assets	-	15,375	(5,273)	10,101	7,453
Property, plant and equipment	3	8,593	(7,180)	1,413	1,241
Financial assets	4	34,131	(31,759)	2,373	2,531
Total fixed assets		**58,099**	**(44,212)**	**13,887**	**11,226**
Inventories	5	6,505	(1,206)	5,299	3,721
Trade receivables	6	7,622	(1,176)	6,447	5,772
Other receivables	7	3,216	(1,002)	2,214	6,621
Marketable securities	8	17,594	-	17,594	36,784
Cash on hand	8	10,054	-	10,054	3,737
Total current assets		**44,993**	**(3,384)**	**41,609**	**56,635**
Prepaid expenses	9.2	291	-	291	315
Expenses to be distributed	9.2	147	-	147	197
Unrealized exchange losses	9.1	727	-	727	422
Total accruals		**1,165**	-	**1,165**	**935**
Total assets		**104,257**	**(47,597)**	**56,660**	**68,795**

LIABILITIES

In thousands of euros	Notes	December 31, 2015	December 31, 2014
Share Capital	12.1	1,622	1,607
Share premiums		59,755	59,673
Regulated reserves		(8)	(8)
Retained earnings (losses)		(14,581)	-
Profit (loss) for the year		(14,938)	(14,581)
Regulated provisions		-	-
Total equity	**12**	**31,850**	**46,692**
Contingent advances	15	1,182	940
Provisions for contingency	16	1,228	991
Convertible bonds	14	5,000	5,000
Loans and other financial debts	17	4,186	3,142
Advances and deposits received on current orders		-	87
Trade payables		6,140	4,965
Tax & corporate debts	18	2,492	2,860
Other debts		-	2
Total debts		**20,227**	**17,987**
Deferred revenue	20	1,818	2,529
Unrealized exchange gains	9.1	2,765	1,587
Total accruals		**4,583**	**4,116**
Total liabilities		**56,660**	**68,795**

INCOME STATEMENT

In thousands of euros	Notes	December 31, 2015	December 31, 2014
Sale of merchandise		364	45
Production sold (goods)		17,067	17,187
Production sold (services)		2,022	2,162
Revenues	**21.1**	**19,453**	**19,394**
Inventories		(675)	675
Capitalized production		3,754	2,674
Operating grants		20	295
Reversals of depreciations, amortizations and provisions, transfers of expenses		1,240	1,151
Other income	21.5.2	1,655	1,819
Operating income		**25,447**	**26,008**
Purchase of goods and raw materials		10,304	9,839
Changes in inventory		(2,207)	(661)
Other purchases and external expenses		13,208	9,865
Taxes and similar payments		519	490
Salaries and other short-term employee benefits		8,391	7,456
Social security costs		3,127	3,145
Amortization and depreciation of fixed assets	**2 and 3**	2,080	1,552
Provisions for current assets		595	765
Provisions for contingencies	**16**	679	667
Other expenses		1,166	1,548
Operating expenses		**37,862**	**34,667**
Operating income		**(12,415)**	**(8,660)**

In thousands of euros	Notes	December 31, 2015	December 31, 2014
Financial income from investments		192	145
Other interest and similar income		61	147
Reversals of provisions and transfers of expenses		724	-
Foreign exchange gains		610	12
Financial income		**1,588**	**304**
Financial allocations to depreciation, amortization and provisions		5,051	6,803
Interest and similar expenses		513	517
Foreign exchange losses		317	195
Financial expenses		**5,881**	**7,516**
Financial income (loss)	**21.3**	**(4,293)**	**(7,212)**
Exceptional income from management operations		4	1,381
Exceptional income from capital operations		-	-
Reversals of provisions and transfers of expenses		1	264
Exceptional income		**5**	**1,646**
Exceptional expenses from management operations		309	844
Exceptional expenses from capital operations		2	258
Exceptional allocations to depreciation, amortization and provisions		0	1,002
Exceptional expenses		**311**	**2,104**
Exceptional income	**21.4**	**(306)**	**(459)**
Income tax	21.12	(2,076)	(1,750)
Net income (loss)		**(14,938)**	**(14,581)**

Table of Contents - Notes

1. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

The balance sheet for the financial year ended December 31, 2015 shows a total of €56,660,155. The income statement, presented in list-format, shows a loss of €14,938,481.
The financial year is 12 months long, and covers the period from January 1 to December 31, 2015.
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.
In 2009, it put on the market a 3rd generation ultrasound device called Aixplorer®, with a radically new, entirely software-based architecture that integrates several technological innovations. For this purpose it has developed 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).

The Group owns or co-owns numerous patents which were developed by itself, acquired or operated under license. 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 six distribution subsidiaries in the following countries:
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, China, in June 2011;
SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd, China in December 2015.

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) COMMERCIAL SPHERE

Revenue for the financial year amounted to €19.5 million, up 0.3% on 2014.

Certification of Aixplorer® in Japan
In May 2015, the Group obtained the necessary certification to market the most recent version of the Aixplorer® in Japan, the third largest global market.
Prior to this authorization, the Group had signed an exclusive distribution agreement with the Japanese Group Konica Minolta to distribute Aixplorer® in the country.
Both of these mean the Group's already highly international footprint will expand further, to a key country for SuperSonic Imagine's growth globally.

Creation of a subsidiary in China
In December 2015, the Company's wholly-owned Chinese subsidiary was registered. Supersonic Imagine (Shanghai) Medical Devices Co. Ltd is a WFOE (Wholly Foreign Owned Enterprise), registered in Shanghai.
The Company also has a representative office based in Beijing, comprising a 30-strong team, responsible for coordinating the local distributor network.

The administrative formalities involved in setting up the business are ongoing, and the Company plans to issue its first Chinese invoices in the first half of 2016.

(B) FINANCIAL DEVELOPMENTS

Completion of tax audit
On March 17, 2014, the Company was notified of the commencement of a **tax audit** for 2011 and 2012. On March 13, 2015, the tax authority issued its findings, which confirmed the position adopted in the financial statements at December 31, 2014, i.e. no financial impact.

Employee incentive agreement
In 2014, SuperSonic Imagine established an **incentive agreement** for employees to benefit from the Company's results, for a period of three years, covering 2015, 2016 and 2017.
The choice of calculation method is based on the desire to involve all employees in the Company's key objectives: (i) improvement of operating income and (ii) revenue growth.
This agreement had no financial impact this financial year.

Arrangement of short-term credit lines
The Company has arranged short-term credit lines for an available total of €7.5 million. These lines were partly drawn down at December 31, 2015 (see details in Note 8), in particular in connection with the pre-financing of the Research Tax Credit for the past year.

(C) CORPORATE GOVERNANCE

Tom Egelund was appointed to succeed Jacques Souquet **as Chairman of the Management Board** on April 1, 2015.

On April 15, 2015, **Gordon Waldron, member of the Management Board and Chief Financial Officer, resigned**.

Jérôme Destoppeleir succeeded Gordon Waldron as both a member of the Management Board and CFO in May 2015.
On April 30, 2015, **Bradley Garrett, Chief Customer Fulfillment Officer, in charge of production, quality, regulatory affairs and after-sales service and member of the Management Board, retired**.
Stéphane Berger, Chief Customer Fulfillment Officer, who joined the Group in 2008, assumes his responsibilities.
Finally, **in December 2015, Bernard Doorenbos was appointed CEO and Chairman of the Management Board, to succeed Tom Egelund**.

At December 31, 2015, the Management Board had the following members:

	At Dec. 31, 2015	Executive function
Chairman	Bernard Doorenbos	CEO
Member	Claude Cohen-Bacrie	Director of the R&D Program
Member	Jérôme Destoppeleir	Chief Financial Officer
Member	Kurt Kelln	Chief Business Officer
Member	Jacques Souquet	Director of Innovation

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 million 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. PROPERTY, PLANT AND EQUIPMENT

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 July 17, 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:

- Fixtures 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 basis: Straight line / Tax: special)
- 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 OSEO (Bpifrance) for which the Group does not have reasonable assurance that they will not be repaid;
- A bond with share warrants (OBSA);
- The use of short-term credit lines and RTC pre-financing under a Dailly-type agreement.

1.2.6. TAX CREDIT AND OTHER GRANTS

The research tax credit (RTC) and the innovation tax credit (ITC) are provided by the French tax authorities to encourage companies to carry out scientific and technical research and for the design of prototypes or pilot installations of new products.

These 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 and the innovation tax credit can be set against the corporate income tax due by the company for the year in which it incurred its research expenses, and if it cannot be set against corporate income taxes it is repaid to the company in financial year N+1 in light of its status as an SME in EU terms.

They are presented as a reduction to the 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 2015 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 2015, 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 December 31, there was an in-and-out for all of the money market funds (SICAV); the unrealized capital gain was thus recorded for financial year 2015.

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 losses), a provision for exchange risks is established. Unrealized exchange gains (translation gains) are not recorded in income.

For financial year 2015, 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.

Revenue from service activities (primarily maintenance, upgrades, warranty extensions, 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 technology developed 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

At December 31, 2015, development costs of a gross cumulative amount of €12.613 million primarily related to developments in Versions V3 to V11 of Aixplorer®, but also included capital spending on work for the next generation of the Group's ultrasound system.

Capitalized internal development costs for the current financial year totaled €3.455 million, €1.774 million of which corresponded to new versions of the Aixplorer®, and €1.681 million of which corresponded to the next generation ultrasound system. Furthermore, €439,000 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 €3.894 million.

In thousands of euros	Patent/Licenses and software	Development Costs	Total
Year ended December 31, 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**
At December 31, 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**

In thousands of euros	Patent/Licenses and software	Development Costs	Total
Year ended December 31, 2015			
Opening amount	1,058	6,395	7,453
Acquisitions	66	3,894	3,959
Depreciation and amortization	(179)	(1,132)	(1,311)
Closing net book amount	**945**	**9,156**	**10,101**
At December 31, 2015			
Gross value	2,762	12,613	15,375
Cumulative amortization and depreciation	(1,817)	(3,456)	(5,273)
Net book value	**945**	**9,156**	**10,101**

3. PROPERTY, PLANT AND EQUIPMENT

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 December 31, 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**
At December 31, 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**

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 December 31, 2015					
Opening amount	900	61	281	-	1,241
Acquisitions	645	129	168	-	942
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Depreciation and amortization	(543)	(49)	(177)	-	(769)
Closing net book amount	**1,002**	**141**	**270**	**-**	**1,413**
At December 31, 2015					
Gross value	6,985	392	1,217	-	8,593
Cumulative amortization and depreciation	(5,983)	(250)	(947)	-	(7,180)
Net book value	**1,002**	**141**	**270**	**-**	**1,413**

In 2015, the Company purchased research equipment and capitalized the Aixplorer® systems in order to use them for research purposes, for a total of €526,000. It acquired €119,000 in production equipment (test bench, control set, various tools, etc.). That same year, the Company acquired €129,000 in various fixtures and fittings following the opening of new offices leased from July 2015.
The Company also acquired office and IT equipment (computers, printers and UPS units) for €168,000.

4. FINANCIAL ASSETS

In thousands of euros	Equity securities	Other financial assets	Cash - Securities pledged	Total
Year ended December 31, 2014				
Opening amount	1	110	-	111
Increases	-	7,121	-	7,121
Disposals	-	-	-	-
Reclassifications			2,000	2,000
Provision for impairment	-	(6,701)		(6,701)
Closing net book amount	**1**	**530**	**2,000**	**2,531**
At December 31, 2014				
Gross value	11,246	17,020	2,000	30,266
Cumulative impairment	(11,245)	(16,490)	-	(27,735)
Net book value	**1**	**530**	**2,000**	**2,531**

In thousands of euros	Equity securities	Other financial assets	Cash - Securities pledged	Total
Year ended December 31, 2015				
Opening amount	1	530	2,000	2,531
Increases	-	3,865	-	3,865
Disposals	-	-	-	-
Reclassifications			-	-
Provision for impairment	-	(4,024)		(4,024)
Closing net book amount	**1**	**372**	**2,000**	**2,373**
At December 31, 2015				
Gross value	11,246	20,885	2,000	34,131
Cumulative impairment	(11,245)	(20,514)	-	(31,759)
Net book value	**1**	**372**	**2,000**	**2,373**

The securities and receivables held against subsidiaries were completely written down; their net realizable value did not allow the short-term repayment of the advances granted to be considered. The provision of €4.024 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 December 16, 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 21.6, Point A).

5. INVENTORIES

In thousands of euros	December 31, 2015	December 31, 2014
Raw materials and spare parts	3,693	2,526
WIP and finished goods	2,813	2,448
Total gross inventories	**6,505**	**4,973**
Impairment of inventories	(1,206)	(1,252)
Total Net Inventories	**5,299**	**3,721**

Impairment of inventories primarily corresponds to write-downs of items that were defective or returned by clients pending possible repair, as well as the straight-line impairment of demonstration equipment.

6. TRADE RECEIVABLES

In thousands of euros	December 31, 2015	December 31, 2014
Trade receivables, gross	7,622	6,780
Impairment	(1,176)	(1,008)
Trade receivables, net	**6,447**	**5,772**

- **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 the payment of the amounts due, a total of €474,000.

On October 22, 2009, the Company signed an exclusive distribution agreement with its distributor for some of its products in China (excluding Taiwan, Hong Kong and Macao).
In April 2013, the Company terminated this agreement, in particular noting that its distributor had not achieved its contractual objectives. 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.

In October 2014, the Company won its case and the Chinese distributor was ordered to repay its debt as well as pay €1 million in principal for damage suffered by the Group. Provisions continue to be funded for the related assets (€474,000 in trade receivables and €1.002 million in income receivable), unchanged on December 31, 2014.
At the same time, the distributor's claims were dismissed.

At the balance sheet date of the 2015 financial statements, proceedings for recovery have been launched and are ongoing.

- **Brazilian distributors:**

The receivables owed by the Brazilian distributor for a total of €520,000 had been fully provisioned in 2013, the latter facing significant financial difficulties.
The same year, the Company had signed an exclusive agreement with a new distributor for the Brazilian market, which included a repayment schedule for the debt of the former distributor. This schedule was respected until August 2014, and the corresponding provisions returned for a total of €181,000.

In 2015, this new distributor faced cash flow issues, primarily due to the fall in the BRL vis-à-vis the euro (which fell 34% over the financial year), foreign exchange risks being borne by the latter insofar as it is billed by the Group in euros.

The Group is in regular contact with this new distributor, which wants to continue distributing SuperSonic Imagine products once it has been able to clear its debt. To this end, a 50% provision was funded for the debt owed by this new distributor at December 31, 2015.

7. OTHER RECEIVABLES

In thousands of euros	December 31, 2015	December 31, 2014
Supplier advances and deposits	254	311
Income Tax - Research Tax Credit - Innovation Tax Credit	721	3,691
Value Added Tax	869	1,021
Factor current account	-	1,024
Receivables	1,342	1,575
Personnel	30	1
Gross total	**3,216**	**7,623**
Impairment	(1,002)	(1,002)
Net total	**2,214**	**6,621**

Income Tax - Research Tax Credit - Innovation Tax Credit
Given its status as an SME in EU terms, receivables relating to the Research Tax Credit (RTC) and the Innovation Tax Credit (ITC) are repaid in the year following their recognition.

By way of exception, the RTC for 2013 was repaid on April 16, 2015. On March 13, 2015, the tax authority issued its findings following the tax audit, which confirmed the position adopted in the financial statements at December 31, 2014, i.e. the lack of financial impact.

The RTC for 2014 was repaid on December 29, 2015.

The RTC for 2015 was assigned under a Dailly-type agreement for €1.615 million.

Receivables
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 October 30, 2014 of the International Chamber of Commerce that was rendered 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.

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 for details of the bank account and marketable securities' pledges.

At December 31, 2015, the Group had short-term overdraft facilities totaling €7.5 million, €5.6 million of which has been drawn down (including €4 million in short-term credit lines and €1.6 million in 2015 RTC pre-financing through Dailly assignment).
At December 31, 2014, the Group had a short-term overdraft facility of €3 million, which was fully drawn down at that date.

At December 31, 2015, cash consisted of the following:

In thousands of euros	December 31, 2015	December 31, 2014
Marketable securities	17,594	36,784
Cash on hand	10,054	3,737
Total Cash	**27,648**	**40,521**

9. ACCRUED ASSETS AND LIABILITIES

9.1. UNREALIZED EXCHANGE GAINS AND LOSSES

Following the revaluation of foreign currency payables and receivables at the closing price, the Company recognized unrealized exchange gains and losses at December 31, 2015 as per the following tables:

In thousands of euros	December 31, 2015	December 31, 2014
Trade and intragroup receivables	536	396
Trade payables	191	26
Total unrealized exchange losses	**727**	**422**

At December 31, 2015, provisions were fully funded for unrealized exchange losses under financial expenses in the income statement.

In thousands of euros	December 31, 2015	December 31, 2014
Trade and intragroup receivables	2,652	1,585
Trade payables	113	2
Total unrealized exchange gains	**2,765**	**1,587**

The increase in unrealized exchange gains and losses 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	December 31, 2015	December 31, 2014
Prepaid expenses	291	315
Including operating expenses	*291*	*315*
Expenses to be distributed	147	197
Total other accruals	**438**	**512**

LIABILITIES

In thousands of euros	December 31, 2015	December 31, 2014
Deferred revenue	1,818	2,529
Total other accrued liabilities	**1,818**	**2,529**

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	December 31, 2015	Less than one year	Over one year
Receivables related to equity interests	20,427	-	20,427
Other financial assets	2,458	-	2,458
Doubtful or litigious clients	1,176	-	1,176
Other trade receivables	6,446	6,446	-
Trade receivables	7,622	6,446	1,176
Supplier advances and deposits	254	254	
Income Tax - Research Tax Credit, Innovation Tax Credit and Tax Credit for Competitiveness and Employment	721	721	
Value Added Tax	869	869	
Factor current account	-	-	-
Receivables	1,342	340	1,002
Personnel	30	30	-
Other receivables	3,216	2,214	1,002
Prepaid expenses	291	291	-
Expenses to be distributed	147	50	97
Total	**34,161**	**9,000**	**25,161**

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	December 31, 2014	Provisions	Reversals	December 31, 2015
Property, plant and equipment in progress	-	-	-	-
Equity securities	11,245	-	-	11,245
Other financial assets	16,490	4,748	724	20,514
Inventories	1,252	372	418	1,206
Trade receivables	1,008	173	6	1,176
Other receivables	1,002	-	-	1,002
Total impairment of assets	**30,998**	**5,293**	**1,148**	**35,142**

The provision for other financial assets mainly relates to the provision for receivables from Group subsidiaries.

12. EQUITY AND COMPOSITION OF SHARE CAPITAL

Since April 10, 2014, the Company's shares have since been admitted for trading on the Euronext regulated market in Paris under the ISIN code FR0010526814 and the mnemonic SSI.

Following this operation, the number of shares went from 11,337 thousand to 16,019 thousand.

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 16,068,228 shares.

For financial year 2015, 149,000 dilutive instruments were exercised, raising the number of shares in circulation to 16,217,179 at December 31, 2015.

12.1. SHARE CAPITAL

Variations in share capital break down as follows:

	Jan. 1, 2015	Subscription of dilutive instruments			Dec. 31, 2015
		Stock options	Founders warrants (BSPCE)	BSA	
In thousands of shares					
Ordinary shares	16,068,228	2,653	27,880	118,418	16,217,179
Total number of shares	16,068,228	2,653	27,880	118,418	16,217,179
In thousands of euros					
Share Capital	1,607	0.3	2.8	11.8	1,622
Share premium	59,673	-	22	60	59,753

The table below presents changes in the Company's capital (in thousands of euros) over two years:

Transaction	Share	Share premium	Number of shares
	(In thousands of euros)		
Balance at January 1, 2014	**1,134**	**32,371**	**11,337,376**
Reclassification of reserves below issue premium		(22,550)	-
Capital increase in cash - IPO	427	49,573	4,273,504
Costs of IPO		(4,441)	0
Creation of free shares	3		29,065
Shares created after the over-allotment	41	4,730	407,783
Expenses following the over-allotment		(54)	0
Exercise of Stock options	1		6,500
Exercise of BSPCE	1	44	5,000
Exercise of Stock options	1		5,000
Exercise of warrants	0	-	4,000
At December 31, 2014	**1,607**	**59,673**	**16,068,228**
Balance at January 1, 2015	**1,607**	**59,673**	**16,068,228**
Exercise of Stock options	0	0	2,653
Exercise of BSPCE	3	22	27,880
Exercise of warrants	12	60	118,418
At December 31, 2015	**1,622**	**59,753**	**16,217,179**

12.2. DIVIDENDS

The Company has never distributed a dividend and will not do so for financial year 2015.

12.3. LIQUIDITY AGREEMENT

A liquidity agreement was signed with Exane BNP Paribas on April 11, 2014 for a period to conclude on December 31, subject to tacit renewal. The initial payment was €300,000, since raised to €700,000 in March 2015 (two €200,000 payments were respectively made in 2014 and 2015).

At December 31, 2015, within the context of the liquidity agreement, the number of treasury shares held through this agreement was 89,320, in addition to €38,000 in cash.

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

At December 31, 2015, 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 outset *Exercisable at Dec 31, 2015*	Expiration date
03-2006 BSPCE July 10, 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	269,700 (2) *234,000*	Jul-10-2016
03-2006 BSPCE July 9, 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) *27,500*	Jul-09-2017
10-2008 BSPCE November 5, 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) *218,800*	Nov-05-2019

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.
(2) After the 10-1 stock split dated May 16, 2012, each BSPCE entitled bearers to subscribe for 10 shares at the unit exercise price indicated above. To make it easier to understand, the number of instruments at the outset were multiplied by 10, thereby reflecting the number of shares in the capital post-split.

Share warrants (BSA):

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at outset *Exercisable at Dec. 31, 2015*	Expiration date
03-2006 BSA July 10, 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*	Jul-10-2016
03-2006 BSA July 9, 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*	Jul-09-2017
10-2008 BSA April 16, 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) *82,500*	Apr-16-2020
09-2010 BSA September 30, 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) *45,502*	Sept-30-2021
2013 BSA October 4, 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 *12,000*	Oct-04-2023

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.

(2) Following the 10-1 stock split dated May 16, 2012, each BSPCE entitled bearers to subscribe for 10 shares at the unit exercise price indicated above. To make it easier to understand, the number of instruments at the outset were multiplied by 10, thereby reflecting the number of shares in the capital post-split.

Ordinary shares / Stock options:

Plan -- Date of allocation	Vesting conditions	Exercise price per share	Number of instruments: allocated at outset *Exercisable at Dec. 31, 2015*	Expiration date
Ordinary shares / Stock options:				
2013 Ordinary Options October 4, 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 *372,097*	Oct-04-2023
2013 Exchange free share [AGA] stock options October 4, 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 *249,500*	Oct-04-2023
09-2014 options September 19, 2014	Up to 6.25% of options may be exercised at the expiry of each successive 3-month period that has elapsed from the date of allocation, and at the latest within the 10 years following the date of allocation.	€8.40	411,850 *102,964*	Sept-18-2024

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.

13.1.2. CHANGES IN OUTSTANDINGS FOR DILUTIVE INSTRUMENTS

SHARE WARRANTS (BSA):

The number of share warrants in circulation and their average exercise price are detailed below:

BSA	2015		2014	
	Average exercise price in € per share	Number of instruments	Average exercise price in € per share	Number of instruments
At January 1	3.96	322,220	3.91	326,220
Granted	-	-	-	-
Null and void	-	-	-	-
Exercised	0.74	-118,418	0.10	-4,000
Expired	4.19	-38,000	-	-
At December 31	4.36	165,802	3.96	322,220
Exercisable	4.36	165,802	3.96	322,220

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)	2015		2014	
	Exercise price in € per share	Number of instruments	Exercise price in € per share	Number of instruments
At January 1	6.94	527,880	6.97	534,380
Granted	-	-	-	-
Null and void	-	-	8.85	-1,500
Exercised	2.37	-27,880	8.85	-5,000
Expired	7.60	-19,700	-	-
At December 31	7.76	480,300	6.94	527,880
Exercisable	7.76	480,300	6.94	527,880

Following the IPO, all of the founders' warrants are exercisable.

SHARE SUBSCRIPTION OPTIONS/STOCK OPTIONS

The number of stock options in circulation breaks down as follows:

Share Subscription Options (OSA)	2015		2014	
	Exercise price in € per share	Number of options	Exercise price in € per share	Number of options
At January 1	3.40	1,036,100	0.10	635,750
Granted	-	-	8.40	411,850
Expired	0.10	-308,886	-	-
Exercised	0.10	-2,653	0.10	-11,500
At December 31	0.20	724,561	3.40	1,036,100
Exercisable	0.20	724,561	0.43	649,990

The Extraordinary Shareholders' Meeting of March 3, 2014 had authorized the Management Board to grant for the benefit of the members of the salaried staff as well as corporate officers, options entitling bearers to subscribe for ordinary shares, noting that the total number of shares allotted for this authorization cannot entitle bearers to subscribe for more than 963,479 ordinary shares with a nominal value of €0.10 each.

On September 19, 2014, using this delegation, the Management Board allotted 411,850 shares at an exercise price of €8.40.

Following Tom Egelund's departure in December 2015, 308,886 stock options lapsed insofar as they were subject to continued employment.

13.1.3. PLAN VALUATION

The valuation of share 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 (in euros)
Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE)):							
BSPCE 03-2006	B&S	5.838	4.10%	48.09%	10	30.48%	0.803
Founders' warrants – 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 warrants (BSA):							
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 shares / 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

No assumption of turnover or dividend distribution was used for the valuation of these instruments.

13.2. SHARE-BASED DILUTIVE INSTRUMENTS

On July 1, 2014, the Group granted employees at the Chinese representative office 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 where they were fully vested upon allocation), except in cases of a change in Company control, where all of them would immediately become exercisable. These SARs are exercisable through October 23, 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 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 balance sheet date, the valuation of the SARs allotted was €42,000. This amount was recorded in the provision for contingencies at December 31, 2015 (See Note 16).

13.2.1. CONDITIONS OF PLANS ALLOCATED

Plan -- Date of allocation	Vesting conditions	Number of instruments: allocated at outset *Exercisable at Dec 31, 2015*	Expiration date
Stock Appreciation Right			
07-2014 SAR July 1, 2014	Exercisable in thirds on July 1 of each year (2014, 2015, 2016), or immediately exercisable in the event of a change in control	10,000 *6,600*	Oct-23-2023
07-2014 SAR July 1, 2014	Fully exercisable at July 1, 2014	5,000 *5,000*	Oct-23-2023

13.2.2. CHANGES IN OUTSTANDINGS FOR NON-DILUTIVE INSTRUMENTS

SAR	2015 Number of instruments	2014 Number of instruments
At January 1	15,000	-
Granted	-	15,000
Null and void	-	-
Exercised	-	-
Expired	-	-
At December 31	15,000	15,000
Exercisable	11,600	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 December 16, 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) 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 on a monthly basis from the month of issue, namely December 16, 2013. In line with the assumption made upon subscription, the Company achieved the revenue target allowing it to benefit from the 36 month grace period, as a result of which the outstanding OBSA are 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 OBSA has a share warrant (the "**BSA**"), totaling 50,000 BSA, granting bearers the right to subscribe for 50,000 ordinary new shares. Each BSA entitles its holder to subscribe for one ordinary share with a €10 subscription value.

Due to the Company's IPO in April 2014, these warrants became exercisable through December 17, 2023.

15. CONTINGENT ADVANCES

Repayable advances (in thousands of euros)	Balance at December 31, 2015	Balance at December 31, 2014
ICARE - OSEO	863	863
TUCE - OSEO	319	77
TOTAL	**1,182**	**940**

16. PROVISIONS FOR CONTINGENCIES AND OTHER PROVISIONS

In thousands of euros	December 31, 2014	Provisions	Reversals	December 31, 2015
Provisions for foreign currency exchange losses	422	303	-	726
Provisions given to clients - Guarantees	456	679	675	460
Other provisions for contingencies	113	10	81	42
Total provisions for contingencies	991	992	756	1,228
Regulated provisions - special amortization and depreciation allowances	-	-	-	-
Total regulated provisions	-	-	-	-
Total provisions	**991**	**992**	**756**	**1,228**

All reversals of provisions are used.

Provision for foreign currency exchange losses
This €726,000 provision is intended to cover unrealized exchange losses.

Provision for client guarantees
This €460,000 provision is intended to cover the costs of warranties for systems sold during the past financial year. In fact, the sales made by the Company 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.

SAR China - Other provisions for contingencies
On July 1, 2014, the Group granted employees at the Chinese representative office Stock Appreciation Rights (SAR) (See Note 13.2).

Provision for litigation
There is no dispute with a trigger prior to December 31, 2015 that requires the funding of a provision for contingencies at the balance sheet date.

17. LOANS AND OTHER FINANCIAL DEBTS

In thousands of euros	December 31, 2015	December 31, 2014
Short-term debt	4,000	3,000
Payables related to equity interests	151	107
Interest accrued on loan	21	21
Others	14	14
Total loans and other financial debts	**4,186**	**3,142**

At December 31, 2015, the Group had short-term overdraft facilities totaling €7.5 million, €4 million of which was drawn down through short-term credit lines and €1.6 million in 2015 RTC pre-financing.

18. TAX AND CORPORATE DEBTS

In thousands of euros	December 31, 2015	December 31, 2014
Personnel and related accounts	1,071	1,180
Corporate bodies	1,138	1,382
Other taxes and similar	283	298
Total tax and corporate debts	**2,492**	**2,860**

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	1,182	319	-	863
Convertible bonds	5,000	-	5,000	-
Loans and other financial debts	4,186	4,021	14	151
Including Group and associates	*165*	-	*14*	*151*
Advances and deposits received on current orders	-	-		
Trade payables	6,140	5,699	221	220
Personnel and related accounts	*1,071*	*1,071*	-	-
Corporate bodies	*1,138*	*1,138*	-	-
Other taxes and similar	*283*	*283*	-	-
Tax and Corporate Debts	2,492	2,492	-	-
Other debts	-	-	-	-
Deferred revenue	1,818	1,594	224	-
Total debts	**20,819**	**14,125**	**5,459**	**1,234**

The table below shows the breakdown of expenses payable:

In thousands of euros	December 31, 2015	December 31, 2014
Financial Debt	21	21
Trade payables and related	3,886	2,546
Tax and Corporate Debts	1,695	1,933
Other debts	-	2
Total expenses payable	**5,602**	**4,503**

20. DEFERRED REVENUE

In thousands of euros	December 31, 2015	December 31, 2014
Operating income	1,818	2,529
Total deferred revenue	**1,818**	**2,529**

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.

21. ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT

21.1. REVENUE

At December 31, 2014 and December 31, 2015, revenue broke down as follows:

	December 31, 2015			December 31, 2014
In thousands of euros	France	Foreign	Total	Total
Sale of merchandise	67	297	364	45
Production sold (goods)	3,314	13,753	17,067	17,187
Production sold (services)	291	1,731	2,022	2,162
Total	**3,672**	**15,781**	**19,453**	**19,394**

21.2. NET EARNINGS PER SHARE

In euros	December 31, 2015	December 31, 2014
Net Profit (loss) for the year	(14,938,481)	(14,580,845)
Weighted average number of shares	16,105,943	14,710,493
Net Earnings per Share	**(0.93)**	**(0.99)**

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	December 31, 2015	December 31, 2014
Financial income from investments	192	145
Other interest and similar income	61	147
Reversals of provisions and transfers of expenses	724	-
Foreign exchange gains	610	12
Total financial income	**1,588**	**304**
Interest and similar expenses	513	517
Financial allocations to depreciation, amortization and provisions	5,051	6,803
Foreign exchange losses	317	195
Total financial expenses	**5,881**	**7,516**
Total financial income (loss)	**(4,293)**	**(7,212)**

Financial allocations to amortization and depreciation, and provisions primarily concerning the impairment of receivables held against subsidiaries.

21.4. EXCEPTIONAL INCOME

At December 31, 2015, the exceptional income and expenses of SuperSonic Imagine broke down as follows:

In thousands of euros	December 31, 2015	December 31, 2014
Exceptional income from management operations	4	1,381
Exceptional income from capital operations	-	-
Reversal of provisions and transfers of expenses	1	264
Total exceptional income	**5**	**1,646**
Exceptional expenses from management operations	309	844
Exceptional expenses from capital operations	2	258
Exceptional allocations to depreciation, amortization and provisions	0	1,002
Total exceptional expenses	**311**	**2,104**
Total exceptional income	**(306)**	**(459)**

The 2015 exceptional expenses mainly consisted of discounts on the liquidity agreement.

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.

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.

At present, the Company is committed to paying royalties, in an amount which is indexed on a portion of its revenue, with the expense being recorded under Other Operating Expenses.

21.5.2. LICENSES GRANTED

Through an agreement signed March 3, 2014, the Company granted a major industrial player a worldwide non-exclusive license over some of its patents. This agreement will run until at least November 2023, in consideration for the payment of royalties which were spread out over 2014 and 2015. All these royalties were recognized in “Other operating income” in 2014. This player also agreed not to enforce the medical ultrasound imaging patents that it owns against the Company.

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 terms and 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	Pre-2014	2014	2015	Cumulative total		
ICARE – OSEO (1)	1,775			**1,775**	**2,838**	**1,063**
DARMUS- DGA	645			**645**	**645**	
CARDIO -ANR	215			**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		126	**181**	**186**	**4**
PLIK -OSEO	40	14		**54**	**133**	**79**
PLIK –Pays d’Aix	24	1		**25**	**80**	**55**
PLIK - PACA					**80**	**80**
BITHUM -ANR	71	24		**94**	**118**	**24**
IDITOP -OSEO	100	167		**268**	**335**	**67**
IDITOP - PACA		59	93	**152**	**250**	**98**
Cartographics - INCA INSERM	106		27	**133**	**133**	
Capacity - BPI		62	(62)	**0**		
Ultra Fast 4D-ANR			92	**92**	**306**	**214**
Total	**4,626**	**340**	**275**	**5,241**	**7,106**	**1,865**

(1) See Note D below: not only does the Company not intend to seek the outstanding amount of this grant, but it will refund the funder part of the money received.

Repayable advances

In thousands of euros	Advances received	Repayments	Balance at December 31, 2015	Amount of grant on contract	Outstanding amounts to be received
ICARE - OSEO	863		**863**	**3,039**	**2,176**
TUCE - OSEO	319		**319**	**407**	**88**
TOTAL	**1,182**		**1,182**	**3,446**	**2,264**

COMMITMENTS MADE

(A) PLEDGE OF BANK ACCOUNTS:

As security for the bond issue, the Company has granted the holders of bonds with share warrants (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 €158,000 have been pledged to BNP Paribas Real Estate as a deposit on the rent of the Aix-en-Provence business premises. This pledge was given for a period of nine years and ends on July 18, 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 July 17, 2017. The corresponding rents and expenses total €451,000 for the period from January 1, 2016 to July 17, 2017.
In July 2015, the Company signed a new lease for new premises located in Aix en Provence, renewable for a three-year period, which runs to June 30, 2018. The corresponding rents and expenses total €124,000 for the period from January 1, 2016 to June 30, 2018.

(D) ICARE PROGRAM REPAYABLE ADVANCE AND GRANT:

The Company received a repayable OSEO 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, the Company was in discussions with OSEO, 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 draw down the full 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 planned 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). This sum has still not been repaid. Following an agreement with BPI, the Company plans to make the repayment in 2016.

(E) TUCE PROGRAM REPAYABLE ADVANCE:

On June 26, 2012, the Company also received the first installment, for €77,000, of a repayable advance for the Tuce program. The Company subsequently received €242,000 on July 1, 2015. 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) FINANCING BY ASSIGNMENT OF RECEIVABLES:

The assignment of receivables under a Dailly-type agreement arranged in December 2015 with a banking institution enabled the pre-financing of 80% of the 2015 RTC at December 31, 2015, for a total of €1.6 million. In accordance with applicable accounting rules in France, the receivable was derecognized for the amount financed.

21.7. STAFF RETIREMENT COMMITMENTS

At December 31, 2015, the amount of staff retirement commitments was €411,000, which was not recorded in the balance sheet.

The main actuarial assumptions used are as follows:

	December 31, 2015	December 31, 2014
Discount rate	2.0%	2.0%
Rate of increase in salaries	3.0%	3.0%
Inflation rate	2.0%	2.0%
Rate for social security expenses Non-management	43.18%	42.5%
Rate for social security expenses Management	46.08%	46.7%

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 (INSEE table TD/TV 2011 - 2013).

21.8. COMPENSATION OF EXECUTIVE DIRECTORS AND CORPORATE OFFICERS

The total gross amount of compensation and benefits of all kinds for Executive Directors and Corporate Officers paid in financial year 2015 totaled €2.299 million.

21.9. STAFF

At the balance sheet date, the Company had 110 employees. At 12/31/2015, it also had 33 Chinese employees at its Beijing establishment.

The staff in France by category and by year broke down as shown below:

	December 31, 2015	December 31, 2014
Management	84	82
First-line supervisors and technicians	20	11
Employees	6	2
Total employees at year-end	**110**	**95**

21.10. TAXES AND FUTURE TAX POSITION

At the close of the period, the Company's tax position broke down as follows:

- Research Tax Credit at December 31, 2015: €2,127,806
- Innovation Tax Credit: €80,000
- Income tax: (€132,140)

The income tax concerns the Chinese establishment.

The Tax Credit for Competitiveness and Employment for €86,000 is presented as a reduction from employee expenses.

The amount of deferrable tax losses totaled €87 million at December 31, 2015.

21.11. IMPACT OF SPECIAL TAX VALUATIONS

In thousands of euros	December 31, 2015	December 31, 2014
Profit (loss) for the year	(14,938)	(14,581)
Income tax	(2,076)	(1,750)
Income (loss) before tax	(17,014)	(16,330)
Change in regulated provisions: special amortization and depreciation allowances	1	7
Income excluding special tax valuations before taxes	**(17,015)**	**(16,337)**

21.12. 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)	(16,708)	2,076	(14,632)
Exceptional income	(306)	-	(306)
Total	**(17,014)**	**2,076**	**(14,938)**

21.13. 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	12/31/2015 Gross	12/31/2015 Net
SSI USA securities	11,209	-
SSI CN securities	-	-
SSI DE securities	25	-
SSI UK securities	1	-
SSI IT securities	10	-
SSI HK securities	1	1
Total	**11,246**	**1**
SSI USA receivables	15,120	-
SSI CN receivables	-	-
SSI DE receivables	3,093	-
SSI UK receivables	2,184	-
SSI IT receivables	30	-
SSI HK receivables	(151)	(151)
Total	**20,276**	**(151)**

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 for asset impairment of €4.671 million.

Financial income for the year relating to associates consists of income from interest on related receivables of €192,000 and a reversal of provisions for related receivables of €724,000.

21.14. STATUTORY AUDITORS' FEES

Statutory auditors' fees in the income statement for the financial year totaled €150,000 for the auditing of the 2015 financial statements.

21.15. EVENTS AFTER THE REPORTING PERIOD

None

21.16. SUBSIDIARIES AND EQUITY INTERESTS

In thousands of euros		SuperSonic Imagine Inc	SuperSonic Imagine Ltd	SuperSonic Imagine, GmbH	SuperSonic Imagine Srl	SuperSonic Imagine (HK) Ltd	Supersonic Imagine (Shanghai) Medical Devices Co. Ltd
Share		10,396	1	25	10	1	0
Equity other than share capital		(23,006)	(1,787)	(2,208)	(25)	122	0
Percentage of share capital held		100%	100%	100%	100%	100%	100%
Carrying amount of shares held	Gross	11,209	1	25	10	1	-
	Net	-	-	-	-	1	-
Loans and advances provided and outstanding, net		-	-	-	-	(151)	-
Securities and guarantees provided by the company		-	-	700	12	-	0
Revenue 2015		3,894	77	2,523	0	566	-
2015 net income (loss)		(2,779)	(43)	608	(8)	50	N/A
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 DECEMBER 31, 2015

SuperSonic Imagine
Year ended December 31, 2015

Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders,
In performance of the engagement entrusted to us by the Shareholders' Meetings, we hereby present our report on the financial year ended December 31, 2015, regarding:
• the audit 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 recognition of development expenses.
As part of our assessment of the accounting policies applied by the Group, we have examined the procedures for recognizing development expenses as assets, as well as those used for amortization, and for verifying their present value, and we have satisfied ourselves that Notes 3.4 "Intangible Assets" and 8 "Intangible Assets" provide the appropriate disclosures.
• The Group impairs trade receivables according to the procedures described in Note 3.9 "Trade receivables".
We have assessed the method used by the Group, which is described in Notes 3.9 "Trade receivables" and 12 "Trade receivables", based on currently available information. We have assessed the reasonable nature of these estimates.
• Note 3.21 - "Share-based payments" presents the accounting rules and methods that relate to the recognition of share-based compensation plans.
As part of our assessment of the accounting policies applied by the Group, we have examined the procedures for expensing the services rendered by such plan beneficiaries, as well as those used to calculate the fair value of instruments, and we

have satisfied ourselves that Notes 3.21 “Share-based payments” and 16 “Share-based payments” provide the appropriate disclosures.
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, March 14, 2016

French original signed by the Statutory Auditors

ARESXPERT AUDIT	ERNST & YOUNG et Autres
Frédéric Gregnanin	Frédérique Doineau & Franck Sebag

20.4.2. STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS OF SUPERSONIC IMAGINE SA

SuperSonic Imagine
Year ended December 31, 2015

Statutory Auditors' Report on the Annual Financial Statements

To the Shareholders,

In performance of the engagement entrusted to us by your Shareholders' Meetings, we hereby present to you our report on the financial year ended December 31, 2015, regarding:
• the audit of the annual financial statements of SuperSonic Imagine, as attached hereto;
• the 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 recognition of development expenses.
As part of our assessment of the accounting policies applied by the Company, we have examined the procedures for recognizing development expenses as assets, as well as those used for amortization, and to verify their present value, and we have satisfied ourselves that Notes 1.2.1. "Intangible Assets" and 2 "Intangible Assets" provide the appropriate disclosures.
• Note "1.2.3. Financial Assets" shows how the equity interests and related receivables are impaired when their present value falls below their carrying amount, and indicates the policies used by the Company to determine this present value.
Our work consisted of checking the application of these policies and assessing the data and assumptions used by the 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.
• The Company impairs trade receivables according to the procedures described in Note 1.2.5 - "Receivables and payables".
We have assessed the method used by the Company, which is described in Notes 1.2.5 "Receivables and payables" and 6. "Trade Receivables", based on currently available information. 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, March 14, 2016
French original signed by the Statutory Auditors

ARESXPERT AUDIT
Frédéric Gregnanin

ERNST & YOUNG et Autres
Frédérique Doineau & 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 €27,272. These concern the share of non-deductible leases of passenger vehicles.

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 December 31, 2015	1,330	852	71	1	2,254
Balance of trade payables at December 31, 2014	745	1,488	53	0	2,286

Chart on the results for the last 5 years of Supersonic Imagine SA:

	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
CAPITAL AT YEAR-END					
Share Capital	963,479	984,376	1,133,738	1,606,823	1,621,718
Number of ordinary shares in existence	963,479	9,843,760	11,337,376	16,068,228	16,217,179
Number of priority dividend shares in existence	-	-	-	-	-
Maximum number of future shares to be created	867,097	1,239,100	2,950,363	1,525,831	1,420,663
-by conversion of bonds	-	-	*50,000*	*50,000*	*50,000*
-by exercise of a subscription right	*867,097*	*1,239,100*	*2,900,363*	*1,475,831*	*1,370,663*
OPERATIONS AND RESULTS					
Revenue before taxes	10,428,688	13,664,503	16,549,814	19,394,154	19,453,452
Result before taxes, employee participation and allocations to amortization and depreciation and provisions	-5,960,896	-6,819,835	-7,768,966	-6,845,839	-10,432,678
Income tax	-1,691,186	-1,079,068	-1,660,695	-1,749,560	-2,075,666
Employee participation for the year	-	-	-	-	-
Result after taxes, employee participation and allocations to amortization and depreciation and provisions	-10,767,515	-10,709,649	-11,840,530	-14,580,845	-14,938,481
Distributed earnings					
EARNINGS PER SHARE					
Result after taxes and employee participation but before allocations to amortization and depreciation and provisions	-4.43	-0.583	-0.539	-0.317	-0.515
Result after taxes, employee participation and allocations to amortization and depreciation and provisions	-11.18	-1.088	-1.044	-0.907	-0.921
Per-share dividend distributed	-	-	-	-	-
PERSONNEL					
Average headcount of staff employed during the financial year	72	81	88	94	103
Amount of payroll for the financial year	4,669,788	5,521,229	6,193,255	7,456,210	8,391,392
Total amount paid in employee benefits for the financial year	1,859,778	2,150,614	2,535,033	3,144,580	3,126,970

20.5. DATE OF THE MOST RECENT FINANCIAL INFORMATION

December 31, 2015

20.6. INTERIM CONSOLIDATED FINANCIAL INFORMATION

No financial information has been published since December 31, 2015.

Before that date, the most recent audited information published was the consolidated financial statements and notes at June 30, 2015, 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 2016.

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 the payment of the amounts due, a total of €474,000.

On October 22, 2009, the Company had 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 July 14, 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, as per a decision handed down on October 30, 2014 by an arbitral tribunal that was formed in application of the Arbitration Regulations 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.

As of the date of this report, proceedings for recovery were ongoing.

There were no other governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, that are pending or threatened, which are likely to have or have had in the course of the last 12 months any material effect 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 situation since December 31, 2015.

20.10. STATUTORY AUDITORS' FEES

	FY 2015				FY 2014			
	EY		AREsXPERT AUDIT		EY		AREsXPERT AUDIT	
	€	%	€	%	€	%	€	%
Audit								
Statutory audit, certification, review of separate and consolidated financial statements								
* Issuer	105,000	66%	45,000	100%	120,423	52%	36,177	50%
* Wholly owned subsidiaries	-	-	-	-	-	0%	-	-
Other procedures and services which are directly related to the Statutory Auditors' engagement								
* Issuer	54,000	34%	-	-	110,500	48%	36,000	50%
* Wholly owned subsidiaries	-	-	-	-	-	-	-	-
Subtotal	**159,000**	**100%**	**45,000**	**100%**	**230,923**	**100%**	**72,177**	**100%**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**159,000**	**100%**	**45,000**	**100%**	**230,923**	**100%**	**72,177**	**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 €1,621,717.90, divided into 16,217,179 ordinary shares with a nominal value of €0.1 each, fully paid-up.

21.1.2. NON-EQUITY SECURITIES

None.

21.1.3. ACQUISITION BY THE COMPANY OF TREASURY SHARES

The Combined Shareholders' Meeting of March 3, 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 December 31, 2014. The main terms of this authorization were as follows:

- maximum number of shares that may be purchased: 10% of the total number of shares, 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 for these instruments, for which the procedures and flows for the financial year are described in Section 20.1 of this document, Note 15.3.

At December 31, 2015, within the context of this agreement entrusted to Exane, the number of treasury shares held pursuant to this contract was 89,320, in addition to €38,000 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))

	08-05-2005 BSPCE	03-2006 BSPCE	03-2006 BSPCE	10-2008 BSPCE
Date of the shareholders' meeting	Aug-05-2005	Mar-10-2006	Mar-10-2006	Oct-23-2008
Management Board date	Oct-10-2005	Jul-10-2006	Jul-09-2007	Nov-05-2009
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 could be subscribed at outset [1]	25,680	269,700	47,500	296,000
Of which number can be subscribed by directors [1]	*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 outset)	2	14	6	55
Start date for the exercise of the BSPCE	Dec-31-2006	Jul-10-2007	Jul-09-2008	Nov-05-2010
Expiration date of the BSPCE	Oct-10-2015	Jul-10-2016	Jul-09-2017	Nov-05-2019
Subscription price of a share	€1.216	€5.838	€5.838	€8.847
Terms of exercise	(2)	(2)	(2)	(2)
Number of shares subscribed at March 5, 2016 as a result of the exercise of founders' warrants (BSPCE) [1]	25,680	2,200	5,000	5,000
Cumulative number of shares canceled or void as a result of founders' warrants (BSPCE) allocated [1] [3]	-	33,500	15,000	72,200
Number of shares remaining at March 5, 2016 as a result of the exercise of founders' warrants (BSPCE) [1]	-	234,000	27,500	218,800

(1) These figures take into account the 10-1 stock split decided upon by the Combined Shareholders' Meeting held on May 16, 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.
(4) Due to the IPO in April 2014, all of the subscription or share purchase options were definitively vested in advance and in conformity with the originally prescribed terms.

21.1.4.2. SHARE WARRANT (BONS DE SOUSCRIPTION D'ACTIONS (BSA)) PLAN

The 7 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),

	08-05-2005 BSA	03-2006 BSA	03-2006 BSA	10-2008 BSA	09-2010 BSA	2013 BSA
Date of the shareholders' meeting	Aug-05-2005	Mar-10-2006	Mar-10-2006	Oct-23-2008	Sept-27-2010	Mar-22-2013
Management Board date	Oct-10-2005	Jul-10-2006	Jul-09-2007	Apr-16-2010	Sept-30-2011	Oct-04-2013
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 could be subscribed by exercise of the warrants at outset [1]	42,840	17,000	8,800	169,500	126,000	27,000
Of which number can be subscribed by directors [1]	-	-	-	*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	Dec-31-2006	Jul-10-2007	Jul-09-2008	Apr-16-2011	Sept-30-2012	Oct-04-2014
Expiration date of the warrants	Oct-10-2015	Jul-10-2016	Jul-09-2017	Apr-16-2020	Sept-30-2021	Oct-04-2023 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 at March 5, 2016 as a result of the exercise of warrants [1]	36,420	-	-	-	70,998	15,000
Cumulative number of shares canceled or void as a result of the exercise of warrants [1][5]	6,420	-	-	87,000	9,500	-
Number of shares remaining at March 5, 2016 and which could result from the exercise of warrants [1]	0	17,000	8,800	82,500	45,502	12,000

(1) These figures take into account the 10-1 share split decided on by the Combined Shareholders' Meeting held on May 16, 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	Exchange free share (AGA) stock options (4)	SO 09-2014
Date of the shareholders' meeting	Mar-22-2013	Mar-22-2013	Mar-03-2014
Management Board date	Oct-04-2013	Oct-04-2013	Sept-19-2014
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 could be subscribed at outset [1]	381,250	254,500	411,850
Of which number can be subscribed by directors [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 outset)	72	4	0
Start date for the exercise of the S.O.	Oct-04-2014	Oct-04-2013	Sept-19-2014
Expiration date of the S.O.	Oct-04-2023	Oct-04-2023	Sept-18-2014
Subscription price of a share	€0.10[3]	€0.10[3]	€8.40
Terms of exercise	(2)	(2)	(5)
Number of shares subscribed at March 5, 2016 [1]	9,153	5,000	-
Cumulative number of S.O. canceled or void	-	-	308,886
Stock options remaining as at March 5, 2015	372,097	249,500	102,964
Total number of shares that can be subscribed at March 5, 2016 [1]	372,097	249,500	102,964

(1) These figures take into account the 10-1 share split decided on by the Combined Shareholders' Meeting held on May 16, 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 of 336,500 free shares to employees and directors of the Company pursuant to authorizations granted by the Shareholders' Meetings on September 27, 2010 and October 21, 2011, and after having taken into account the 10-1 share split, which was decided upon by the Combined Shareholders' Meeting of May 16, 2012.
Given the Company's IPO in April 2014, all of the free shares that were allotted and which did not lapse were definitively vested upon listing. As things stand, there are thus no more free shares (AGA) that have not yet vested.

	Free shares	Free shares
Date of the shareholders' meeting	Sept-27-2010	Oct-21-2011
Management Board date	Sept-30-2011	Oct-21-2011
Number of free shares allocated	30,650	30,000
Total number of shares that could be subscribed[1]	306,500	30,000
Of which number of shares that may vest for directors [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	Sept-30-2013	
Expiration date of the retention period	[4]	N/A
Vesting conditions	[4]	N/A
Number of shares vested at March 5, 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 March 5, 2015	-	-

(1) These figures take into account the 10-1 share split decided upon by the Combined Shareholders' Meeting held on May 16, 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 totaled 30,000. All were cancelled and replaced by AGA Exchange Stock Options.
(4) Due to the IPO in April 2014, all of the subscription or share purchase options were definitively vested 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 held on December 16, 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.

Redemption of the issue

a) **Normal redemption**: the Bonds with Share Warrants (OBSA) are redeemable monthly at maturity over five years, with a deferred capital redemption 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.

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 redemption periods then starting on January 17, 2017 (principal and interest) should be constant over the remaining 24 months.

b) Early redemption
Voluntary early redemption: a complete or partial voluntary early redemption, 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 redemption must be for a minimum amount of €500,000.

Mandatory early redemption: it is mandatory that early redemption be carried out for the remaining total amount to be redeemed 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 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, until the date of full reimbursement of the bond issue.

Characteristics of Warrants (BSA)
Number: a warrant is attached to each bond (i.e. 50,000 warrants).

Exercise ratio: each warrant entitles its bearer to subscribe for a share with a unit price of €10.

Exercise period: due to the Company's IPO in April 2014, these warrants became exercisable through December 17, 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 vesting, 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 1,420,663 new company shares, i.e. a maximum dilution of 8.76% based on the current capital and voting rights, brought down to 8.05% 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)	48,030	480,300
BSA	165,802	215,802 [(a)]
Free shares	0	0
Stock options	724,561	724,561
Total	**938,393**	**1,420,663**

(a) The 215,802 new shares consisted of 165,802 new shares resulting from the 165,802 warrants described in Section 21.1.4.2 and 50,000 new shares resulting from the 50,000 warrants linked to the Bonds with Share Warrants (OBSA) described in Section 21.1.4.5.

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 Shareholders' Meeting of May 16, 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 Shareholders' Meeting of May 29, 2015 (delegations to the Management Board), voting on an extraordinary basis, are summarized below:

Resolution no.: 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- Length of authorization and expiry date iii- Use		
12: Delegation of authority to increase the capital by issuing ordinary shares or any equity-linked security, 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 €350,000 [1]	Free or for consideration
i- N/A ii- 26 months, expiry date of July 28, 2017 iii- N/A		
13: Delegation of authority to increase the capital by issuing ordinary shares or any equity-linked securities, waiving 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 €350,000 [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 price quoted over the last three trading days preceding its determination, as, where applicable, decreased by the maximum discount authorized by legislation (i.e., currently 5%) and adjusted for differences in the date of first entitlement[2]
i- N/A ii- 26 months, expiry date of July 28, 2017 iii- N/A		
14: Delegation of authority to increase the capital by issuing ordinary shares or any equity-linked security, waiving the preferential subscription right of shareholders as part of an offer to qualified investors or a restricted group of investors as per Article L. 411-2(II) of the French 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 €350,000, 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 price quoted over the last three trading days preceding its determination, as, where applicable, decreased by the maximum discount authorized by legislation (i.e., currently 20%) and adjusted for differences in the date of first entitlement [2]
i- N/A ii- 26 months, expiry date of July 28, 2017 iii- N/A		
15: Delegation of authority to increase the capital by issuing ordinary shares or any equity-linked security, waiving shareholders' preferential subscription right for a category of persons as part of an equity financing facility		

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 €350,000, 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 price quoted over the last three trading days preceding its determination, as, where applicable, decreased by the maximum discount authorized by legislation (i.e., currently 20%) and adjusted for differences in the date of first entitlement [2]

i- N/A
ii- 18 months, expiry date of November 28, 2016
iii- N/A

17: Delegation of authority with the effect of increasing the number of securities to be issued in case of a capital increase with or without a preferential subscription right determined under the 12th and 15th 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, date of expiry of July 28, 2017
iii- N/A

18: Delegation of authority with the effect of issuing ordinary shares and equity-linked Company securities, in case of a public offering containing an exchange 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 €350,000 [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, date of expiry of July 28, 2017
iii- N/A

19: Delegation of powers to increase the share capital, up to at most 10% of the capital, to pay for contributions in kind of equity securities or equity-linked securities of third party companies, outside of a public exchange offer

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, date of expiry of July 28, 2017
iii- N/A

21: Delegation of authority to increase the capital by incorporating premiums, reserves, profits or other

Ordinary shares	The total nominal amount of the capital increases may not exceed €50,000	-

i- N/A
ii- 26 months, date of expiry of July 28, 2017
iii- N/A

22: Authorization for the Management Board to grant Company share subscription or purchase options

Share purchase or subscription options	A maximum of 1,500,000 shares[3]	-

i- Price to be determined by the Management Board, in accordance with legal provisions
ii- 38 months, expiry date of July 28, 2018
iii - N/A

23: Authorization for the Management Board to proceed with the free allocation of existing or to be issued shares

Free shares	A maximum of 1,500,000 shares [3]	-

i- N/A
ii- 38 months, expiry date of July 28, 2018
iii- N/A

24: Delegation of authority to issue and award warrants to (i) members of the Company's Supervisory Board on the basis of the warrant allocation date not being 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 has or may establish who are not employees or directors of the Company or of one of its subsidiaries

Warrants ("**BSA**")	A maximum of 1,500,000 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 accordance with legal provisions
ii- 18 months, expiry date of November 28, 2016
iii - N/A

[1] Following the Combined Shareholders' Meeting of May 29, 2015 , the overall maximum nominal amount of capital increases that may be carried out under the delegations granted in resolutions 12 to 15, 17 to 19 and resolution 26 is set at €350,000, it being specified that this threshold will be increased by the additional amount of shares to be issued to maintain, in accordance with statutory or regulatory provisions and, where relevant, applicable contractual provisions, the rights of holders of equity-linked securities.
The overall maximum nominal amount of debt securities that may be issued under resolutions 12 to 15, resolutions 17 to 19 and resolution 26 is set at €35 million (or the equivalent on the date of issue of this amount in a foreign currency or a unit of account established with reference to a basket of currencies).

[2] Resolution 16 of the Combined Shareholders' Meeting of May 29, 2015 authorizes the Management Board, with the option to further delegate, for a period of 26 months from May 29, 2015, for each issue decided under resolutions 13 to 15 and up to 10% of the Company's capital per 12-month period, to derogate from the terms and conditions governing the setting of prices set out in the above resolutions and to set the issue price of ordinary shares and / or immediate or deferred equity-linked securities, in the following manner:

- *the issue price of ordinary shares will at the very least be equal to the weighted average price over the three trading sessions preceding the date of its fixing, potentially reduced by a maximum discount of 15%, it being recalled that it cannot in any event be under the nominal value of a Company share on the date of issue of the shares in question;*
- *the issue price of equity-linked securities will be such that the sum received immediately by the Company, plus, as the case may be, any sum that may be received subsequently by it, shall, for every share issued as a result of the issue of these securities, at least equal the issue price defined in the above paragraph.*

[3] The Combined Shareholders' Meeting of May 29, 2015 resolved that the total number of shares issued under Resolutions 22 to 24 may not exceed 1,500,000 shares in total.

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 Group member.

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
Apr-15-2009	Capital increase through issue of preferred category 2 shares	36,978	36,978	3,234,466	431,308	431,308	1.00	€8.85
Jun-05-2009	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
Nov-23-2009	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
Apr-27-2010	Exercise of anti-dilutive warrants	42,230	42,230		586,566	586,566	1.00	€0.10
Sept-27-2010	Capital increase through issue of C1 class preferred shares with warrant (BSA)$_{C1\text{-}2010\text{-}R}$	153,204	153,204	13,400,754	739,770	739,770	1.00	€8.85
Sept-27-2010	Capital increase through issue of preferred category C1a shares	1,096	1,096	81,323	740,866	740,866	1.00	€7.52
Sept-27-2010	Conversion of bonds into C1 shares	66,886	66,886	4,962,941	807,752	807,752	1.00	€7.52
Nov-25-2010	Capital increase through issue of C1 class preferred shares with warrant$_{C1\text{-}2010\text{-}R}$	48,981	48,981	4,284,368	856,733	856,733	1.00	€8.85
Dec-30-2011	Exercise of warrants (BSA)$_{C2\text{-}2010\text{-}T2}$	106,746	106,746	9,808,890	963,479	963,479	1.00	€9.29
May-15-2012	Exercise of warrants (BSA)$_{C2\text{-}2010\text{-}T2}$	20,897	20,897	1,562,469	984,376	984,376	1.00	€7.58
May-16-2012	Division of the nominal value of shares				984,376	9,843,760	0.10	N/A
Mar-23-2013	Capital increase through issue of D class preferred 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
Apr-15-2013	Capital increase through issue of D class preferred shares with warrant (BSA)$_{D\text{-}2013}$	150,000	15,000	1,485,000	1,124,926	11,249,262	0.10	€10.00
May-13-2013	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
Sept-30-2013	Definitive vesting of free shares	42,625	4,263	-	1,132,244	11,322,441	0.10	N/A
Dec-16-2013	Exercise of BSA09-2010	4,125	413	-	1,132,657	11,326,566	0.10	€0.10
Dec-16-2013	Exercise of founders' warrants 03-2006	5,000	500	28,690	1,133,157	11,331,566	0.10	€5.84
Dec-31-2013	Definitive vesting of free shares	5,810	581	-	1,133,738	11,337,376	0.10	N/A
Mar-03-2014	Reclassification of reserves below issue premium	-		(22,550,179)	1,133,738	11,337,376	0.10	N/A
Apr-09-2014	Capital increase in cash - IPO	4,273,504	427,350	45,132,000	1,561,088	15,610,880	0.10	€10.66
Apr-09-2014	Creation of free shares	29,065	2,907		1,563,995	15,639,945	0.10	€0.10
May-09-2014	Shares created after the over-allotment	407,783	40,778	4,676,000	1,604,773	16,047,728	0.10	€11.57
Jun-30-2014	Exercise of Stock options	6,500	650		1,605,423	16,054,228	0.10	€0.10
Dec-31-2014	Exercise of BSPCE	5,000	500	43,735	1,605,923	16,059,228	0.10	€8.85
Dec-31-2014	Exercise of Stock options	5,000	500		1,606,423	16,064,228	0.10	€0.10
Dec-31-2014	Exercise of warrants	4,000	400		1,606,823	16,068,228	0.10	€0.10
Jun-30-2015	Exercise of Stock options	153	15		1,606,838	16,068,381	0.10	€0.10
Jun-30-2015	Exercise of BSPCE	2,200	220	12,624	1,607,058	16,070,581	0.10	€5.84
Jun-30-2015	Exercise of warrants	22,000	2,200		1,609,258	16,092,581	0.10	€0.10
Dec-31-2015	Exercise of Stock options	2,500	250		1,609,508	16,095,081	0.10	€0.10
Dec-31-2015	Exercise of BSPCE	25,680	2,568	9,553	1,612,076	16,120,761	0.10	€0.47
Dec-31-2015	Exercise of warrants	96,418	9,642	59,751	1,621,718	16,217,179	0.10	€0.72

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' 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 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.

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 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 June 4, 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

Except where provided otherwise by law, each shareholder has the same number of voting rights and can exercise that number at shareholders' meetings as shares owned, provided that all payments due for such shares have been met. With the same nominal value, all shares give entitlement to one vote. Any mechanism automatically granting double voting rights to shares that have been registered in the same shareholder's name for at least two years is expressly rejected by these Bylaws.

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 where relevant by any 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 Shareholders' 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' 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' 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 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. SHAREHOLDERS' MEETINGS

21.2.5.1. HOLDING OF MEETINGS

Shareholders' 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 second business day preceding the meeting at 12 a.m., Paris time, either in the 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 Chairman of the Supervisory Board. Failing this, the shareholders' 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' 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' meeting on a second convocation may make valid decisions regardless of the number of shareholders present or represented.
Decisions of the ordinary shareholders' meeting are made by the majority of votes of shareholders present or represented.
The extraordinary shareholders' 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' 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' 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' 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 March 19, 2013.

This master agreement renews those previously signed by the parties for the 2005 to 2009, 2009 to 2011 and January 1, 2012 to December 31, 2013 periods. A retroactive extension of this agreement for 2014 and 2015 is currently being negotiated through an amendment to the agreement dated March 19, 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 December 4, 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 December 4, 2009.

The purpose of this contract is to formalize the conditions under which the parties may exploit a French patent application filed on February 21, 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 September 13, 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 February 20, 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 February 21, 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 no. L08186 entered into by and between the parties on September 11, 2008, until expiry 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 December 19, 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 US 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 October 15, 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 July 20, 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 January 1, 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 July 20, 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 November 22, 2006 and amended by amendment dated February 25, 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 September 5, 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 December 31, 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 September 5, 2008, for the purposes of using products in the ultrafast ShearWave™ and stock elastographic imaging.

The Company benefits, under the terms of the amendment dated February 25, 2013, from a preferential option to obtain a non-exclusive license on ultrasound products, regardless of the technology in question. The Company had to take the initiative for this option, noting that the royalty rate and the basis for such a non-exclusive license had already been agreed upon, and it remained up to the parties to negotiate a term for this engagement. The Company did not wish to subscribe this option and is thus no longer bound since January 1, 2015.

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 March 3, 2014

On March 3, 2014, the Company entered into a licensing agreement with a major industrial player (the "**Industrial Player**") pursuant to which the Company grants the Industrial Player a worldwide non-exclusive and non-transferable right to use that may not be sub-licensed for four key patents in the field of shear wave elastography. In consideration for payments to the Company, 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 November 30, 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 June 1, 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 New York State, 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 December 23, 2014

On December 23, 2014, the Company signed a licensing agreement with a major industrial player (the "**Industrial Player**") concerning almost all of its imaging patents portfolio, pursuant to which the Company was granted an international license that was non-exclusive, not assignable and not subject to sub-licenses (apart from by the Company's subsidiaries under certain conditions).
In consideration for the granting of this license to the Company the latter is required to pay 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 was entered into for an initial period beginning (retroactively) on January 1, 2014 and ending on December 31, 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 November 1, 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 had a contractual relationship since June 2007; the contract signed on November 1, 2013 will expire on May 13, 2016. This contract is automatically renewable each 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 agreement dated November 3, 2010 signed with a leading distributor in the United States in the area of medical imaging, amended by rider dated November 1, 2012 and extended through March 1, 2016, non-exclusively. It was subsequently terminated with effect from September 24, 2015

The Company had signed, with one of the leaders in medical imaging in the United States, a distribution agreement 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 turned into a non-exclusive agreement up to March 1, 2016, and then finally terminated at the Company's initiative with effect from September 24, 2015. This termination didn't trigger any penalty, and sales in the breast sector are now directly managed by the Group's sales force.

This non-exclusive extension of the agreement preserved the terms of the preceding exclusive agreement as concerns the sales price of the Aixplorer®. This agreement could be terminated (i) freely by either party with 90 days' 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 could not resell the products to a person that it knew or supposed would resell them or re-export them outside the United States. Throughout the term of this contract, it could not manufacture, promote and/or sell ultrasound diagnostic products in the United States that would compete with the Group's products.

The distributor set its own sale prices; the Company only giving indicative prices.

The Company warranted that the products were free of defects, also providing maintenance for the spare parts, and holding its distributor harmless for claims made against it in the event of infringement, defects or delays attributable to the Company, non-compliance with US laws or liability due to defective products. It was furthermore required to take out insurance against civil liability covering it up to five million US dollars, which remains in effect for three years following the last delivery of a product under the terms of this contract.

The agreement was subject to English law and had an arbitration clause under the rules of the International Chamber of Commerce.

As of the date of this report, there are no other major distribution agreements over the previous two years, other than contracts within the ordinary course of business.
In accordance with the AMF's recommendations, this paragraph details the major contracts over the previous two years.

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 Shareholders' Meetings and other Company documents, 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 as defined by the provisions of the AMF's General Regulations has 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.

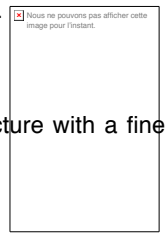
26. GLOSSARY

Acoustic Impedance: resistance of an environment to the passage of sound.

Biopsy: a mechanism whereby a sample is taken from the body for the purposes of examination under a microscope.

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.

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.



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.

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.

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.

Goiter: increase, often visible, in the volume of the thyroid gland.

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.

Insonify: 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.

Lesions: an anatomical and histological (study of cells) change in the tissues of an organ.

Malignancy: nature of a dangerous tumor.

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.

Mucinous carcinoma: mucinous mammary carcinomas are a rare form of breast cancer, the cells of which secrete mucus.

Multicenter clinical trials: a clinical trial which takes place simultaneously in several different locations.

Nodules: abnormal, rounded formation, which can be felt in or under the skin, benign or malignant. Some nodules can be cancerous tumors.

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.

Parenchyma: all the cells which make up the functional tissue of an organ.

Pascals (or Kilopascals): unit of pressure, which allows for measurement of elasticity (stiffness) of human tissue by means of elastography.

PCT (Patent cooperation treaty): international patent application procedure.

Pelvic: concerning the pelvis.

Positive predictive value: the probability that the condition is present when the test is positive.

PSA: Prostate Specific Antigen. A protein produced exclusively by the prostate.

Pulsed Doppler: pulsed Doppler enables the flow located by color Doppler within the region of interest to be quantified.

Radiography: x-ray imaging technique which allows an organ or body part to be viewed on a photosensitive film.

Reproducibility: 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 traditional 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.

ShearWave™ Elastography: 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.

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.

Specificity: capability to characterize the identified data.

Stiffness: see Elasticity.

UltraFast™ imaging: 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.

Ultrasound imaging: reflection of sound waves (ultrasonic waves) on the interfaces between tissues.

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 Regulations.

Information contained in the management report	Location
Key events of the period	Section 6.1, Chapter 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	Chapter 16.4
Societal and Environmental Report	Section 8.2 and Chapter 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	Section 7
Risk factors	Section 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-party agreements	Chapter 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 in the "transparency directive" annual financial report	Location
Annual financial statements	Section 20.3
Consolidated financial statements	Section 20.1
Management report	Section 27.1
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
Statutory Auditors' Report on the Consolidated Financial Statements	Section 20.4.1
Statutory Auditors' 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 related-party agreements	Section 19.3