

SuperSonic Imagine announces its 2019 results

- Sales up +9% to €26.4 million, with strong annual growth on the SuperSonic group's 3 key markets: China (+28%), the United States (+19%) and France (+17%)
- Substantial improvement in EBITDA to -€4.9 million as a result of good cost control
- Core operating result of -€8.4 million
- Cash position of €6.51 million at December 31, 2019

Aix-en-Provence, France, March 19, 2020 - 6 pm CET - SuperSonic Imagine (Euronext: SSI, FR0010526814, PEA-PME eligible, the "Company"), which specializes in ultrasound medical imaging, today announces its annual results for the year to December 31, 2019 and approved by the Board of Directors on March 17, 2020¹.

Antoine Bara, General Manager, comments: "Following a transitional year in 2018 with the introduction of the second generation of the disruptive Aixplorer MACH platform, 2019 also marked a structural shift for SuperSonic Imagine with the acquisition of a majority stake in the Company by American group Hologic, which holds approximately 79.94% on the basis of the issued share capital as at December 31, 2019. The sales momentum recorded in 2019 as a result of the massive adoption of Aixplorer MACH platform – with the exception of China where the product is in its certification process – combined with good control over operating expenses enabled the Company to record a significant improvement in EBITDA. Subject to the effects of the coronavirus (Covid-19) epidemic, which are currently difficult to quantify, the Chinese market's growth potential remains intact, and Hologic's support for our development on the American market should allow SuperSonic Imagine to record further solid growth in 2020".

In thousands of euros, consolidated audited accounts *	2019	2018	Change (%)
Sales	26,411	24,290	+9%
Other revenue	343	338	+1%
Total revenue	26,754	24,628	+9%
Cost of sales	(14,303)	(13,530)	+6%
Gross margin	12,451	11,098	+12%
Gross margin on sales ²	12,108	10,760	+13%
Gross margin on sales (%) ³	45.8%	44.3%	+1.5 pp
Operating expenses	(20,877)	(20,713)	+1%
EBITDA	(4,887)	(6,470)	-24%
Core operating result	(8,426)	(9,615)	-12%
Operating result	(17,752)	(11,290)	+57%
Financial result	(4,740)	(1,944)	+144%
Net profit/loss	(22,508)	(13,294)	+69%
Total equity	(8,836)	12,562	-170%
Total liabilities	43,007	24,875	73%

(*) The audit procedures have been carried out by the statutory auditors and the audit report relating to the certification is in the process of being issued.

¹ Given the circumstances surrounding the Covid-19 outbreak, the SuperSonic Imagine Board of Directors was held on March 17, 2020 via videoconference.

² Gross margin on sales = Sales – Cost of sales

³ Gross margin on sales (%) = Gross margin on sales brute / Sales x 100.

2019: strong growth in activity on the SuperSonic Imagine group's 3 key markets

SuperSonic Imagine recorded revenue of €26.754 million in 2019, up +9% compared with 2018.

Product sales increased by +9% to €22.540 million. Indeed, 15 months after the start of the marketing of the Aixplorer MACH platform, the result has been extremely positive with a rapid switchover of sales to this new product in all countries in which it has been certified.

At the same time, **Service** sales continued their steady increase and reached €3.871 million, up +6% on the previous year, and thus accounted for 15% of total sales, the same as in 2018 and up on the 2017 figure of 12%. This growth is the result of a steady increase in the installed base of Aixplorer systems.

On SuperSonic Imagine's 3 key markets, China has confirmed its status as the Company's leading market with strong annual revenue growth of +28% to €12.796 million, the United States also recorded buoyant annual growth (+19% to €3.795 million) marked by an excellent second half, while France recorded strong growth with sales increasing by +17% to €3.530 million.

The EMEA zone saw sales slip 5% as a result of the substantial fall in sales in the Middle East. In the other two regions, Asia recorded growth of +19% and the Americas +9%.

As of December 31, 2019, SuperSonic Imagine had almost 2,700 systems deployed worldwide, thus representing a +16% increase in its installed base.

+1.5 pp improvement in the gross margin on sales

The **gross margin on sales** rose to 45.8% in 2019 from 44.3% in 2018. This improvement was a result of the more intensive marketing of the Aixplorer MACH platform, a product that has been designed to optimize its cost price. However, the gross margin on Services sales was down, essentially due to the increase in provisions on inventories of spare parts.

Improvement in the core operating result and EBITDA

As of December 31, 2019, the core operating result improved by +€1.2 million to -€8.4 million from -€9.6 million in 2018. The weight of the loss on sales improved to -31.5%, versus -39.0% in 2018.

Good cost control has ensured stable operating expenses, up just +1% to €20.9 million in 2019 from €20.7 million in 2018.

Research & Development costs (including capital expenditures) were stable at €8.4 million in 2019, as in 2018. The SuperSonic group is maintaining its R&D investments by devoting a sizeable portion of its sales (31.5%) to this activity.

Sales & Marketing costs increased by +5,4% to €12.3 million in 2019.

General and Administrative costs were down significantly at €4.0 million (-8%), while transaction costs rose by +9% to €1.6 million.

All in all, EBITDA⁴ improved by 24% or +€1.58 million, with the loss improving to -€4.9 million in 2019 from -€6.5 million in 2018.

⁴ 2019 EBITDA corresponds to the current operating income, i.e. -8.4 million euros, minus taxes of -888 thousand euros and amortization and provisions of -2.6 million euros. 2019 EBITDA was thus -4.9 million euros.

2018 EBITDA corresponds to the current operating income, i.e. -9.6 million euros, minus taxes of -581 thousand euros and amortization and provisions of -2.6 million euros. 2018 EBITDA was thus -6.5 million euros.

Exceptional expenses impacted the operating result and the net profit/loss

The operating result was affected by a number of exceptional expenses totaling €9.3 million:

- €5.3 million associated with attorney fees and a financial transaction within the framework of the Verasonics litigation,
- €2.8 million associated with expenses incurred within the framework of the Hologic group's acquisition project,
- €1.2 million associated with expenses incurred prior to the acquisition in an ERP adjustment project suspended in liaison with the change in majority shareholder.

Once non-recurring operational elements and the financial result of -€4.7 million are incorporated, SuperSonic Imagine posted a net loss of -€22.5 million in 2019 (vs. -€13.3 million in 2018).

Cash position of €6.51 million at December 31, 2019

As of December 31, 2019, the Company had a cash position of €6.5 million (vs. €8.6 million at December 31, 2018), giving net cash burn of €2.1 million that broke down as follows:

- -€13.2 million cash burn associated with operating activities in 2019 (vs. -€10.0 million in 2018). This €3.2 million change in cash burn was essentially due to the increase in the net loss;
- -€1.3 million cash burn associated with investment activities in 2019 (vs. -€4.6 million in 2018); This €3.3 million decrease in cash burn was primarily a result of the proceed of the divestment of the US subsidiary;
- +€12.6 million cash burn associated with financing operations in 2019 (vs. €4.2 million in 2018) related to the subscription of a loan from the majority shareholder Hologic Hub Ltd for 34.1 M€ which allowed an early repayment of the Kreos bond issue;
- -€0.1 million impact from currency fluctuations (versus no impact in 2018).

Event since end-2019

On March 17, 2020, the Company and Hologic Hub Ltd. signed an amendment to the revolving loan contract of August 14, 2019 increasing the maximum cumulative amount available to the Company from 50 to 65 million euros.

2020 outlook

Driven by the commercial success of the new Aixplorer MACH platform and its massive adoption by clients (82% of Product sales in 2019 excluding China), SuperSonic Imagine has reaffirmed its status as an innovative player providing unique clinical benefits to both patients and clinicians.

The Hologic Hub Ltd's acquisition of a majority stake will allow the Company to strengthen its position and visibility in the United States, a market on which SuperSonic Imagine is expecting to generate substantial growth in 2020, subject to the impact of the coronavirus (Covid-19) epidemic.

To date, the impact of this epidemic on the Company's 2020 results is difficult to predict and quantify.

The safety stocks in place in the supply chain are sufficient to absorb disruptions of a few weeks, but the Company cannot rule out supply disruptions if measures restricting the movement of people and goods are maintained or extended worldwide beyond a few weeks. A systematic analysis of supply risks related to suppliers is ongoing. In the event of a significant supply disruption, the Company may be able to invoke contractual force majeure clauses to limit disputes in the event of late delivery with its customers. Depending on any supply delays that may occur, and once the situation has stabilized, the Company and its partners would be able to implement a production catch-up plan, if necessary, in order to make up for the delay in order deliveries. This catch-up could, however, result in unanticipated operating costs (overtime, express transportation).

In the same context of the Coronavirus epidemic from China since the beginning of 2020, the SuperSonic group's Chinese subsidiary has already seen a slight decline in its business since the beginning of the epidemic. It is possible that the Company's sales growth in this market may be temporarily slowed due to the traffic restrictions and containment measures implemented by the Chinese government. With respect to the ability to deliver to China, to date logistics flows to China

remain active, although transit times may be increased by a few days. In the short term, the Company has little exposure from the point of view of order invoicing, which is done at the time of shipment (Ex Works).

Beyond China, as this epidemic is impacting more and more countries around the world, SuperSonic group companies could see their sales, profitability and cash flow affected, although to date, the effects remain limited for the group as a whole.

The cash position of the SuperSonic group (strengthened by the revolving loan concluded between Hologic Hub Ltd and the Company for a maximum cumulative amount of 65 million euros) should enable the group to be in a position to deal with the uncertainties related to the current epidemic.

The Company's management closely monitors the epidemic progress within the geographic areas concerned and implements all required measures in order to protect its employees, clients and partners (thus partaking in the worldwide effort aiming at limiting the spread of virus).

In the current time of economic uncertainty, the Company is implementing all required actions in order to protect the SuperSonic group in this new environment.

However, the SuperSonic Imagine group is not in a position to ensure that it will not be more seriously impacted, particularly in view of the extended containment measures already decided or to be taken in France and in the other countries where the group is present.

About SuperSonic Imagine

SuperSonic Imagine is a medical technology company (Medtech) specialized in ultrasound imaging. The company designs, develops and markets an ultrasound platform whose exclusive ultrafast technology (UltraFast™) has given rise to new imaging methods, which have now become standards in the non-invasive care path for the characterization of breast, liver or prostate diseases. The first innovative mode UltraFast™ is ShearWave® elastography (SWE™), which allows doctors to instantly visualize and analyze tissue hardness, which is critical information for the diagnosis of many pathologies. To date, more than 600 publications have validated the benefits of its technologies. The latest addition to the Aixplorer® range, Aixplorer MACH® 30 introduces a new generation of imaging UltraFast™ allowing the optimization of all innovative imaging modes: ShearWave PLUS, UltraFast Doppler, Angio PL.U.S, TriVu. With more than 2,300 ultrasound platforms installed worldwide, SuperSonic Imagine is present in more than 80 countries and its main markets are China, the United States and France. The group's revenues for the 2019 financial year amounted to €26.8 million. SuperSonic Imagine is a company listed on Euronext (symbol: SSI). For more information, visit www.supersonicimagine.fr.

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